

BLACK HAWK COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2007

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

Grant Veeder
Auditor and Staff

Barbara Freet
Treasurer and Staff

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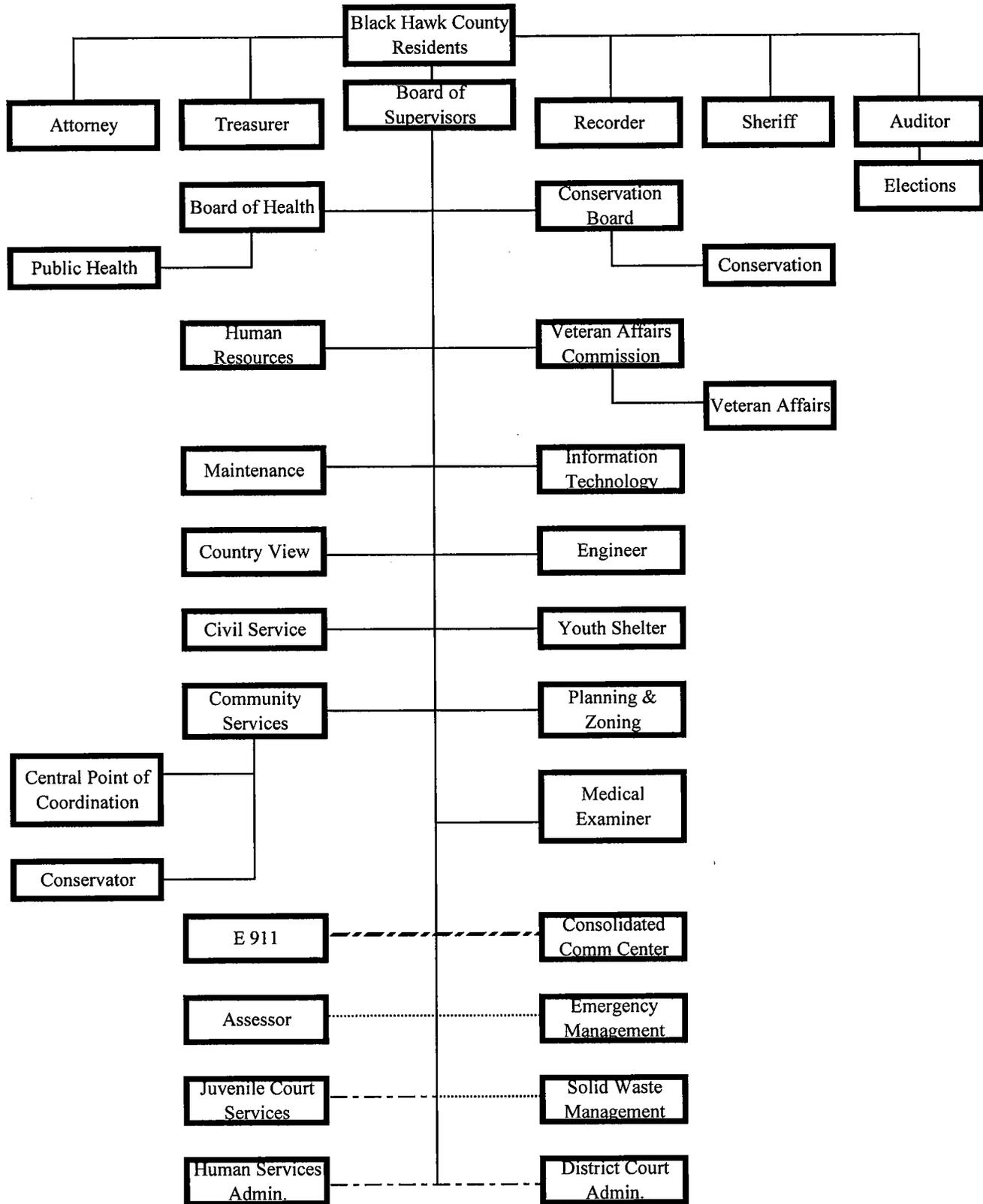
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Black Hawk County, Iowa

County Officials

Official Title	Official	Term Expiration Date of Elected Officials
Elected Officials		
Supervisor, Chairperson	Tom Little	2009
Supervisor	John Miller	2009
Supervisor	Scott Jordan	2009
Supervisor	Frank Magsamen	2011
Supervisor	Craig White	2011
County Attorney	Thomas Ferguson	2011
County Auditor	Grant Veeder	2009
County Recorder	Judy McCarthy	2011
County Sheriff	Michael Kubik	2009
County Treasurer	Barbara A. Freet	2011
Associate Officials		
County Assessor	Vicki S. Atkins	2010
Department Heads and Administration		
Community Services Director/ Central Point of Coordination Administrator	Robert Lincoln	
Conservation Executive Director	Vern Fish	
Country View Administrator	Jack Musker	
County Buildings Superintendent	Louis Cutwright	
County Engineer	Richard King	
County Finance Director	James W. Bronner	
County Planning & Zoning	Aric Schroeder	
Human Resources Director	June Watkins	
Information Technology Director	Kim Veeder	
Public Health Director	Thomas O'Rourke	
Veteran Affairs Director	Bennie Spain	
Youth Shelter Director	Amy Landers	

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Black Hawk County
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

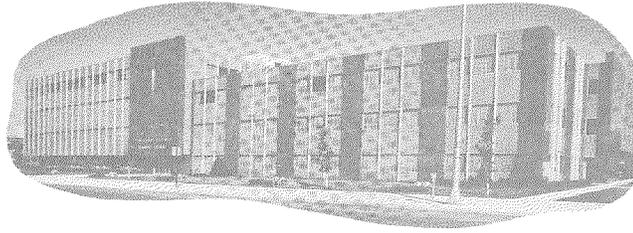
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

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

BLACK HAWK COUNTY
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OFFICE SUITES
Courthouse, Room 203
JAMES W. BRONNER
Finance Director

MONICA SMITH
Administrative Aide

December 3, 2007

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, 2007 is hereby submitted.

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

McGladrey & Pullen, LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the Black Hawk County financial statements for the year ended June 30, 2007. This independent auditor’s report is located at the front of the financial section of this report.

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

Profile of Black Hawk County

The first government of Black Hawk County, Iowa was organized August 17, 1853. It is located in the northeast part of the state. The county currently occupies 576 square miles and is the 4th most populous county in the state. The 2000 census population of 128,012 is up 3.4% from the 1990 census figure of 123,798. Recent population estimates for Black Hawk County, Iowa are closer to 126,000. Black Hawk County is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

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

Local Economy

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

Population since the 2000 Census figure of 128,012 has been declining slightly with the 2006-2007 estimate being closer to 126,000. The unemployment rate had recently climbed from 2.9% in 2000 to a rate of 5.0% in 2004-2005. That rate has since lowered to 4.2% for 2006-2007.

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

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

LS Power, a New Jersey based company has proposed an estimated \$1.3 billion, 750-megawatt, coal-fired power plant in Black Hawk County. The plant will sell power to municipal and investor-owned electric utilities and cooperatives. The initial annexation hearing for the City of Waterloo was denied and has been moved into the appeal process. Construction is expected to begin in 2008 and continue into 2011. Approximately 1,200 construction workers will be employed by the plant over the four-year construction period. Once completed, the plant will staff approximately 100 permanent professional staff.

The Isle of Capri Casino opened June 2007. Plans were originally announced in May of 2005 to build a \$135 million casino, hotel and restaurant complex in Black Hawk County. Due to added amenities such as a full-service spa, resort pool, night club, etc., the estimate grew to an estimated \$175 million. The nightclub, indoor pool and spa, as well as other additional amenities, will continue to open going into late 2007 and early 2008. The complex currently employs approximately 800 people.

Work is underway for the Allen Hospital expansion. The expansion is estimated at \$47 million. The 70,000 sq. ft., three story expansion includes an emergency room and cardiac care building. The emergency department should open in late 2008 with the cardiac center opening slated for late 2009.

Peregrine Financial Group, one of the largest nonbank financial services firms in the country, decided to move their headquarters from Chicago into a proposed \$10 million office building to be built in rural Black Hawk County. Plans are underway to construct one of the most “green” and high-tech workplaces in Iowa.

The medical supply company, Van G. Miller and Associates recently completed their 60,000 sq. ft. expansion. The new expansion of their existing facilities will generate approximately 140 new jobs within a year or two. The new facility houses the national referral center for the Homelink division of the company.

Deere & Company, the world’s premier producer of agricultural equipment and top employer in Black Hawk County, has achieved record earnings for the fourth year in a row. Year-end earnings totaled \$1.822 billion, up from the previous record of \$1.694 billion. Predictions are very favorable for a fifth record-breaking year as earnings projections are at \$2 billion for 2008. The record earnings come towards the end of a \$127 million redevelopment designed to reduce turnaround times and produce equipment to meet market demand and avoid inventory stockpiles.

Target Corporation recently announced plans to build a 400,000 square-foot cold storage perishable grocery distribution warehouse next to its existing 1.4 million square foot distribution center in the Cedar Falls Industrial Park. The \$80 to \$90 million investment once completed would provide another 100 jobs to the local economy. Completion of construction is slated for August of 2009.

During the past 10 years, the County's expenses, including debt and capital projects, have increased 27.4% overall. The largest percentage increase was in the Capital Projects area as the County has in recent years entered a phase of repairing and / or replacing a significant number of structures and equipment that has exceeded its useful life. The Public Safety and Legal Services area as well as the County Environment and Education category also saw significant percentage increases at 36.3% and 54.5%, respectively. The largest dollar increase was in the Mental Health services area. It increased just over \$6.26 million dollars over the 10-year period or just below 42%. The Mental Health increase is primarily due to the rising costs of providing these services to the public along with an overall increased public demand for the services. The increases for the other areas are primarily driven by wage and insurance increases.

For the same 10-year period, the County's total revenue has increased by 22.6%. Some areas have had very significant percentage increases such as the Licenses and Permits and the Interest and Penalty on Property Tax areas at just over 56% and 36%, respectively. While that percentage change is very significant, the dollar totals of those increases were \$129,000 and \$97,000. The majority of the actual dollar increase, which accounts for over 85% of the almost \$11.9 million increase, comes from tax increases at \$6.9 million and intergovernmental revenues such as federal and state grants at \$3.3 million.

Long-Term Financial Planning

The unreserved, undesignated, general basic fund combined with the general supplemental fund balance for Black Hawk County is at 19.9 percent of total general fund expenditures. This is the highest percentage of fund balance since FY1999. The FY2007 percentage figure is within the range of 15-20 percent, which is the preferred range for Black Hawk County. The total combined General Fund balance (unreserved, reserved, designated, etc.) is at 22.9 percent of total General Fund expenditures. This is also within the 20-25 percent range, which is the overall goal for the County. Black Hawk County will continue to diligently manage both of these balances so as to remain within the thresholds that are preferable for the County.

The County's secondary road system is also being continually reviewed. The County Engineer has identified a downward trend in the overall quality of numerous County roads and bridges. A long-range seven-year plan addressing how much additional funding will be required to reduce the decline and eventually reverse this trend on the aging road system has been developed and presented to the Board. The Board, based on the report, recently voted to hold a special election to potentially change the current funding of the Local Option Sales Tax (LOST) from 100% property tax relief to reallocate half of the amount towards road construction.

Relevant Financial Policies

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

Major Initiatives

There are four large bridges throughout Black Hawk County. One was replaced a few years ago, while a second is currently being replaced and should be finished in the next 12 months. The third bridge replacement is scheduled to occur in fiscal year 2010 or 2011 with an estimated price of \$4-4.5 million pending available funding contingent on the LOST vote discussed earlier. The final of these four bridges will need to be replaced in the next five to ten years. It will also be a multi-million dollar project.

Additionally, there are two bridges that are part of the Cedar Valley Nature Trail within Black Hawk County that are also in need of replacement in the coming years. These two bridges will also have estimated multi-million dollar project costs similar to the other bridges already listed. Funding to do a thorough study of the remaining longevity of the bridges as well as a replacement design has been secured. The study should begin shortly. The overall challenge of these projects will be funding them with the least amount of interruption for the surrounding areas.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Black Hawk County, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,



James W. Bronner
Finance Director

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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, 2007, 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, 2007, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2007, on our consideration of Black Hawk County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 18, 2007

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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, 2007. 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, 2007 by \$59,666,125 (net assets). Of this amount, \$5,382,829 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2006, assets exceeded liabilities by \$56,563,137. Of this amount, \$4,892,698 was unrestricted.
- The County's total net assets increased by \$3,102,988 during the fiscal year ended June 30, 2007. Governmental activities increased \$3,172,384 and business-type activities decreased by \$69,396. For fiscal year ended June 30, 2006, total net assets increased \$4,766,671. Governmental activities increased \$4,832,516 and business-type activities decreased \$65,845.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,273,734, a decrease of \$246,559 in comparison with the prior year. Approximately 52 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, 2006, governmental funds reported combined ending fund balances of \$14,520,293, of which 58 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 \$3,482,798 or 10.7 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, 2006 was \$2,723,894 or 8.4 percent of total General Fund expenditures.
- The County's total debt decreased by \$25,476 (.2 percent) during the current fiscal year. Total debt for the fiscal year June 30, 2006, increased by \$620,545 (4 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, 2007

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include public safety and legal services, physical health and social services, mental health, County environment and education, road and transportation, governmental services to residents, administration and interest on long-term debt. The business-type activities of the County include the Washburn rural sewer and Washburn rural water operations.

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

The government-wide financial statements can be found on pages 13 through 16 of this report.

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

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

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

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

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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

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

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

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Black Hawk County, Iowa's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund's financial statements can be found on page 26 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 27 through 47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information concerning Black Hawk County, Iowa's budgeted amounts for fiscal year 2007. Required supplementary information can be found on pages 48 and 49 of this report.

The combining statements referred to earlier in connection with nonmajor special revenue funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 50 through 59 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of Black Hawk County, Iowa, assets exceeded liabilities by \$59,666,125 at the close of the most recent fiscal year.

Black Hawk County, Iowa

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

By far the largest portion of the County's net assets (78.5 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 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 51,134,821	\$ 49,259,053	\$ 1,405,066	\$ 435,770	\$ 52,539,887	\$ 49,694,823
Capital assets	53,832,479	51,848,292	3,793,576	3,989,044	57,626,055	55,837,336
Total assets	104,967,300	101,107,345	5,198,642	4,424,814	110,165,942	105,532,159
Long-term liabilities	10,347,546	11,449,835	2,150,000	1,395,000	12,497,546	12,844,835
Other liabilities	37,754,156	35,964,296	248,115	159,891	38,002,271	36,124,187
Total liabilities	48,101,702	47,414,131	2,398,115	1,554,891	50,499,817	48,969,022
Net assets:						
Invested in capital assets, net of related debt	44,413,745	41,703,511	2,413,878	2,449,044	46,827,623	44,152,555
Restricted	6,502,517	7,517,884	953,156	-	7,455,673	7,517,884
Unrestricted	5,949,336	4,471,819	(566,507)	420,879	5,382,829	4,892,698
Total net assets	\$ 56,865,598	\$ 53,693,214	\$ 2,800,527	\$ 2,869,923	\$ 59,666,125	\$ 56,563,137

An additional portion of the County's net assets (12.5 percent or \$7,455,673) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (9 percent or \$5,382,829) may be used to meet the County's ongoing obligations to citizens and creditors.

Net assets restricted through enabling legislation consists of \$1,504,574 for debt service, \$1,182,499 for mental health, \$1,804,312 for secondary roads and \$2,964,288 for supplemental levy purposes as of June 30, 2007.

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

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

Governmental activities: Governmental activities increased the County's net assets by \$3,172,384 as shown on the chart that follows. The 5.9 percent increase in net assets of governmental activities is primarily a result of a capital contribution of infrastructure of approximately \$1.1 million along with higher than anticipated earnings on County investments.

Changes in Net Assets of Governmental and Business-Type Activities						
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 6,888,403	\$ 6,834,464	\$ 277,614	\$ 253,604	\$ 7,166,017	\$ 7,088,068
Operating grants, contributions and restricted interest	24,172,120	23,594,453	20,704	-	24,192,824	23,594,453
Capital grants, contributions and restricted interest	1,419,484	3,213,418	-	-	1,419,484	3,213,418
General revenues:						
Taxes:						
Property	25,127,976	24,984,891	-	-	25,127,976	24,984,891
Penalty and interest	359,860	345,844	-	-	359,860	345,844
State tax credits	1,145,229	1,179,717	-	-	1,145,229	1,179,717
Local option sales	2,496,495	2,605,674	-	-	2,496,495	2,605,674
Other taxes	985,889	996,293	-	-	985,889	996,293
Investment earnings	1,605,979	1,069,135	5,796	3,369	1,611,775	1,072,504
Miscellaneous	1,322,137	1,202,771	5,273	-	1,327,410	1,202,771
Gain on the sale of capital assets	-	18,803	-	-	-	18,803
Total revenues	65,523,572	66,045,463	309,387	256,973	65,832,959	66,302,436
Expenses:						
Public safety and legal services	14,899,182	15,997,089	-	-	14,899,182	15,997,089
Physical health and social services	10,640,808	10,331,387	-	-	10,640,808	10,331,387
Mental health	21,030,553	20,128,555	-	-	21,030,553	20,128,555
County environment and education	2,908,155	2,315,684	-	-	2,908,155	2,315,684
Roads and transportation	5,895,167	5,731,706	-	-	5,895,167	5,731,706
Government services to residents	1,534,397	1,501,746	-	-	1,534,397	1,501,746
Administration	5,020,133	4,773,716	-	-	5,020,133	4,773,716
Interest on long-term debt	422,793	433,064	-	-	422,793	433,064
Washburn water and sewer	-	-	378,783	322,818	378,783	322,818
Total expenses	62,351,188	61,212,947	378,783	322,818	62,729,971	61,535,765
Increase in net assets	3,172,384	4,832,516	(69,396)	(65,845)	3,102,988	4,766,671
Net assets, beginning	53,693,214	48,860,698	2,869,923	2,935,768	56,563,137	51,796,466
Net assets, ending	\$56,865,598	\$53,693,214	\$ 2,800,527	\$ 2,869,923	\$59,666,125	\$56,563,137

The County enjoyed increases in various revenue sources: property tax revenue increased approximately \$157,101 due primarily to an increase in taxable assessed valuation partially offset with a decrease in property tax rates; operating grants and supplies increased approximately \$580,000 due primarily to additional funding; and the County's cash and investment balances increased by approximately \$2,300,000 due to unspent bond proceeds related to debt issues during 2007 and a higher than anticipated average rate of return as compared to 2006.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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

Public safety and legal services decreased approximately \$1,000,000. Sixty percent of this decrease is related to \$600,000 of donated supplies and materials that occurred in the prior year, FY2006, going through an agency other than the County in 2007. The balance is primarily from salary and wage increases in various departments such as the Sheriff's Office, Attorney's Office and Consolidated Communications along with greater than anticipated revenue generated by both the Sheriff's Office and the Attorney's Office.

Physical health and social services increased \$309,421 or 3 percent due to a number of factors. Juvenile detention costs increased \$50,000 above the prior year with an additional \$41,000 at the adjoining Youth Shelter for above average placement of youth to out of County facilities. An additional \$27,000 in Community Services was also expended on services such as shelter over the previous year. The remaining balance comes from salary and benefit increases for the Health Department, Country View and some of the smaller departments in this service area.

County environment and education increased \$592,471 or 26 percent due to a \$450,000 increase in the Conservation REAP fund for the purchase of land through the Iowa Natural Heritage Foundation in fiscal year 2007. The remaining balance is due to salaries and benefits for Conservation staff along with the \$45,000 remodeling of the Rotary Reserve building.

Roads and transportation functional expenses increased by \$163,461 or 3 percent. Of the total increase, just over half of balance was for \$87,000 of increased operating increases primarily due to rising costs for fuel, steel and asphalt material. The remaining balance is for an additional \$18,000 in capital expenditures along with salary and benefit increases for staff.

Business-type activities: Business-type activities decreased the County's net assets by \$69,396.

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 \$14,273,734 as of June 30, 2007. This was a decrease of \$246,559, or 1.2 percent, over the prior year. This is primarily a result of increases in the General Fund being more than offset by planned decreases in the Mental Health and Secondary Roads funds. Of this total amount, \$7,434,584 constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for purposes of the supplemental tax levy, 2) to fund various debt service payments and 3) for assets that will not be liquidated in the near term.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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 \$3,482,798, while total fund balance reached \$7,432,679. 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 10.7 percent of total General Fund expenditures, while total fund balance represents 23 percent of that same amount. These funds will be needed as working capital during the initial months of the new fiscal year as property tax revenue is only collected semiannually, in September and March.

The fund balance for Black Hawk County, Iowa's General Fund increased by \$1,269,194 during the current fiscal year. The single largest factor in this increase in fund balance was an increase in property taxes levied of just over \$430,000 for the General Fund. Additional revenues beyond the figures originally budgeted from the Treasurer's Office, the Attorney's Office and the Sheriff's Office totaled an additional \$650,000, as well. The salaries and benefits for multiple departments were also less than originally budgeted, which the remaining balance of the overall increase is attributed to.

The Mental Health Fund had a fund balance of \$1,182,499, all of which is to be used for mental health functional expenditures. The fund balance decreased by \$191,303 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 \$741,353, which increased \$132,470 from the prior year. The majority of the fund increase is due to higher than anticipated Local Option Sales Tax revenue combined with expenditures less than originally budgeted in the Sheriff's salaries and benefits.

The Secondary Roads Fund had a fund balance of \$1,804,312, which decreased \$1,470,276 from the prior year. The primary reason for the decline in fund balance is the approximate \$850,000 increase in road and bridge project work that occurred in fiscal year 2007 over the prior year. Additionally, the fund balance will also fluctuate in this fund due to timing of planned maintenance and capital projects.

The Debt Service Fund had a fund balance of \$551,418 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 \$2,013,468. This fund balance increased \$232,357 due to the issuance of general obligation bonds. Approximately 80 percent of the fiscal year 2007 debt proceeds were expended during 2007.

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 \$1,819,805. This is comprised of: \$1,767,555 invested in capital assets, net of related debt, \$953,156 restricted for debt service and (\$900,906) 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.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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

Key changes in the budget amendments are as follows:

Expenditures increased \$2,822,904, which included:

- Approximately \$647,000 for County projects in progress from fiscal year 2006 that were finished in fiscal year 2007.
- Approximately \$245,000 for the jail chill tower project, with \$350,000 in additional fuel charges and rock due to the large increases in gas prices combined with a major ice storm in February.
- Approximately \$1,033,000 increase in the County Community Services office as \$926,000 of the increase was for additional mental health costs as well as implementing the first year of the State Payment Program, along with an additional \$107,500 for shelter and other services.
- Approximately \$450,000 in additional juvenile detention charges through the Juvenile Court Services budget.

Revenues increased \$3,066,433 which included:

- Approximately \$2,060,000 in the Community Services office. Approximately \$332,000 of the increase in revenue was for the implementation of the State Payment Program. The remaining balance of \$1.7 million was in additional MH-DD growth dollars also from the state into the Mental Health Fund.
- Approximately \$380,000 in local government reimbursement for joint road construction projects.
- Approximately \$300,000 in additional Medicaid dollars for the Country View facility.
- Approximately \$219,000 in additional grants and other revenues for the Health Department.

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, 2007 amounts to \$57,626,055 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, vehicles and equipment, construction-in-progress and infrastructure. The total increase in Black Hawk County, Iowa's capital assets for the current fiscal year was 3 percent.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 3,824,357	\$ 3,330,113	\$ -	\$ -	\$ 3,824,357	\$ 3,330,113
Construction-in-progress	2,300,228	1,850,097	-	-	2,300,228	1,850,097
Buildings	26,144,311	25,735,058	-	-	26,144,311	25,735,058
Improvements other than buildings	1,239,776	1,124,335	-	-	1,239,776	1,124,335
Equipment and vehicles	9,828,208	9,821,063	-	-	9,828,208	9,821,063
Infrastructure	41,213,122	38,546,066	5,420,639	5,420,639	46,633,761	43,966,705
Accumulated depreciation	(30,717,523)	(28,558,440)	(1,627,063)	(1,431,595)	(32,344,586)	(29,990,035)
Total capital assets	\$ 53,832,479	\$ 51,848,292	\$ 3,793,576	\$ 3,989,044	\$ 57,626,055	\$ 55,837,336

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

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

- Multiple secondary road projects including the replacement of bridges on Jesup Road, Young Road, Schenk Road, Barclay Road and Cunningham Road.
- The chill tower and air handler upgrade at the jail.
- The construction of the McFarlane Park residence, along with the facility expansion, roof replacement and parking lot paving at Rotary Reserve.

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

Long-term debt. At the close of the fiscal year ended June 30, 2007, the County had total long-term debt outstanding of \$16,416,250. Of this amount, \$13,650,000 comprises debt backed by the full faith and credit of the government and the remaining \$2,766,250 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 10,155,000	\$ 10,405,000	\$ 1,450,000	\$ 565,000	\$ 11,605,000	\$ 10,970,000
General obligation capital notes	1,125,000	1,365,000	920,000	975,000	2,045,000	2,340,000
Capital leases	107,725	210,818	-	-	107,725	210,818
Compensated absences	2,658,525	2,920,908	-	-	2,658,525	2,920,908
Total	\$ 14,046,250	\$ 14,901,726	\$ 2,370,000	\$ 1,540,000	\$ 16,416,250	\$ 16,441,726

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

Economic Factors and Next Year's Budget and Rates

Black Hawk County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget and the tax rates charged for various County activities. County officials are sensitive to economic factors such as the unemployment rate, recently decreased from 5.3 percent in January 2005 to 4.6 percent in January 2006. That rate further reduced to 4.3 percent in January of 2007. This compares with the statewide rates of 4.6 percent, 4.0 percent and 3.4 percent over the same three-year period. Current reports show the unemployment rate decreased a little further to 4.2 percent at the end of fiscal year 2007, close to the state average of 3.8 percent at the same point in time.

In an ongoing effort to maintain County services with minimal increases in tax levies, the Black Hawk County Board of Supervisors has sought efficiencies, including the outsourcing of duties and reduced fund balances. From 1997 through 2002, the year-end Combined General Fund balance (General Basic and General Supplemental) fell from \$10,028,578 or 40 percent of expenditures, to \$4,262,756 or just over 13 percent of expenditures. Since then, while maintaining minimal increases in tax levies, the Combined General Fund balance has increased to a fiscal year 2007

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

figure of \$7,432,679 or 22.9 percent of expenditures which is within the preferred range of 20-25 percent for Black Hawk County. For fiscal year 2008, amounts available for appropriation are \$68.45 million. Budgeted expenditures are expected to rise by approximately \$1.8 million, while budgeted revenues are expected to increase \$700,000. Increased wages due to cost-of-living adjustments, rising health insurance costs, capital investment and debt issuance represent a significant portion of the expenditure increase. If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2008.

In comparing 2007 data for all counties, it is seen that Black Hawk County's levy rates are somewhat high falling into the top quarter of all counties. However, this is partly a result of a relatively low valuation. While Black Hawk County is fourth in the state in population and fifth in overall taxable valuation, it is 86th in per capita valuation. The County's economy in spending is demonstrated by the fact it is 98th among the 99 counties in per capita tax askings and 9th among the ten most populous counties.

Requests for Information

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

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Black Hawk County, Iowa

**Statement of Net Assets
June 30, 2007**

Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Cash and investments	\$ 17,924,937	\$ 357,809	\$ 18,282,746
Restricted cash and investments	1,939,141	953,156	2,892,297
Receivables:			
Property tax:			
Delinquent	189,012	-	189,012
Succeeding year	26,877,667	-	26,877,667
Interest and penalty on property tax, net	228,312	-	228,312
Accounts	763,320	43,412	806,732
Accrued interest	163,200	219	163,419
Note	67,606	-	67,606
Lease	32,102	-	32,102
Internal balances	16	(16)	-
Due from other governments	2,322,856	20,704	2,343,560
Inventories	360,310	-	360,310
Prepaid expenses	38,400	-	38,400
Total current assets	50,906,879	1,375,284	52,282,163
Noncurrent assets:			
Receivables, note	146,479	-	146,479
Discounts on long-term debt	20,658	15,302	35,960
Debt issuance costs	60,805	14,480	75,285
Capital assets:			
Not depreciated:			
Land	3,824,357	-	3,824,357
Construction-in-progress	2,300,228	-	2,300,228
Depreciated:			
Buildings	26,144,311	-	26,144,311
Improvements other than buildings	1,239,776	-	1,239,776
Infrastructure	41,213,122	5,420,639	46,633,761
Equipment and vehicles	9,828,208	-	9,828,208
Less accumulated depreciation	(30,717,523)	(1,627,063)	(32,344,586)
Total capital assets	53,832,479	3,793,576	57,626,055
Total noncurrent assets	54,060,421	3,823,358	57,883,779
Total assets	\$ 104,967,300	\$ 5,198,642	\$ 110,165,942

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities:			
Accounts payable	\$ 1,593,863	\$ 16,820	\$ 1,610,683
Contracts payable	318,600	-	318,600
Claims payable	884,756	-	884,756
Accrued interest payable	49,706	8,534	58,240
Accrued salaries and benefits	1,072,869	-	1,072,869
Due to other governments	3,190,236	-	3,190,236
Unearned revenue	26,945,422	2,761	26,948,183
Current portion of general obligation bonds	1,950,000	160,000	2,110,000
Current portion of general obligation capital loan notes	250,000	60,000	310,000
Current portion of capital leases	107,725	-	107,725
Compensated absences	1,390,979	-	1,390,979
Total current liabilities	37,754,156	248,115	38,002,271
Noncurrent liabilities:			
General obligation bonds	8,205,000	1,290,000	9,495,000
General obligation capital loan notes	875,000	860,000	1,735,000
Compensated absences	1,267,546	-	1,267,546
Total noncurrent liabilities	10,347,546	2,150,000	12,497,546
Total liabilities	48,101,702	2,398,115	50,499,817
Net assets:			
Invested in capital assets, net of related debt	44,413,745	2,413,878	46,827,623
Restricted for:			
Supplemental levy purposes	2,964,288	-	2,964,288
Debt service	551,418	953,156	1,504,574
Mental health	1,182,499	-	1,182,499
Secondary roads	1,804,312	-	1,804,312
Unrestricted	5,949,336	(566,507)	5,382,829
Total net assets	56,865,598	2,800,527	59,666,125
Total liabilities and net assets	\$ 104,967,300	\$ 5,198,642	\$ 110,165,942

Black Hawk County, Iowa

**Statement of Activities
Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety and legal services	\$ 14,899,182	\$ 843,694	\$ 1,828,653	\$ -
Physical health and social services	10,640,808	1,427,374	4,307,411	-
Mental health	21,030,553	1,464,696	14,064,699	-
County environment and education	2,908,155	470,176	198,299	115,121
Roads and transportation	5,895,167	3,835	3,198,152	1,304,363
Governmental services to residents	1,534,397	1,760,240	29,647	-
Administration	5,020,133	918,388	545,259	-
Interest on long-term debt	422,793	-	-	-
Total governmental activities	62,351,188	6,888,403	24,172,120	1,419,484
Business-type activities:				
Rural sewer	292,510	190,289	20,704	-
Rural water	86,273	87,325	-	-
Total business-type activities	378,783	277,614	20,704	-
Total	\$ 62,729,971	\$ 7,166,017	\$ 24,192,824	\$ 1,419,484

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
\$ (12,226,835)	\$ -	\$ (12,226,835)
(4,906,023)	-	(4,906,023)
(5,501,158)	-	(5,501,158)
(2,124,559)	-	(2,124,559)
(1,388,817)	-	(1,388,817)
255,490	-	255,490
(3,556,486)	-	(3,556,486)
(422,793)	-	(422,793)
(29,871,181)	-	(29,871,181)
-	(81,517)	(81,517)
-	1,052	1,052
-	(80,465)	(80,465)
(29,871,181)	(80,465)	(29,951,646)
25,487,836	-	25,487,836
2,496,495	-	2,496,495
985,889	-	985,889
1,145,229	-	1,145,229
1,605,979	5,796	1,611,775
1,322,137	5,273	1,327,410
33,043,565	11,069	33,054,634
3,172,384	(69,396)	3,102,988
53,693,214	2,869,923	56,563,137
\$ 56,865,598	\$ 2,800,527	\$ 59,666,125

Black Hawk County, Iowa

**Balance Sheet
Governmental Funds
June 30, 2007**

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and investments	\$ 7,282,075	\$ 4,310,320	\$ 379,168	\$ 1,676,685
Restricted cash and investments	-	-	-	-
Receivables:				
Property tax:				
Delinquent	133,360	39,230	1,186	-
Succeeding year	18,920,943	5,565,896	130,299	-
Interest and penalty on property tax, net	228,312	-	-	-
Accounts	540,383	149,930	4,302	57,851
Accrued interest	156,123	-	-	-
Note	-	-	-	-
Lease	32,102	-	-	-
Due from other funds	234,063	6,838	14	61
Due from other governments	859,205	654,136	425,395	384,120
Inventories	-	-	-	360,310
Prepays	-	-	-	-
Total assets	\$ 28,386,566	\$ 10,726,350	\$ 940,364	\$ 2,479,027
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 423,413	\$ 414,586	\$ 904	\$ 530,499
Contracts payable	-	-	-	-
Accrued salaries and benefits	680,920	255,992	59,643	76,314
Due to other funds	158,635	219,242	1,196	3,205
Due to other governments	266,756	2,907,673	5,415	8,046
Deferred revenue:				
Succeeding year property tax	18,920,943	5,565,896	130,299	-
Other	503,220	180,462	1,554	56,651
Total liabilities	20,953,887	9,543,851	199,011	674,715
Fund balances:				
Reserved for:				
Supplemental levy purposes	2,964,288	-	-	-
Debt service	-	-	-	-
Advance to other government	50,000	-	-	-
Prepays and inventories	-	-	-	360,310
Capital projects	-	-	-	-
Unreserved:				
Designated for tax stabilization and termination benefit payments	935,593	-	-	-
Undesignated, reported in:				
General Fund	3,482,798	-	-	-
Special revenue funds	-	1,182,499	741,353	1,444,002
Capital Projects Fund	-	-	-	-
Total fund balances	7,432,679	1,182,499	741,353	1,804,312
Total liabilities and fund balances	\$ 28,386,566	\$ 10,726,350	\$ 940,364	\$ 2,479,027

See Notes to Basic Financial Statements.

Debt Service		Capital Projects		Nonmajor Governmental Funds		Total
\$	550,726	\$	-	\$	960,321	\$ 15,159,295
	-		1,939,141			1,939,141
	15,236		-		-	189,012
	2,260,529		-		-	26,877,667
	-		-		-	228,312
	-		-		7,725	760,191
	5,280		-		136	161,539
	214,085		-		-	214,085
	-		-		-	32,102
	1,562		141,302		-	383,840
	-		-		-	2,322,856
	-		-		-	360,310
	-		38,400		-	38,400
<u>\$</u>	<u>3,047,418</u>	<u>\$</u>	<u>2,118,843</u>	<u>\$</u>	<u>968,182</u>	<u>\$ 48,666,750</u>
\$	6,266	\$	103,829	\$	99,231	\$ 1,578,728
	-		-		318,600	318,600
	-		-		-	1,072,869
	-		1,546		-	383,824
	-		-		2,346	3,190,236
	2,260,529		-		-	26,877,667
	229,205		-		-	971,092
	<u>2,496,000</u>		<u>105,375</u>		<u>420,177</u>	<u>34,393,016</u>
	-		-		-	2,964,288
	551,418		-		-	551,418
	-		-		-	50,000
	-		38,400		-	398,710
	-		1,939,141		-	1,939,141
	-		-		-	935,593
	-		-		-	3,482,798
	-		-		548,005	3,915,859
	-		35,927		-	35,927
	<u>551,418</u>		<u>2,013,468</u>		<u>548,005</u>	<u>14,273,734</u>
<u>\$</u>	<u>3,047,418</u>	<u>\$</u>	<u>2,118,843</u>	<u>\$</u>	<u>968,182</u>	<u>\$ 48,666,750</u>

Black Hawk County, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2007**

Total governmental fund balances \$ 14,273,734

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

Land	\$ 3,824,357	
Construction-in-progress	2,300,228	
Buildings	26,144,311	
Improvements other than buildings	1,239,776	
Equipment and vehicles	9,828,208	
Infrastructure	41,213,122	
Accumulated depreciation	<u>(30,717,523)</u>	53,832,479

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

Deferred revenues	903,337
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable	(49,706)	
Discounts on long-term debt	20,658	
Debt issuance costs	60,805	
General obligation bonds payable	(10,155,000)	
General obligation capital notes	(1,125,000)	
Capital leases	(107,725)	
Compensated absences	<u>(2,658,525)</u>	(14,014,493)

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

Net assets of governmental activities

1,870,541
<u>\$ 56,865,598</u>

See Notes to Basic Financial Statements.

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Black Hawk County, Iowa

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2007**

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 18,616,842	\$ 5,561,630	\$ 2,642,221	\$ -
Interest and penalty on property tax	359,860	-	-	-
Intergovernmental	8,283,123	13,879,215	16,877	3,394,613
Licenses and permits	287,899	-	66,523	3,530
Charges for service	4,374,111	1,464,696	6,565	305
Use of money and property	1,291,637	-	-	-
Miscellaneous	1,145,434	92,804	405	15,957
Total revenues	34,358,906	20,998,345	2,732,591	3,414,405
Expenditures:				
Current:				
Public safety and legal services	13,238,970	-	1,355,023	-
Physical health and social services	10,703,043	-	-	-
Mental health	-	21,189,648	-	-
County environment and education	1,943,531	-	164,302	-
Roads and transportation	-	-	-	4,313,611
Governmental services to residents	1,470,634	-	521	-
Administration	4,929,682	-	-	-
Debt service:				
Principal	158,093	-	-	-
Bond issuance costs	-	-	-	-
Interest	30,927	-	-	-
Capital outlay	-	-	-	2,270,921
Total expenditures	32,474,880	21,189,648	1,519,846	6,584,532
Excess (deficiency) of revenues over expenditures	1,884,026	(191,303)	1,212,745	(3,170,127)
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Discounts on issuance of long-term debt	-	-	-	-
Proceeds from the sale of capital assets	3,530	-	-	-
Redemption of refunded bonds	-	-	-	-
Transfers in	1,214	-	-	1,699,851
Transfers out	(619,576)	-	(1,080,275)	-
Total other financing sources (uses)	(614,832)	-	(1,080,275)	1,699,851
Net change in fund balances	1,269,194	(191,303)	132,470	(1,470,276)
Fund balances, beginning of year	6,163,485	1,373,802	608,883	3,274,588
Fund balances, end of year	\$ 7,432,679	\$ 1,182,499	\$ 741,353	\$ 1,804,312

See Notes to Basic Financial Statements.

Debt Service		Capital Projects		Nonmajor Governmental Funds		Total
\$	2,119,388	\$	-	\$	-	\$ 28,940,081
	-		-		-	359,860
	159,050		-		99,676	25,832,554
	-		-		-	357,952
	-		-		71,139	5,916,816
	121,598		4,042		170,724	1,588,001
	-		-		182,658	1,437,258
	2,400,036		4,042		524,197	64,432,522
	270		-		58,147	14,652,410
	-		-		-	10,703,043
	-		-		-	21,189,648
	400		-		689,649	2,797,882
	-		-		-	4,313,611
	-		-		56,062	1,527,217
	-		-		-	4,929,682
	1,945,000		-		-	2,103,093
	6,191		16,921		-	23,112
	398,339		-		-	429,266
	475		1,242,451		-	3,513,847
	2,350,675		1,259,372		803,858	66,182,811
	49,361		(1,255,330)		(279,661)	(1,750,289)
	515,000		1,495,000		-	2,010,000
	(2,487)		(7,313)		-	(9,800)
	-		-		-	3,530
	(500,000)		-		-	(500,000)
	-		-		-	1,701,065
	(1,214)		-		-	(1,701,065)
	11,299		1,487,687		-	1,503,730
	60,660		232,357		(279,661)	(246,559)
	490,758		1,781,111		827,666	14,520,293
\$	551,418	\$	2,013,468	\$	548,005	\$ 14,273,734

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, 2007**

Net change in fund balances - governmental funds \$ (246,559)

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	\$ 3,569,460	
Depreciation expense	(2,627,860)	941,600

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	1,107,902	
Proceeds from the sale of capital assets	(3,530)	
Loss on the sale of capital assets	(61,785)	1,042,587

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. (193,564)

The issuance of long-term debt (e.g., bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of debt principal		2,603,093
Interest		8,956
Bond issuance costs		23,112
Proceeds from the issuance of long-term debt		(2,010,000)
Discount on issuance of long-term debt		9,800
Amortization of discounts on long-term debt		(2,483)
Amortization of debt issuance costs on long-term debt		(8,763)

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

Change in compensated absences		262,383
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The internal service funds are used by management to charge the costs of partial self-funding of the County's health insurance benefit plan and other goods and services to individual funds. The change in net assets of the internal service funds is reported with governmental activities.

		742,222
Change in net assets of governmental activities	\$	3,172,384

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-Type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Rural Sewer	Nonmajor Rural Water	Total	
Assets				
Current assets:				
Cash and investments	\$ 33,844	\$ 323,965	\$ 357,809	\$ 2,765,642
Restricted cash and investments	953,156	-	953,156	-
Receivables:				
Accounts	31,997	11,415	43,412	3,129
Accrued interest	17	202	219	1,661
Due from other governments	20,704	-	20,704	-
Total current assets	1,039,718	335,582	1,375,300	2,770,432
Noncurrent assets:				
Discounts on long-term debt	13,546	1,756	15,302	-
Debt issuance costs	14,480	-	14,480	-
Capital assets; infrastructure (net of accumulated depreciation)	2,674,009	1,119,567	3,793,576	-
Total noncurrent assets	2,702,035	1,121,323	3,823,358	-
Total assets	\$ 3,741,753	\$ 1,456,905	\$ 5,198,658	\$ 2,770,432
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 16,810	\$ 10	\$ 16,820	\$ 15,135
Claims payable	-	-	-	884,756
Accrued interest payable	7,361	1,173	8,534	-
Due to other funds	16	-	16	-
Unearned revenue	2,761	-	2,761	-
Current portion of general obligation bonds	70,000	90,000	160,000	-
Current portion of general obligation capital loan notes	60,000	-	60,000	-
Total current liabilities	156,948	91,183	248,131	899,891
Long-term liabilities:				
General obligation bonds	905,000	385,000	1,290,000	-
General obligation capital loan notes	860,000	-	860,000	-
Total noncurrent liabilities	1,765,000	385,000	2,150,000	-
Total liabilities	1,921,948	476,183	2,398,131	899,891
Net assets:				
Invested in capital assets, net of related debt	1,767,555	646,323	2,413,878	-
Restricted for debt service	953,156	-	953,156	-
Unrestricted	(900,906)	334,399	(566,507)	1,870,541
Total net assets	1,819,805	980,722	2,800,527	1,870,541
Total liabilities and net assets	\$ 3,741,753	\$ 1,456,905	\$ 5,198,658	\$ 2,770,432

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds
 Year Ended June 30, 2007

	Business-Type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Rural Sewer	Nonmajor Rural Water	Total	
Operating revenues, charges for services	\$ 190,289	\$ 87,325	\$ 277,614	\$ 6,420,483
Operating expenses:				
Costs of sales and services	105,849	3,215	109,064	5,696,239
Depreciation	128,739	66,729	195,468	-
Total operating expenses	234,588	69,944	304,532	5,696,239
Operating income (loss)	(44,299)	17,381	(26,918)	724,244
Nonoperating revenues (expenses):				
Interest income	3,140	2,656	5,796	17,978
Interest expense	(57,922)	(16,329)	(74,251)	-
Intergovernmental revenue	20,704	-	20,704	-
Miscellaneous revenue	5,273	-	5,273	-
Total nonoperating revenues (expenses)	(28,805)	(13,673)	(42,478)	17,978
Change in net assets	(73,104)	3,708	(69,396)	742,222
Net assets, beginning of year	1,892,909	977,014	2,869,923	1,128,319
Net assets, end of year	\$ 1,819,805	\$ 980,722	\$ 2,800,527	\$ 1,870,541

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2007**

	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	\$ 192,676	\$ 89,886	\$ 282,562	\$ 6,430,627
Cash paid to suppliers for services	(91,463)	(9,802)	(101,265)	(13,318)
Cash paid for claims and to administrative provider	-	-	-	(5,581,955)
Net cash provided by operating activities	101,213	80,084	181,297	835,354
Cash flows from noncapital financing activities:				
Bond issuance costs	(14,480)	-	(14,480)	-
Proceeds from bonds, net of bond discount of \$4,827	970,173	-	970,173	-
Proceeds from interfund accounts	16	-	16	-
Net cash provided by noncapital financing activities	955,709	-	955,709	-
Cash flows from capital and related financing activities:				
Miscellaneous proceeds	5,273	-	5,273	-
Payments on capital loan notes and bonds	(55,000)	(90,000)	(145,000)	-
Interest paid on capital loan bonds and notes	(54,292)	(16,151)	(70,443)	-
Net cash (used in) capital and related financing activities	(104,019)	(106,151)	(210,170)	-
Cash flows from investing activities, interest on investments	3,146	2,672	5,818	17,544
Net increase (decrease) in cash and cash equivalents	956,049	(23,395)	932,654	852,898
Cash and cash equivalents, beginning	30,951	347,360	378,311	1,912,744
Cash and cash equivalents, ending	\$ 987,000	\$ 323,965	\$ 1,310,965	\$ 2,765,642
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (44,299)	\$ 17,381	\$ (26,918)	\$ 724,244
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:				
(Increase) decrease in accounts receivable	(374)	2,561	2,187	10,144
Increase in deferred revenue	2,761	-	2,761	-
Increase (decrease) in accounts and claims payable	14,386	(6,587)	7,799	100,966
Net cash provided by operating activities	\$ 101,213	\$ 80,084	\$ 181,297	\$ 835,354

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2007

Assets

Cash and investments	\$	6,197,311
Receivables, property taxes and other		120,638,085
Total assets	\$	126,835,396

Liabilities

Accounts payable and accrued liabilities	\$	98,807
Due to other governmental agencies		125,840,195
Trusts payable		896,394
Total liabilities	\$	126,835,396

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

Nature of operations:

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

Reporting entity:

In accordance with the Codification of Government Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the County is financially accountable. The County has also considered all other potential organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's government body, and (1) the ability of the County to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the County. Based on these criteria, the County is presented as a primary government and includes the component units listed below because of their operational significance and relationship with the County. All of the component units have a June 30 year-end and are considered blended component units. Blended component units are legally separate from the County but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

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

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

Basis of presentation:

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

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

Notes to Basic Financial Statements

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

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

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

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

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

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

Special Revenue Funds:

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

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

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

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

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

The following 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.

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

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

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

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

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

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

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

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

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

Measurement focus and basis of accounting:

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

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

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

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

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified in March 2006, based on the 2005 assessed valuations. These taxes are due in two installments, on September 30 and March 31, with a 1.5 percent per month penalty for delinquent payment.

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.

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

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

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

Summary of significant accounting policies:

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

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

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

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

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

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

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

Deferred/unearned revenue: Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations have been recorded as deferred/unearned revenue.

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

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

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

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds for the Capital Projects Fund was \$1,948,333. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$551,418 for debt service, \$1,182,499 for mental health, \$1,804,312 for secondary roads and \$2,964,288 for supplemental levy purposes.

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

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

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

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

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

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

- On or before November 1, a budget request for the next fiscal year is sent to all elected officials and department heads. Three years of history are provided as well as year-to-date figures for the current fiscal year. Any goals or direction from the Board of Supervisors are also provided. The completed requests are due in early December and include proposed expenditures, projected program revenues and an updated capital improvement project (CIP) list. Once the information is received and entered into the financial system, all of the budget requests are then compiled. Copies of all salary projections, a budget summary and a capital request summary for each department are prepared and assembled for the Board. A tax asking form with a comparison to the current fiscal year's budget by fund is prepared by the end of December. The budget documents are then reviewed by the Board of Supervisors with additional input from various departments as requested by the Board during the months of January and February.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to March 15, the budget is legally adopted by resolution of the County Board.
- The budget may be amended by majority approval of the County Board prior to May 31 after public notice has been published.
- Encumbrances are not recognized in the budget and appropriations lapse at year-end.

The legal level of control is at the program expenditure level not fund level. These nine classes are: public safety and legal services, physical health and social services, mental health, County environment and education, roads and transportation, governmental services to residents, administration, debt service and capital projects.

In addition, the County Board must appropriate, by resolution, the budgets for each of the different County offices and departments. Emphasis is placed on monitoring budgets at the department level by major class of expenditures, rather than by line item expenditure. County management can approve budget shifts within the major classes but not between major classes. During the year, there were two budget amendments adopted in December 2006 and May 2007.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

Note 2. Cash and Investments

As of June 30, 2007, the County's cash and investments were as follows:

Cash statement of net assets	\$ 16,475,096
Cash fiduciary funds	6,197,311
Investments	4,699,947
	<u>\$ 27,372,354</u>

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

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

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the County's investment policy, the County minimizes the market value risk of investments in the portfolio by separating operating funds from other funds available for investment. Operating funds may not be invested in investments with maturity dates in excess of 397 days. 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
IPAIT Diversified - Money Market Mutual Fund	90 days	\$ 4,378,614
Agency security - Federal Farm Credit Bank	04/20/2009	14,836
Mutual funds - equity income - Vanguard Advantage	N/A	285,125
Money market mutual fund - Vanguard Advantage	N/A	21,372
		<u>\$ 4,699,947</u>

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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

As of June 30, 2007, the County's investments were rated as follows:

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

* As of June 30, 2007, the Diversified Portfolio security ratings were 27.4% AAA, 5.6% not rated (representing all Certificates of Deposit from Iowa financial institutions) and 67.2 percent not applicable.

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

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2007, the County's investments were insured and not subject to custodial credit risk. Time deposits in excess of FDIC insurable limits are secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all County funds to be deposited into an approved depository and be either insured or collateralized. As of June 30, 2007, the County's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 3. Interfund Receivables and Payables

The detail of due to/due from other funds as of June 30, 2007 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental activities, major funds:		
General Fund	\$ 234,063	\$ 158,635
Special revenue funds:		
Mental health	6,838	219,242
Rural services	14	1,196
Secondary roads	61	3,205
Debt service	1,562	-
Capital projects	141,302	1,546
Business-type activities, major funds,		
Rural Sewer	-	16
Total	<u>\$ 383,840</u>	<u>\$ 383,840</u>

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, 2007 is as follows:

	Transfers In	Transfers Out
General Fund	\$ 1,214	\$ 619,576
Special revenue funds:		
Rural services	-	1,080,275
Secondary roads	1,699,851	-
Debt service	-	1,214
Total	<u>\$ 1,701,065</u>	<u>\$ 1,701,065</u>

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 5. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,330,113	\$ 494,244	\$ -	\$ 3,824,357
Construction-in-progress	1,850,097	2,237,036	(1,786,905)	2,300,228
Total capital assets not being depreciated	5,180,210	2,731,280	(1,786,905)	6,124,585
Capital assets being depreciated:				
Buildings	25,735,058	444,253	(35,000)	26,144,311
Improvements other than buildings	1,124,335	115,441	-	1,239,776
Equipment and vehicles	9,821,063	506,237	(499,092)	9,828,208
Infrastructure	38,546,066	2,667,056	-	41,213,122
Total capital assets being depreciated	75,226,522	3,732,987	(534,092)	78,425,417
Less accumulated depreciation for:				
Buildings	8,994,786	528,215	(15,049)	9,507,952
Improvements other than buildings	732,366	29,294	-	761,660
Equipment and vehicles	6,670,862	744,682	(453,728)	6,961,816
Infrastructure	12,160,426	1,325,669	-	13,486,095
Total accumulated depreciation	28,558,440	2,627,860	(468,777)	30,717,523
Total capital assets being depreciated, net	46,668,082	1,105,127	(65,315)	47,707,894
Governmental activities capital assets, net	\$ 51,848,292	\$ 3,836,407	\$ (1,852,220)	\$ 53,832,479
Business-type activities:				
Capital assets being depreciated, infrastructure	\$ 5,420,639	\$ -	\$ -	\$ 5,420,639
Less accumulated depreciation for infrastructure	1,431,595	195,468	-	1,627,063
Business-type activities capital assets, net	\$ 3,989,044	\$ (195,468)	\$ -	\$ 3,793,576

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

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

Governmental activities:	
Public safety and legal services	\$ 572,960
Physical health and social services	28,405
Mental health	90,666
County environment and education	134,031
Roads and transportation	1,614,564
Governmental services to residents	7,861
Administration	179,373
Total depreciation expense - governmental activities	<u>\$ 2,627,860</u>
Business-type activities:	
Rural Sewer	\$ 128,739
Rural Water	66,729
Total depreciation expense - business-type activities	<u>\$ 195,468</u>

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Retirements/ Deletions	Balance June 30, 2007	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,405,000	\$ 2,010,000	\$ 2,260,000	\$ 10,155,000	\$ 1,950,000
General obligation capital notes	1,365,000	-	240,000	1,125,000	250,000
Capital leases	210,818	-	103,093	107,725	107,725
Compensated absences	2,920,908	1,672,023	1,934,406	2,658,525	1,390,979
	<u>\$ 14,901,726</u>	<u>\$ 3,682,023</u>	<u>\$ 4,537,499</u>	<u>\$ 14,046,250</u>	<u>\$ 3,698,704</u>
Business-type activities:					
General obligation bonds	\$ 565,000	\$ 975,000	\$ 90,000	\$ 1,450,000	\$ 160,000
General obligation capital notes	975,000	-	55,000	920,000	60,000
	<u>\$ 1,540,000</u>	<u>\$ 975,000</u>	<u>\$ 145,000</u>	<u>\$ 2,370,000</u>	<u>\$ 220,000</u>

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

The County completed the current and crossover refunding to reduce its total debt service payments over the next 12 years by \$64,545 and to obtain an economic loss (difference between the present values of the old and new debt service payments) of \$51,163.

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 \$10,155,000 as of June 30, 2007. These bonds bear interest with rates ranging from 2.40 percent to 4.10 percent and mature in varying annual amounts ranging from \$40,000 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 \$1,450,000 as of June 30, 2007. These bonds bear interest with rates ranging from 2.50 percent to 4.00 percent and mature in varying annual amounts ranging from \$90,000 to \$105,000 through June 1, 2019.

General obligation capital loan notes: General obligation capital loan notes have been issued for both governmental and business-type activities. The portion of unmatured general obligation capital loan notes reported in the governmental activities column in the statement of net assets and to be paid from the Debt Service Fund totaled \$1,125,000 as of June 30, 2007. These notes bear interest with rates ranging from 2.40 percent to 4.20 percent and mature in varying annual amounts ranging from \$30,000 to \$200,000 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 \$920,000 as of June 30, 2007. These notes bear interest with rates ranging from 5.30 percent to 5.75 percent and mature in varying annual amounts ranging from \$60,000 to \$100,000 through June 1, 2019.

Capital lease obligations: The County has a lease purchase agreement for 11 patrol cars for the Sheriff's Department. The agreement requires an annual payment remaining in the amount of \$107,725, including interest of 4.43 percent through June 1, 2008. The balance due as of June 30, 2007 was \$107,725. The net book value of these capital assets was \$177,675 as of June 30, 2007.

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2007 are as follows:

Governmental Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2008	\$ 1,950,000	\$ 292,189	\$ 250,000	\$ 35,233
2009	2,025,000	232,494	255,000	28,723
2010	2,110,000	168,051	265,000	21,515
2011	880,000	97,994	65,000	13,440
2012	835,000	76,775	70,000	11,120
2013 - 2016	2,355,000	117,035	220,000	17,460
Total	\$ 10,155,000	\$ 984,538	\$ 1,125,000	\$ 127,491

	Capital Lease Payable	
	Principal	Interest
<u>Year ending June 30,</u>		
2008	\$ 107,725	\$ 4,840

Business-Type Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2008	\$ 160,000	\$ 51,039	\$ 60,000	\$ 51,378
2009	160,000	46,234	60,000	48,198
2010	170,000	41,204	65,000	45,018
2011	170,000	35,601	65,000	41,508
2012	180,000	29,786	70,000	37,965
2013 - 2017	420,000	86,985	405,000	127,440
2018 - 2019	190,000	11,353	195,000	16,963
Total	\$ 1,450,000	\$ 302,202	\$ 920,000	\$ 368,470

The computation of the County's legal margin as of June 30, 2007 is as follows:

January 2005 assessed valuation	\$ 3,956,082,787
Less military exemption	15,953,643
Total assessed value	\$ 3,940,129,144
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 197,006,457
Total amount of debt applicable to debt margin	13,757,725
Legal debt margin	\$ 183,248,732

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 7. Note Receivable

On August 1, 1995, the County issued \$2,130,000 of general obligation capital loan notes, a portion of which was to partially fund juvenile detention center renovations. On August 24, 1995, the County entered into an agreement to loan \$800,000 of the capital loan note proceeds to the North Iowa Juvenile Detention Service Commission. The North Iowa Juvenile Detention Service Commission issued a note to the County that requires annual principal payments ranging from \$37,559 to \$75,117 and semiannual interest payments at rates ranging from 5.10 percent to 5.20 percent per annum, with the final payment due June 1, 2010. During the year ended June 30, 2007, the County received \$63,850 of principal and \$14,301 of interest from the North Iowa Juvenile Detention Service Commission. The balance owed to the County on the note as of June 30, 2007 was \$214,085. This amount has been deferred under the modified accrual basis of accounting as the amount does not represent current financial resources. The County considers the note fully collectible as of June 30, 2007 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(b) which allowed for the Plan to hold its assets in trust. Under these new requirements, the assets of the Plan are no longer subject to the general creditors of the County. The assets are maintained in trust by the employer in connection with the Plan. The Plan is maintained for the exclusive benefit of the employee or his/her beneficiary and, therefore, the liability and corresponding investment are not reflected in the financial statements.

Note 9. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 percent of their annual covered salary and the County is required to contribute 5.75 percent of annual covered payroll. In the case of law enforcement employees, the percentage for the year ended June 30, 2007 was 8.37 percent for the employees and the County. The contribution percentage for conservation employees was 6.08 percent for the employees and 9.12 percent for the County. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$1,509,552, \$1,494,167 and \$1,497,180, respectively, equal to the required contributions for each year.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 10. Employee Health Insurance Plan

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

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

Amounts payable from the internal service, Health Insurance Fund, as of June 30, 2007 totaled \$746,083 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 2007 and 2006 are as follows:

	2007	2006
Claims payable, beginning of year	\$ 669,637	\$ 550,353
Claims recognized	5,050,331	4,583,531
Claim payments	(4,973,885)	(4,464,247)
Claims payable, end of year	<u>\$ 746,083</u>	<u>\$ 669,637</u>

Note 11. Risk Management

Black Hawk County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County has purchased commercial insurance to protect against errors and omissions and injuries to employees. Effective July 1, 2005, the County joined the Iowa Communities Assurance Pool (ICAP) to protect against loss related to torts; theft, damage to and destruction of assets; and natural disasters. ICAP is a risk sharing pool where the liability of each member is limited to their financial contribution; no member is responsible for the liabilities of any other member. The County initially contributed \$288,774 to the pool; the 2007 contribution was \$125,000. The County is responsible for the first \$50,000 of settlements. Prior to joining ICAP, the County self-insured for various risks of loss; \$138,673 has been reserved for these run-off claims and for the deductibles of outstanding claims under the pooled plan.

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

Note 12. Health Care Facility and Industrial Development Revenue Bonds

The County has issued a total of \$18,541,320 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$15,304,210 is outstanding as of June 30, 2007. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 13. Lease Receivable

The County entered into a lease agreement with the E911 Service Board for a telecommunications system. 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 percent to 1.90 percent per annum and the present value of net minimum lease payments under the agreement in effect as of June 30, 2007.

Year Ending June 30:

2008	\$ 32,155
Less amount representing interest	(53)
Present value of net minimum lease payments	<u><u>\$ 32,102</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 \$3,132,000 which relate to various road and bridge construction, engineering and maintenance projects. As of June 30, 2007, the County had approximately \$394,000 remaining on the contracts.

Note 16. Governmental Accounting Standards Board (GASB) Statements

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

GASB Statement No. 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.

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

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

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

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

GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27, issued May 2007, will be effective for the County beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

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

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

Note 17. Subsequent Event

In July, 2007, the County issued \$205,000 of General Obligation Capital Loan Notes, Series 2007. These capital loan notes bear interest at 4.71 percent and mature in varying annual amounts ranging from \$15,000 to \$25,000 through June 1, 2017. The capital loan notes are to be used to pay for the costs of improvements to real estate, including Conservation Department paving, fencing, railing and utility projects.

On November 7, 2007, the Board of Supervisors approved the sale of the County's farmland which will result in a gain on sale of assets of \$1,559,716.

Black Hawk County, Iowa

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds
 Year Ended June 30, 2007

	Budgeted Amounts		Governmental Fund Types Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property and other County tax	\$ 28,888,020	\$ 28,888,020	\$ 28,940,081	\$ 52,061
Interest and penalty on property tax	307,500	307,500	359,860	52,360
Intergovernmental	24,673,297	27,671,954	25,832,554	(1,839,400)
Licenses and permits	367,700	367,700	357,952	(9,748)
Charges for services	5,180,485	5,261,297	5,916,816	655,519
Use of money and property	1,058,547	1,058,547	1,588,001	529,454
Miscellaneous	1,160,804	1,147,768	1,437,258	289,490
Total revenues	61,636,353	64,702,786	64,432,522	(270,264)
Expenditures:				
Current:				
Public safety and legal services	15,219,649	15,261,970	14,652,410	609,560
Physical health and social services	10,834,294	11,527,258	10,703,043	824,215
Mental health	20,381,105	20,939,982	21,189,648	(249,666)
County environment and education	2,494,010	2,717,796	2,797,882	(80,086)
Roads and transportation	4,769,361	5,122,561	4,313,611	808,950
Governmental services to residents	1,620,442	1,657,747	1,527,217	130,530
Administration	4,993,769	5,263,869	4,929,682	334,187
Debt service	2,536,412	2,536,412	2,555,471	(19,059)
Capital projects	4,295,103	4,939,454	3,513,847	1,425,607
Total expenditures	67,144,145	69,967,049	66,182,811	3,784,238
Excess (deficiency) of revenues over (under) expenditures	(5,507,792)	(5,264,263)	(1,750,289)	3,513,974
Other financing sources, net	2,500	2,500	1,503,730	1,501,230
Net change in fund balances	\$ (5,505,292)	\$ (5,261,763)	\$ (246,559)	\$ 5,015,204

See Note to Required Supplementary Information.

Black Hawk County, Iowa

Note to Required Supplementary Information

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety and legal services, physical health and social services, mental health, County environment and education, roads and transportation, governmental services to residents, administration, debt service and capital projects. Function expenditures required to be budgeted include expenditures for the General Fund, the special revenue funds, the Debt Service Fund and the Capital Projects Fund. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, two budget amendments increased budgeted expenditures by \$2,822,904. The amendments were primarily due to changes in capital projects and mental health services.

During the year ended June 30, 2007, expenditures exceeded the amount budgeted in the mental health, County environment and education and debt service functions.

Black Hawk County, Iowa

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2007

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets			
Cash and investments	\$ 127,106	\$ 12,418	\$ 14,036
Receivables:			
Accounts	-	-	-
Accrued interest	125	3	8
Total assets	\$ 127,231	\$ 12,421	\$ 14,044
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ 3,198	\$ 3,000	\$ -
Contracts payable	318,600	-	-
Due to other governments	-	-	-
Total liabilities	321,798	3,000	-
Fund Balances (Deficits), unreserved, undesignated, special revenue funds	(194,567)	9,421	14,044
Total liabilities and fund balances	\$ 127,231	\$ 12,421	\$ 14,044

Special Revenue

Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
\$ 2,582	\$ 135,710	\$ 26,546	\$ 2,432	\$ 639,491	\$ 960,321
-	7,525	-	200	-	7,725
-	-	-	-	-	136
<u>\$ 2,582</u>	<u>\$ 143,235</u>	<u>\$ 26,546</u>	<u>\$ 2,632</u>	<u>\$ 639,491</u>	<u>\$ 968,182</u>
\$ -	\$ 616	\$ -	\$ -	\$ 92,417	\$ 99,231
-	-	-	-	-	318,600
-	2,346	-	-	-	2,346
-	2,962	-	-	92,417	420,177
2,582	140,273	26,546	2,632	547,074	548,005
<u>\$ 2,582</u>	<u>\$ 143,235</u>	<u>\$ 26,546</u>	<u>\$ 2,632</u>	<u>\$ 639,491</u>	<u>\$ 968,182</u>

Black Hawk County, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2007

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Intergovernmental	\$ 46,350	\$ -	\$ -
Charges for service	-	27,714	-
Use of money and property	1,419	117	145
Miscellaneous, primarily contributions	114,873	-	-
Total revenues	162,642	27,831	145
Expenditures:			
Current:			
Public safety and legal services	-	-	-
County environment and education	496,395	-	-
Governmental services to residents	-	42,562	13,500
Total expenditures	496,395	42,562	13,500
Net change in fund balances (deficits)	(333,753)	(14,731)	(13,355)
Fund balances, beginning of year	139,186	24,152	27,399
Fund balances (deficits), end of year	\$ (194,567)	\$ 9,421	\$ 14,044

Special Revenue

Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
\$ -	\$ -	\$ -	\$ -	\$ 53,326	\$ 99,676
-	-	-	-	43,425	71,139
-	104,218	-	-	64,825	170,724
-	-	-	942	66,843	182,658
-	104,218	-	942	228,419	524,197
-	58,147	-	-	-	58,147
-	-	-	-	193,254	689,649
-	-	-	-	-	56,062
-	58,147	-	-	193,254	803,858
-	46,071	-	942	35,165	(279,661)
2,582	94,202	26,546	1,690	511,909	827,666
\$ 2,582	\$ 140,273	\$ 26,546	\$ 2,632	\$ 547,074	\$ 548,005

Black Hawk County, Iowa

Combining Statement of Net Assets
Internal Service Funds
June 30, 2007

	Health Insurance	Self-Insurance	Office Equipment	Total
Assets				
Current assets:				
Cash and investments	\$ 2,476,997	\$ 238,222	\$ 50,423	\$ 2,765,642
Receivables:				
Accounts	3,129	-	-	3,129
Accrued interest	1,528	101	32	1,661
Total assets	\$ 2,481,654	\$ 238,323	\$ 50,455	\$ 2,770,432
Liabilities				
Current liabilities:				
Accounts payable	\$ 13,056	\$ 499	\$ 1,580	\$ 15,135
Claims payable	746,083	138,673	-	884,756
Total liabilities	759,139	139,172	1,580	899,891
Net Assets, unrestricted	1,722,515	99,151	48,875	1,870,541
Total liabilities and net assets	\$ 2,481,654	\$ 238,323	\$ 50,455	\$ 2,770,432

Black Hawk County, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Internal Service Funds
 Year Ended June 30, 2007

	Health Insurance	Self-Insurance	Office Equipment	Total
Operating revenues, charges for services	\$ 6,176,077	\$ 194,406	\$ 50,000	\$ 6,420,483
Operating expenses, costs of sales and services	5,480,342	201,378	14,519	5,696,239
Operating income (loss)	695,735	(6,972)	35,481	724,244
Nonoperating revenues, interest income	16,608	1,278	92	17,978
Change in net assets	712,343	(5,694)	35,573	742,222
Net assets, beginning of year	1,010,172	104,845	13,302	1,128,319
Net assets, end of year	\$ 1,722,515	\$ 99,151	\$ 48,875	\$ 1,870,541

Black Hawk County, Iowa

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2007

	Health Insurance	Self-Insurance	Office Equipment	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 6,185,721	\$ 194,906	\$ 50,000	\$ 6,430,627
Cash paid for claims and administrative provider	(5,408,975)	(172,980)	-	(5,581,955)
Cash paid to suppliers for services	-	-	(13,318)	(13,318)
Net cash provided by operating activities	776,746	21,926	36,682	835,354
Cash flows from investing activities, interest on investments	16,192	1,283	69	17,544
Net increase in cash and cash equivalents	792,938	23,209	36,751	852,898
Cash and cash equivalents, beginning of year	1,684,059	215,013	13,672	1,912,744
Cash and cash equivalents, end of year	<u>\$ 2,476,997</u>	<u>\$ 238,222</u>	<u>\$ 50,423</u>	<u>\$ 2,765,642</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 695,735	\$ (6,972)	\$ 35,481	\$ 724,244
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Change in assets and liabilities:				
Decrease in accounts receivable	9,644	500	-	10,144
Increase in accounts and claims payable	71,367	28,398	1,201	100,966
Net cash provided by operating activities	\$ 776,746	\$ 21,926	\$ 36,682	\$ 835,354

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
County Offices Fund				
Assets				
Cash and investments	\$ 426,454	\$ 536,146	\$ 426,454	\$ 536,146
Receivables, property taxes and other	710	565	710	565
Total assets	\$ 427,164	\$ 536,711	\$ 427,164	\$ 536,711
Liabilities				
Trust payable	\$ 337,095	\$ 423,358	\$ 337,095	\$ 423,358
Due to other governmental agencies	90,069	113,353	90,069	113,353
Total liabilities	\$ 427,164	\$ 536,711	\$ 427,164	\$ 536,711
Agricultural Extension Education Fund				
Assets				
Cash and investments	\$ 1,760	\$ 150,201	\$ 150,322	\$ 1,639
Receivables, property taxes and other	145,153	300,632	145,153	300,632
Total assets	\$ 146,913	\$ 450,833	\$ 295,475	\$ 302,271
Liabilities, due to other governmental agencies	\$ 146,913	\$ 305,680	\$ 150,322	\$ 302,271
County Assessor Fund				
Assets				
Cash and investments	\$ 1,195,248	\$ 971,878	\$ 1,002,435	\$ 1,164,691
Receivables, property taxes and other	937,251	973,395	937,250	973,396
Total assets	\$ 2,132,499	\$ 1,945,273	\$ 1,939,685	\$ 2,138,087
Liabilities				
Accounts payable	\$ 60,625	\$ 34,132	\$ 60,625	\$ 34,132
Due to other governmental agencies	2,071,874	973,891	941,810	2,103,955
Total liabilities	\$ 2,132,499	\$ 1,008,023	\$ 1,002,435	\$ 2,138,087
Schools Taxing District Fund				
Assets				
Cash and investments	\$ 615,639	\$ 55,271,556	\$ 55,269,664	\$ 617,531
Receivables, property taxes and other	53,423,192	55,337,391	53,423,192	55,337,391
Total assets	\$ 54,038,831	\$ 110,608,947	\$ 108,692,856	\$ 55,954,922
Liabilities, due to other governmental agencies	\$ 54,038,831	\$ 57,185,755	\$ 55,269,664	\$ 55,954,922

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Community College Taxing District Fund				
Assets				
Cash and investments	\$ 44,150	\$ 3,916,026	\$ 3,917,878	\$ 42,298
Receivables, property taxes	3,787,695	3,091,658	3,787,695	3,091,658
Total assets	\$ 3,831,845	\$ 7,007,684	\$ 7,705,573	\$ 3,133,956
Liabilities, due to other governmental agencies	\$ 3,831,845	\$ 3,219,989	\$ 3,917,878	\$ 3,133,956
Corporations Taxing District Fund				
Assets				
Cash and investments	\$ 635,604	\$ 60,928,182	\$ 60,934,362	\$ 629,424
Receivables, property taxes and other	59,231,507	60,267,696	59,231,507	60,267,696
Total assets	\$ 59,867,111	\$ 121,195,878	\$ 120,165,869	\$ 60,897,120
Liabilities, due to other governmental agencies	\$ 59,867,111	\$ 61,964,371	\$ 60,934,362	\$ 60,897,120
City Special Assessments Fund				
Assets				
Cash and investments	\$ 16,674	\$ 93,650	\$ 91,497	\$ 18,827
Receivables, property taxes and other	387,321	71,655	387,321	71,655
Total assets	\$ 403,995	\$ 165,305	\$ 478,818	\$ 90,482
Liabilities, due to other governmental agencies	\$ 403,995	\$ 93,650	\$ 407,163	\$ 90,482
Auto License and Use Tax Fund				
Assets				
Cash and investments	\$ 2,111,568	\$ 24,340,684	\$ 24,470,124	\$ 1,982,128
Receivables, property taxes and other	98,712	126,344	98,712	126,344
Total assets	\$ 2,210,280	\$ 24,467,028	\$ 24,568,836	\$ 2,108,472
Liabilities, due to other governmental agencies	\$ 2,210,280	\$ 24,368,316	\$ 24,470,124	\$ 2,108,472
Payroll Clearing Fund				
Assets, cash and investments	\$ -	\$ 15,120,903	\$ 15,120,903	\$ -
Liabilities, due to other governmental agencies	\$ -	\$ 15,022,077	\$ 15,022,077	\$ -

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2007

Other Funds	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Assets				
Cash and investments	\$ 1,056,403	\$ 5,818,870	\$ 5,670,646	\$ 1,204,627
Receivables, property taxes and other	211,399	468,747	211,400	468,746
Total assets	\$ 1,267,802	\$ 6,287,617	\$ 5,882,046	\$ 1,673,373
Liabilities				
Trust payable	\$ 504,887	\$ 4,140,279	\$ 4,172,131	\$ 473,035
Accounts payable and accrued liabilities	18,767	64,675	18,767	64,675
Due to other governmental agencies	744,148	1,887,396	1,495,879	1,135,665
Total liabilities	\$ 1,267,802	\$ 6,092,350	\$ 5,686,777	\$ 1,673,375
Total				
Assets				
Cash and investments	\$ 6,103,500	\$ 167,148,096	\$ 167,054,285	\$ 6,197,311
Receivables, property taxes and other	118,222,940	120,638,083	118,222,940	120,638,083
Total assets	\$ 124,326,440	\$ 287,786,179	\$ 285,277,225	\$ 126,835,394
Liabilities				
Accounts payable and accrued liabilities	\$ 79,392	\$ 98,807	\$ 79,392	\$ 98,807
Due to other governmental agencies	123,405,066	165,134,478	162,699,348	125,840,196
Trusts payable	841,982	4,563,637	4,509,226	896,393
Total liabilities	\$ 124,326,440	\$ 169,796,922	\$ 167,287,966	\$ 126,835,396

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Black Hawk County, Iowa

Statistical Section Contents

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	61
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue sources, the property tax (or sales tax).	69
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	77
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	82
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	86

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

Black Hawk County, Iowa

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

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

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

			Fiscal Year		
2005		2006	2007		
\$	37,693,275	\$ 41,703,511	\$	44,413,745	
	1,798,441	7,517,884		6,502,517	
	9,368,982	4,471,819		5,949,336	
\$	48,860,698	\$ 53,693,214	\$	56,865,598	
\$	2,522,274	\$ 2,449,044	\$	1,438,878	
	-	-		953,156	
	413,494	420,879		408,493	
\$	2,935,768	\$ 2,869,923	\$	2,800,527	
\$	40,215,549	\$ 44,152,555	\$	45,852,623	
	1,798,441	7,517,884		7,455,673	
	9,782,476	4,892,698		6,357,829	
\$	51,796,466	\$ 56,563,137	\$	59,666,125	

Black Hawk County, Iowa

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

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

(Continued)

			Fiscal Year		
			2005	2006	2007
\$	14,902,387	\$	15,997,089	\$	14,899,182
	9,340,367		10,331,387		10,640,808
	19,594,365		20,128,555		21,030,553
	2,253,945		2,315,684		2,908,155
	4,172,656		5,731,706		5,895,167
	1,459,390		1,501,746		1,534,397
	4,764,053		4,773,716		5,020,133
	-		-		-
	448,283		433,064		422,793
	56,935,446		61,212,947		62,351,188
	237,628		229,229		292,510
	84,261		93,589		86,273
	321,889		322,818		378,783
\$	57,257,335	\$	61,535,765	\$	62,729,971
\$	713,135	\$	872,871	\$	843,694
	1,178,374		1,419,539		1,427,374
	1,404,823		1,453,995		1,464,696
	424,511		412,542		470,176
	4,096		3,957		3,835
	1,786,679		1,813,549		1,760,240
	721,527		858,011		918,388
	-		-		-
	22,089,424		23,594,453		24,172,120
	1,914,812		3,213,418		1,419,484
	30,237,381		33,642,335		32,480,007
	141,156		179,670		190,289
	88,742		73,934		87,325
	-		-		20,704
	229,898		253,604		298,318
\$	30,467,279	\$	33,895,939	\$	32,778,325

Black Hawk County, Iowa

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

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

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

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

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

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

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

Black Hawk County, Iowa

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

	1998	1999*	2000	2001
General Fund:				
Reserved:				
Supplemental levy purposes	\$ 3,231,479	\$ 3,564,528	\$ 3,167,637	\$ 2,625,905
Prepays, inventory and other	1,949,608	1,921,837	819,306	814,508
Advance to other government	-	-	-	-
Capital projects	-	-	-	-
Unreserved:				
Designated	-	1,188,192	1,188,191	1,188,191
Undesignated	3,490,678	2,290,390	1,259,049	1,359,499
Total general fund	\$ 8,671,765	\$ 8,964,947	\$ 6,434,183	\$ 5,988,103
All other governmental funds:				
Reserved for:				
Debt service	\$ 10,650,865	\$ 10,691,573	\$ 927,175	\$ 944,865
Prepays, inventory and other	11,601	295,950	367,789	321,487
Capital projects	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	5,601,027	6,836,319	7,232,361	6,667,851
Capital Projects Fund	2,276,237	1,299,409	1,794,914	1,090,613
Total all other governmental funds	\$ 18,539,730	\$ 19,123,251	\$ 10,322,239	\$ 9,024,816

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

Source: County records

		Fiscal Year									
		2002	2003	2004	2005	2006	2007				
\$	2,584,873	\$	1,642,371	\$	1,475,833	\$	1,798,441	\$	2,378,736	\$	2,964,288
	845,630		201,391		34,481		5,132		4,794		-
	-		-		-		-		50,000		50,000
	-		-		-		-		70,468		-
	1,124,166		1,124,166		918,057		935,593		935,593		935,593
	232,283		1,398,102		1,834,385		2,609,114		2,723,894		3,482,798
\$	4,786,952	\$	4,366,030	\$	4,262,756	\$	5,348,280	\$	6,163,485	\$	7,432,679
\$	766,550	\$	787,454	\$	684,890	\$	469,637	\$	490,758	\$	551,418
	341,475		1,125		419		400,325		455,332		398,710
	-		-		-		-		1,705,772		1,939,141
	7,242,782		6,884,985		6,595,798		6,415,129		5,744,807		3,915,859
	587,467		1,731,486		963,285		236,745		(39,861)		35,927
\$	8,938,274	\$	9,405,050	\$	8,244,392	\$	7,521,836	\$	8,356,808	\$	6,841,055

Black Hawk County, Iowa

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	1998	1999*	2000	2001
Revenues:				
Property and other County tax	\$ 22,046,271	\$ 21,756,943	\$ 21,535,321	\$ 22,848,198
Interest and penalty on property tax	263,204	313,191	249,076	305,557
Intergovernmental	22,488,396	22,891,001	24,440,095	23,710,890
Licenses and permits	229,036	280,200	333,573	312,803
Charges for service	4,456,497	4,403,268	3,623,166	3,930,837
Use of money and property	2,090,695	2,142,338	2,335,800	1,561,485
Fines, forfeits and defaults	-	-	174,722	204,715
Miscellaneous	996,709	852,294	1,352,154	825,347
Total revenues	52,570,808	52,639,235	54,043,907	53,699,832
Expenditures:				
Public safety and legal services	10,745,804	11,416,608	12,278,021	12,744,201
Physical health and social services	9,341,036	9,667,168	10,244,458	9,175,627
Mental health	14,916,949	15,198,656	16,204,385	17,855,463
County environment and education	1,792,342	1,571,105	1,875,236	1,869,824
Roads and transportation	3,452,522	3,697,702	4,431,820	3,843,090
Governmental services to residents	1,159,222	1,275,602	1,263,535	1,313,347
Administration	6,219,550	4,474,341	5,139,958	4,696,934
Debt service:				
Interest	1,835,840	1,754,826	1,675,494	939,961
Principal	1,426,572	1,364,690	11,163,534	1,663,147
Debt issuance costs	-	-	-	-
Capital projects	1,438,662	1,655,245	2,257,166	1,450,891
Total expenditures	52,328,499	52,075,943	66,533,607	55,552,485
Excess of revenues over (under) expenditures	242,309	563,292	(12,489,700)	(1,852,653)
Other financing sources (uses):				
Proceeds from the sale of capital assets	26,926	56,833	110,766	16,351
Transfers in	4,399,705	1,920,065	2,511,966	1,919,943
Transfers out	(4,399,705)	(1,920,065)	(2,511,966)	(1,919,943)
Deferred payment contract	-	-	-	145,000
Repayments of advances from other funds	-	-	-	-
General obligation bonds and notes issued	-	-	997,000	-
Redemption of refunded bonds	-	-	-	-
Discount on general obligation bonds and notes	-	-	-	-
Capital lease	-	-	-	-
Capital lease purchase refunding	-	-	-	-
Total other financing sources (uses)	26,926	56,833	1,107,766	161,351
Net change in fund balances	\$ 269,235	\$ 620,125	\$ (11,381,934)	\$ (1,691,302)
Debt service as % of noncapital expenditures	6.32%	6.25%	20.43%	4.80%

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

Source: County records

		Fiscal Year									
		2002	2003	2004	2005	2006	2007				
\$	24,419,228	\$	25,555,766	\$	26,515,030	\$	27,604,199	\$	28,548,171	\$	28,940,081
	337,709		339,343		311,147		322,842		345,844		359,860
	24,215,608		24,073,274		23,937,462		25,455,131		24,895,285		25,832,554
	344,623		342,815		355,781		366,377		359,161		357,952
	4,288,126		4,624,478		4,843,972		5,430,239		5,912,720		5,916,816
	1,025,169		905,556		774,126		892,949		1,185,643		1,588,001
	273,914		-		-		-		-		-
	776,112		1,126,149		1,103,945		1,226,929		1,074,547		1,437,258
	55,680,489		56,967,381		57,841,463		61,298,666		62,321,371		64,432,522
	13,759,118		14,250,874		14,477,334		14,915,737		15,177,369		14,644,919
	9,964,422		9,742,599		9,430,765		9,325,786		10,356,702		10,700,336
	17,645,336		18,218,133		18,883,439		19,720,045		20,236,700		21,172,522
	1,932,905		1,979,881		1,890,308		2,381,472		2,242,623		2,769,241
	4,069,017		3,937,977		3,757,121		4,387,687		4,312,500		4,320,351
	1,436,204		1,493,129		1,383,953		1,512,553		1,492,111		1,525,049
	4,830,170		5,028,006		4,914,851		4,541,497		4,604,180		4,925,462
	873,914		615,149		493,750		449,919		430,187		429,266
	10,508,569		3,084,847		2,427,027		2,370,000		2,317,182		2,103,093
	-		-		-		-		51,241		23,112
	971,109		1,308,079		4,214,097		1,667,820		2,367,104		3,569,460
	65,990,764		59,658,674		61,872,645		61,272,516		63,587,899		66,182,811
	(10,310,275)		(2,691,293)		(4,031,182)		26,150		(1,266,528)		(1,750,289)
	5,577		307		1,470		3,818		76,751		3,530
	2,110,341		1,838,002		1,807,392		1,635,204		1,624,082		1,701,065
	(2,110,341)		(1,838,002)		(1,807,392)		(1,635,204)		(1,749,082)		(1,701,065)
	-		-		-		-		-		-
	-		600,005		-		-		-		-
	8,775,068		2,665,000		3,035,000		-		2,980,000		2,010,000
	-		-		-		-		-		(500,000)
	-		(13,653)		(17,810)		-		(15,046)		(9,800)
	-		-		-		333,000		-		-
	-		-		(524,853)		-		-		-
	8,780,645		3,251,659		2,493,807		336,818		2,916,705		1,503,730
\$	(1,529,630)	\$	560,366	\$	(1,537,375)	\$	362,968	\$	1,650,177	\$	(246,559)
	17.67%		6.49%		4.88%		4.90%		4.57%		4.30%

Black Hawk County, Iowa

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

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

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

			Fiscal Year		
2005		2006		2007	
\$	3,215,931	\$	3,595,716	\$	2,672,347
	4,980,027		5,580,813		5,734,785
	13,204,719		14,093,443		15,529,395
	725,917		626,765		783,596
	5,063,526		6,344,156		4,506,350
	1,829,095		2,057,134		1,789,887
	1,218,166		1,344,308		1,463,647
	-		-		-
	-		-		-
	30,237,381		33,642,335		32,480,007
	141,156		179,670		210,993
	88,742		73,934		87,325
	229,898		253,604		298,318
\$	30,467,279	\$	33,895,939	\$	32,778,325

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
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
2005	24,159,740	2,411,109	921,881	111,469	27,604,199
2006	24,942,457	2,605,674	904,326	95,714	28,548,171
2007	25,453,052	2,496,495	887,760	102,774	28,940,081
Change 1998-2007	27.78%	18.22%	2.02%	594.09%	31.27%

Source: County records

Black Hawk County, Iowa

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property	TIF Property	Other Property	Less:	Total Taxable Assessed Property	Total Direct Tax Rate Urban
							Military Tax-Exempt Property		
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
2005	1,933,806	1,009,717	117,602	233,745	202,216	195,247	15,259	3,677,074	7.49
2006	1,953,383	1,018,912	119,013	234,112	213,333	187,134	14,650	3,711,237	7.61
2007	2,076,900	1,045,299	123,095	249,026	268,567	191,819	14,577	3,940,129	7.39

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

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

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

Black Hawk County, Iowa

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

Taxpayer	1998			2007		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
MidAmerican Energy	\$ 134,944	1	5.48%	\$ 132,441	1	3.61%
Deere and Company	122,664	2	4.98	27,861	6	0.76%
Iowa Beef Pack Inc.	28,933	4	1.17	19,893	8	0.54%
Northern Natural Gas Co.	13,140	7	0.53	-	-	-
Equitable Life Assurance Soc.	23,452	5	0.95	-	-	-
U. S. West, Inc.	30,681	3	1.25	-	-	-
Tristate Joint Venture	22,489	6	0.91	-	-	-
Viking Pump, Inc.	8,706	9	0.35	-	-	-
Hy-Vee Food Stores, Inc.	8,402	10	0.34	-	-	-
National Bank of Waterloo	-	-	-	-	-	-
Gerald P. Schoenfelder	9,037	8	0.37	-	-	-
Target Corporation	-	-	-	33,084	4	0.90%
College Square Mall Assoc, LLC	-	-	-	33,214	3	0.90%
Qwest Corporation	-	-	-	39,379	2	1.07%
Coyote Crossroads Mall, LLC	-	-	-	30,734	5	0.84%
Hunt Wesson, Inc.	-	-	-	3,643	10	0.10%
Berth Cabinet Mfg, Inc.	-	-	-	13,175	9	0.36%
R and N Investment Prop, LLC	-	-	-	-	-	-
Nordyke, David M.	-	-	-	-	-	-
LXP I L P	-	-	-	-	-	-
Albert Trostel and Sons Co.	-	-	-	-	-	-
Ferguson Enterprises, Inc.	-	-	-	20,479	7	0.56%
Friends of Faith Retirement Homes, Inc.	-	-	-	-	-	-
Total	\$ 402,448		16.33%	\$ 353,903		9.64%

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

Black Hawk County, Iowa

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

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections In Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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
2005	131,390,823	131,207,146	99.86	28,386	131,235,532	99.88
2006	135,805,464	135,584,839	99.84	34,737	135,619,576	99.86
2007	143,359,171	143,096,906	99.82	69,698	143,166,604	99.87

Total tax collection solely for Black Hawk County, Iowa:

1998	\$ 19,854,418	2003	\$ 22,404,185
1999	19,488,829	2004	23,115,922
2000	19,501,777	2005	23,998,146
2001	19,672,491	2006	24,790,096
2002	21,292,939	2007	25,313,302

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)

	1998	1999	2000	2001
County Direct Rates:				
General Basic	3.50	3.50	3.50	3.50
General Supplemental	1.71	1.15	1.31	1.35
MH/DD Service	2.35	2.15	2.09	1.93
Debt Service	0.68	0.61	0.59	0.54
Total Urban County Rate	8.24	7.41	7.49	7.32
Rural Basic	2.60	1.94	-	-
Total Rural County Rate	10.84	9.35	7.49	7.32
City and Town Rates:				
Waterloo	18.50	16.98	16.50	16.49
Cedar Falls	14.91	14.49	14.59	14.12
Dunkerton	10.69	10.88	10.66	11.98
Elk Run Heights	8.10	7.90	7.90	7.00
Evansdale	9.32	8.58	8.54	7.39
Gilbertville	6.31	6.31	6.30	8.10
Hudson	7.63	7.63	7.63	7.63
Janesville	16.36	13.68	14.43	13.46
Jesup	-	-	13.68	13.72
LaPorte City	12.74	11.78	11.51	11.51
Raymond	8.10	7.80	7.80	6.80
Township Rates:				
Barclay	0.38	0.30	0.30	0.38
Bennington	0.52	0.53	0.51	0.53
Big Creek	0.55	0.54	0.55	0.45
Black Hawk	0.53	0.54	0.54	0.58
Cedar	0.40	0.34	0.38	0.40
Cedar Falls	0.64	0.56	0.54	0.50
Eagle	0.05	0.50	0.49	0.42
East Waterloo	0.14	0.24	0.23	-
Fox	0.32	0.27	0.59	0.59
Lester	0.67	0.65	0.65	0.61
Lincoln	0.57	0.57	0.58	0.54
Mt. Vernon	0.43	0.43	0.43	0.43
Osage	0.37	0.37	0.40	0.33
Poyner	0.44	0.41	0.49	0.47
Spring Creek	0.53	0.53	0.41	0.55
Union	0.63	0.64	0.64	0.64
Washington	0.53	0.47	0.45	0.40

(Continued)

Year Taxes are Payable

2002	2003	2004	2005	2006	2007
3.50	3.50	3.50	3.50	3.50	3.50
1.82	1.71	1.88	1.75	1.90	1.76
1.89	1.80	1.77	1.66	1.65	1.57
0.48	0.61	0.59	0.58	0.56	0.56
7.69	7.62	7.74	7.49	7.61	7.39
-	-	-	0.34	0.32	0.28
7.69	7.62	7.74	7.83	7.93	7.67
17.80	18.37	18.91	18.79	19.16	18.85
14.10	13.65	14.40	13.65	14.05	13.84
11.58	11.17	11.59	11.37	11.23	11.13
7.00	6.50	6.40	6.40	6.30	6.00
7.05	7.31	7.26	7.50	7.50	6.83
8.10	8.10	8.10	9.77	11.33	11.86
7.63	7.63	7.63	9.73	9.73	9.73
13.10	12.78	12.59	13.06	13.18	12.63
12.62	12.31	12.74	12.42	14.50	13.12
11.95	11.85	12.12	12.09	12.91	15.39
6.79	6.42	6.42	6.70	6.70	6.90
0.42	0.41	0.65	0.66	0.66	0.68
0.51	0.61	0.56	0.58	0.58	0.56
0.47	0.62	0.59	0.67	0.63	0.60
0.56	0.06	0.57	0.54	0.55	0.54
0.38	0.50	0.55	0.58	0.59	0.52
0.58	0.57	0.58	0.58	0.58	0.57
0.48	0.46	0.52	0.52	0.50	0.50
-	-	-	-	0.15	0.17
0.47	0.42	0.41	0.60	0.31	0.38
0.66	0.65	0.64	0.69	0.70	0.70
0.57	0.55	0.54	0.56	0.55	0.58
0.42	0.39	0.42	0.41	0.41	0.41
0.38	0.36	0.39	0.39	0.40	0.27
0.51	0.55	0.61	0.63	0.67	0.67
0.56	0.60	0.64	0.71	0.72	0.75
0.26	0.89	0.67	0.64	0.61	0.64
0.38	0.40	0.42	0.41	0.41	0.39

Black Hawk County, Iowa

Direct and Overlapping Property Tax Rates (Continued)

Last Ten Years

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

(Unaudited)

	1998	1999	2000	2001
School District Rates:				
Waterloo	15.41	15.40	14.70	14.58
Cedar Falls	14.54	14.24	13.71	12.84
Dunkerton	13.05	12.71	11.95	11.90
Elk Run Heights	15.41	15.40	14.70	14.58
Evansdale	15.41	15.40	14.70	14.58
Gilbertville	15.41	15.40	14.70	14.58
Hudson	16.43	16.52	16.51	13.26
Janesville	11.88	11.73	11.43	10.77
Jesup	-	-	11.90	11.80
LaPorte City	10.58	10.45	10.44	10.56
Raymond	15.41	15.40	14.70	14.58
Other:				
State	0.01	0.01	0.01	0.01
Hawkeye CC - Area VII	0.68	0.70	0.72	0.69
Kirkwood - Area X	0.60	0.57	0.61	0.61
Ag. Extension	0.06	0.06	0.05	0.05
Special Appraiser	0.30	0.24	0.09	0.08
Assessor	0.24	0.24	0.25	0.26

Source: Black Hawk County, Auditor's Office

Year Taxes are Payable					
2002	2003	2004	2005	2006	2007
15.16	15.52	15.85	15.62	15.99	16.33
13.63	13.95	13.91	13.01	13.03	13.02
11.49	12.61	12.58	12.94	14.44	13.73
15.16	15.52	15.85	15.62	15.99	16.33
15.16	15.52	15.85	15.62	15.99	16.33
15.16	15.52	15.85	15.62	15.99	16.33
13.88	15.61	14.18	15.63	15.11	15.53
10.19	11.00	11.23	11.58	11.84	11.94
11.40	10.70	10.83	11.32	11.37	11.46
10.99	11.21	11.50	11.90	11.94	12.29
15.16	15.52	15.85	15.62	15.99	16.33
0.01	-	-	-	-	-
0.70	0.78	0.75	1.00	1.07	1.04
0.61	0.67	0.68	0.67	0.65	0.87
0.05	0.05	0.05	0.04	0.04	0.04
0.13	0.10	0.08	0.07	0.06	0.01
0.25	0.25	0.26	0.26	0.25	0.25

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			
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
2005	9,725	1,260	333	650	1,025	12,993	0.35	103.06
2006	10,405	1,365	211	565	975	13,521	0.44	107.40
2007	10,155	1,125	108	1,450	920	13,758	0.34	109.10

* 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		
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
2005	10,375	10,375	0.30	82.27
2006	10,970	10,970	0.29	87.14
2007	11,605	11,605	0.29	92.03

* 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, 2007
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 13,757,725	100.00%	\$ 13,757,725
City debt:			
Cedar Falls	22,485,000	100.00	22,485,000
Dunkerton	155,000	100.00	155,000
Elk Run Heights	720,000	100.00	720,000
Evansdale	4,647,000	100.00	4,647,000
Gilbertville	1,430,000	100.00	1,430,000
Hudson	2,600,000	100.00	2,600,000
Janesville	177,925	19.80	35,229
Jesup	1,295,000	3.57	46,232
LaPorte City	3,720,000	100.00	3,720,000
Raymond	-	100.00	-
Waterloo	79,060,000	100.00	79,060,000
Subtotal, City debt			114,898,461
School district debt:			
Cedar Falls	5,000,000	100.00	5,000,000
Denver	1,995,000	20.59	410,771
Dike-New Hartford	4,980,000	5.14	255,972
Dunkerton	480,000	99.31	476,688
Gladbrook-Reinbeck	680,000	7.50	51,000
Hudson	2,140,000	100.00	2,140,000
Janesville	1,600,000	50.25	804,000
Jesup	4,367,743	27.74	1,211,612
Union (LaPorte City/Dysart)	-	41.44	-
Vinton-Shellsburg	14,655,000	0.05	7,328
Wapsie Valley	875,000	5.42	47,425
Waterloo	-	100.00	-
Waverly-Shellrock	790,000	0.12	948
Subtotal, school district debt			10,405,744
College, Hawkeye Community College	6,340,000	58.65	3,718,410
Total overlapping debt			129,022,615
Total direct and overlapping debt			\$ 142,780,340

Source: Cities and school districts within Black Hawk County

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

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Black Hawk County, Iowa

Legal Debt Margin Information

As of June 30, 2007

(dollars in thousands)

(Unaudited)

	1998	1999*	2000	2001
Debt limit	\$ 124,819	\$ 137,503	\$ 141,653	\$ 155,062
Total net debt applicable to limit	28,023	27,212	17,048	15,385
Legal debt margin	\$ 96,796	\$ 110,291	\$ 124,605	\$ 139,677
Total net debt applicable to the limit as a percentage of debt limit	28.95%	24.67%	13.68%	11.01%

* 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 2007

Assessed value	\$ 3,940,129,144
Debt limit (5% of assessed value)	<u>197,006,457</u>
Debt applicable to limit:	
General obligation bonds	11,605,000
General obligation capital loan notes	2,045,000
Capital leases	<u>107,725</u>
Total net applicable to limit	<u>13,757,725</u>
Legal debt margin	<u>\$ 183,248,732</u>

	2002		2003		2004		2005		2006		2007
\$	159,150	\$	166,911	\$	170,247	\$	183,854	\$	185,562	\$	183,248,732
	13,692		13,272		13,355		12,993		13,521		13,757,725
\$	145,458	\$	153,639	\$	156,892	\$	170,861	\$	172,041	\$	169,491,007
	9.41%		8.64%		8.51%		7.60%		7.86%		8.12%

Black Hawk County, Iowa

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

Year	Population ⁵	Personal Income (000s) ¹	Per Capita Personal Income ¹	Farm Proprietors ³	School Enrollment ⁴	Unemployment Rate ²
1997	127,275	\$ 2,810,897	\$ 22,085	1,080	18,112	3.8
1998	127,743	2,931,455	22,948	1,020	17,419	3.5
1999	127,786	2,929,248	22,923	1,000	17,574	3.9
2000	128,012	3,117,883	24,375	1,000	17,337	2.9
2001	127,485	3,230,348	25,339	960	17,249	3.4
2002	126,481	3,398,054	26,866	940	17,354	4.0
2003	125,936	3,467,136	27,531	940	17,404	4.6
2004	125,707	3,752,691	29,853	940	17,437	5.0
2005	125,891	3,878,324	30,807	930	16,920	4.7
2006 *	126,106	4,075,698	32,320	930	16,431	4.2

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

² Source: Iowa Workforce Development website

³ Source: USDA National Agricultural Statistics Service

⁴ Source: School districts in Black Hawk County

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

* Personal Income and Per Capita Personal Income were calculated using the state average increase in personal income per capita of 4.91% and then multiplying by the population to arrive at total Personal Income.

Black Hawk County, Iowa

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

Employer	1997			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
John Deere	6,150	1	8.94%	4,700	1	6.50%
IBP Inc. (Tyson)	2,200	2	3.20	2,700	3	3.73
Covenant Medical Center	2,100	3	3.05	2,908	2	4.02
University of Northern Iowa	1,800	4	2.62	1,781	4	2.46
Waterloo Public Schools	1,150	5	1.67	1,670	6	2.31
Allen Memorial Hospital	1,000	6	1.45	1,767	5	2.44
Hy-Vee	910	7	1.32	905	9	1.25
GMAC Mortgage	805	9	1.17	-	-	-
Bertch Cabinet Manufacturing Co.	900	8	1.31	1,280	8	1.77
Omega Cabinets	800	10	1.16	1,350	7	1.87
Hawkeye Community College	-	-	-	774	10	1.07
Wal-Mart Stores	-	-	-	-	-	-
APAC Teleservices	-	-	-	-	-	-
Area Education Agency VII	-	-	-	-	-	-
Viking Pump	-	-	-	-	-	-

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

Black Hawk County, Iowa

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

Function / Program	1998	1999	2000	2001
Public safety and legal services:				
Sheriff	141.50	141.60	138.00	138.00
Attorney	27.00	28.00	28.60	28.60
Consolidated comm ctr	27.00	27.60	27.00	27.80
District court administration**	1.00	1.00	1.00	1.00
Child support recovery*	12.50	12.50	12.50	12.50
Physical health and social services:				
Health department	96.04	106.21	106.22	111.56
Community services**	9.00	9.00	9.00	9.00
Human services admin	3.00	3.00	-	-
Youth shelter	18.00	18.00	18.00	13.00
Veteran affairs	4.02	4.02	4.03	4.03
Mental health:				
Country View	206.50	212.50	214.20	209.50
C.P.C.**	-	-	5.00	4.00
County environment and education, conservation	27.80	29.20	30.31	29.28
Roads and transportation, engineer	46.20	45.30	44.80	44.70
Governmental services to residents:				
Treasurer	14.00	15.00	15.00	15.00
Recorder	10.00	12.00	12.00	12.00
Auditor: elections	3.60	3.60	3.40	3.40
Administration:				
Board office	7.00	7.00	7.15	7.15
Auditor	18.00	18.00	18.85	18.85
Treasurer	14.00	14.00	14.00	14.00
Human resources	4.20	4.40	4.40	4.40
Information technology	9.00	10.00	10.00	10.00
Maintenance	23.80	23.80	24.80	24.80
Civil service	1.00	1.00	1.00	1.00
Total	724.16	746.73	749.26	743.57

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

Source: Black Hawk County, Auditor's Office

* Contract for Child Support recovery not renewed

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

Fiscal Year					
2002	2003	2004	2005	2006	2007
138.00	137.00	137.00	133.90	133.00	134.00
28.60	29.50	28.50	28.50	28.90	28.10
26.00	25.50	26.00	26.00	26.00	26.00
1.00	1.00	1.00	1.00	1.00	-
12.50	12.50	12.50	11.50	8.50	-
101.90	92.08	93.15	95.25	88.23	89.93
7.00	7.00	6.00	2.50	2.50	11.00
-	-	-	-	-	-
12.50	11.40	10.90	10.00	9.80	11.50
4.03	4.03	4.03	4.03	4.03	4.03
210.00	209.00	191.00	190.00	189.50	190.50
4.00	5.00	5.00	5.50	5.50	-
30.35	29.34	25.57	25.56	25.54	28.14
45.60	45.60	43.40	43.40	43.40	43.40
15.00	15.00	13.00	13.00	13.00	12.50
13.00	12.00	11.00	11.00	11.00	11.00
3.40	3.40	3.40	3.40	3.40	3.40
7.20	7.20	7.00	7.00	8.00	8.00
18.80	17.80	16.60	16.60	13.00	13.00
14.00	12.00	11.00	11.00	10.10	10.60
4.40	4.40	4.20	4.20	4.00	4.00
9.00	8.00	8.00	8.00	7.00	7.00
24.80	22.80	21.80	8.00	7.00	6.00
1.00	1.00	1.00	1.00	1.00	1.00
732.08	712.55	681.05	660.34	643.67	643.10

Black Hawk County, Iowa

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

Function/Program	1998	1999	2000	2001
Public safety and legal services:				
Sheriff:				
# of civil papers served	15,513	15,821	16,733	18,858
# of arrests made	3,483	2,990	3,224	2,900
# of jail bookings	9,386	7,771	8,217	7,439
# of service calls	9,277	9,450	8,740	8,548
Attorney, # of felonies/aggravated fieldcases filed	1,836	1,687	1,591	1,578
Physical health and social services:				
Health Department:				
# of Success Street visits	4,150	4,321	4,348	5,111
# of environmental inspections	1,949	2,236	2,501	2,320
# of home care aide visits	42,877	36,890	34,106	31,784
# of home care aide clients	895	785	741	699
Community Services, # of people seen	3,786	3,524	3,563	3,822
Youth Shelter, # of kids per year	406	350	412	400
Veteran Affairs, # of new clients per year	272	249	237	222
Mental health:				
Country View, census per year	55,786	55,002	52,539	52,907
C.P.C., # of people seen	698	3,491	4,203	4,352
County environment and education conservation:				
Hartman Reserve visitors	55,000	55,000	55,000	55,000
Campers	26,528	21,731	28,403	24,431
Roads and transportation:				
Engineer:				
# of miles of road paved	0	8	12	-
# of bridges/culverts repaired/replaced	2	2	2	3
Governmental services to residents:				
Treasurer, titles issued	41,797	40,965	41,311	38,441
Recorder, documents recorded	27,772	30,851	27,533	28,417
Auditor: Elections:				
# of active voters	73,253	73,792	76,897	74,340
# of inactive voters	550	4,925	5,285	4,865
# of absentee ballots	6,563	616	10,836	996
Administration, maintenance, sq. ft maintained	353,980	353,980	353,980	353,980

Source: County records

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

* Information not available.

Fiscal Year					
2002	2003	2004	2005	2006	2007
16,497	16,959	15,930	17,042	17,700	*
2,793	2,991	2,863	2,914	3,148	*
8,164	8,193	8,720	8,349	8,093	*
10,655	9,957	9,829	10,785	12,784	*
1,557	1,894	2,006	1,989	2,161	1,949
3,263	3,376	2,875	3,738	2,901	2,719
2,376	2,788	3,270	2,432	2,621	2,442
31,510	28,042	24,363	22,544	21,707	19,556
603	481	430	358	300	223
4,744	4,643	3,591	1,948	2,258	2,566
360	425	335	206	148	98
216	239	244	226	256	260
51,926	54,724	52,924	50,874	53,335	51,790
4,044	4,309	3,615	3,852	5,503	3,730
55,000	55,000	55,000	55,000	55,000	55,000
28,331	29,594	28,615	30,663	30,890	37,910
8	7	2	10	11	5
3	10	10	11	14	17
39,822	39,231	38,600	38,342	38,050	37,150
34,790	39,874	37,981	30,800	30,952	32,158
69,189	70,702	79,141	78,447	77,058	77,058
12,570	10,394	9,750	4,274	5,073	5,073
12,356	1,841	22,562	1,358	11,002	11,002
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	1998	1999	2000	2001
Public safety and legal services:				
Sheriff				
# of patrol cars	18	18	18	18
Physical health and social services:				
Health Department				
# of vehicles	15	16	17	18
County environment and education:				
Conservation				
# of acres managed	7,191	7,366	7,539	7,539
Roads and transportation:				
Engineer:				
# of vehicles	69	69	69	69
# of buildings	12	13	13	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.

Fiscal Year					
2002	2003	2004	2005	2006	2007
18	18	18	18	18	18
18	18	18	18	18	17
8,053	8,055	8,055	8,055	8,053	7,990
70	70	71	73	73	74
14	14	14	15	15	15
4	4	4	4	4	4

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Black Hawk County, Iowa

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Direct:			
U.S. Department of Justice, Project Safe Neighborhoods	16.609	N/A	\$ 44,979
Bulletproof Vest Partnership Program	16.607	2006-BO-BX-6133333	2,365
U.S. Department of Housing and Urban Development, Lead Hazard Reduction Grant	14.905	N/A	51,493
Total direct funding			<u>98,837</u>
Indirect:			
Election Assistance Commission Iowa Secretary of State, Help America Vote Act Grant	90.401	06-HAVA-07-100	5,200
U.S. Department of Agriculture: Iowa Department of Education: School Breakfast Program	10.553	67958601	4,246
National School Lunch Program	10.555	67958601	5,255
			<u>9,501</u>
National Resources Conservation Service (NRCS): Wildlife Habitat Incentives Program (WHIP)	10.914	19-0546-04-0227	1,332
Wildlife Habitat Incentives Program (WHIP)	10.914	19-0548-04-0191	570
			<u>1,902</u>
Iowa Department of Human Services: Human Services Administrative Reimbursements, State Administrative Matching Grants for Food Stamp Program	10.561	N/A	55,324
U.S. Department of Justice: Iowa Department of Justice: State Criminal Alien Assistance Program	16.606	2007-AP-BX-01508	10,683
Governor's Office of Drug Control Policy	16.742	2007-AP-BX-01508	2,191
Federal Victims of Crime Act	16.575	VA-07-63A	25,500
Federal Violence Against Women Act	16.588	VW-07-63A	27,326
			<u>65,700</u>
Iowa Department of Justice - Passed partially through City of Waterloo Governor's Office of Drug Control Policy Edward Byrne Memorial Formula Grant	16.579	06JAG/HS-A16	121,634
U.S. Department of Transportation: Iowa Department of Public Safety: State and Community Highway Safety	20.604	PAP 06-157 Task 16	720
State and Community Highway Safety	20.604	PAP 07-157 Task 14	3,439
State and Community Highway Safety	20.604	PAP 06-163 Task 5	1,444
State and Community Highway Safety	20.604	PAP 06-163 Task 5	8,077
			<u>13,680</u>

(Continued)

Black Hawk County, Iowa

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C007(88)-5F-07	213,354
Highway Planning and Construction	20.205	BROS-C007(78)-8J-07	102,890
Highway Planning and Construction	20.205	BROS-C007(92)-5F-07	166,811
Highway Planning and Construction	20.205	BROS-C007(102)-5F-07	8,876
Highway Planning and Construction	20.205	BROS-C007(87)-8J-07	93,570
Highway Planning and Construction	20.205	BROS-C007(97)-5F-07	140,406
			<u>725,907</u>
 Interagency Hazardous Materials Public Sector Training and Planning Grants	 20.703	 FY07 HMEP	 <u>15,871</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Emergency Management Services Disaster Preparedness	93.889	5887EM106	<u>1,800</u>
 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	 93.116	 MOU-2006-TB02	 3,592
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2007-TB09	3,283
			<u>6,875</u>
 Childhood Lead Poisoning Prevention Projects - State and Blood Levels in Children	 93.197	 5887LP03	 <u>23,491</u>
 Immunization Grants	 93.268	 5886I413	 18,251
Immunization Grants	93.268	5887I413	13,329
			<u>31,580</u>
 HIV Prevention Activities - Health Department Based	 93.940	 5885AP06	 28,565
HIV Prevention Activities - Health Department Based	93.977	5886AP06	4,391
HIV Prevention Activities - Health Department Based	93.991	5886AP06	144
HIV Prevention Activities - Health Department Based	93.940	5887AP03	4,104
HIV Prevention Activities - Health Department Based	93.991	5887AP03	3,893
			<u>41,097</u>
 Black Hawk Breast & Cervical Cancer Early Detection	 93.283	 5887NB02	 48,300
Building Healthy Communities in Iowa - Harkin Wellness Grant	93.283	5887HWG21	104,714
Care for Yourself/WISEWOMAN Cardiovascular Study	93.283	5887WW02	10,185
Increasing EH Capacity	93.283	5886EHC2	1,632
			<u>164,831</u>

(Continued)

Black Hawk County, Iowa

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services: (continued)			
Maternal and Child Health Services Block Grant to the States	93.994	5886MH03	38,647
Maternal and Child Health Services Block Grant to the States	93.994	5887MH03	87,022
School-based Dental Sealant	93.994	5887DH05	12,000
			<u>137,669</u>
Linn County, Iowa, Public Health:			
Public Health Preparedness & Response for Bioterrorism, Linn County	93.283	0706	3,179
Public Health Preparedness & Response for Bioterrorism, Linn County	93.283	0707	37,480
Region 6 Bioterrorism, Linn County Public Health	93.283	5886BT12	6,736
Region 6 Bioterrorism, Linn County Public Health	93.283	5887BT12	3,428
			<u>50,823</u>
Iowa Department of Elder Affairs - Lead Organization			
Iowa Department of Elder Affairs - State Health Department			
Linking Older Iowans to Healthier Communities (Iowa Healthy Links)	93.048	HHS-2006-AOA-BP-0611	26,078
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	N/A	74,797
Refugee and Entrant Assistance	93.566	N/A	133
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	16,490
Foster Care - Title IV-E	93.658	N/A	41,299
Adoption Assistance	93.659	N/A	8,351
Title XIX and De-linking Medical Assistance Program	93.778	N/A	97,536
Expansion Title XXI	93.767	N/A	495
			<u>239,101</u>
Social Services Block Grant - DHS	93.667	N/A	49,167
Social Services Block Grant - CPC	93.667	N/A	729,854
			<u>779,021</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	FY07 EMPG	20,156
Homeland Security Grant, Phase 1	97.004	INRG06	621
FEMA	97.036	FEMA 1688 DR IA	115,364
			<u>136,141</u>
			<u>2,653,226</u>
Total indirect			<u>2,653,226</u>
Total expenditures of federal awards			<u>\$ 2,752,063</u>

See Notes to Schedule of Expenditures of Federal Awards.

Black Hawk County, Iowa

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Black Hawk County, Iowa for the year ended June 30, 2007. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

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

Note 3. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Maternal and Child Health Services	93.994	\$ 14,716

Black Hawk County, Iowa

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2007**

Finding		Status	Corrective Action Plan or Other Explanation
Findings Related to the Financial Statements:			
Significant Deficiencies in Internal Control:			
06-II-A	Inadequate segregation of duties in cash disbursement process as it relates to purchasing, receiving and approval of invoices.	Not corrected	Significant deficiency at 07-II-A
06-II-B	Lack of segregation of duties in the information technology department.	Corrected	
06-II-C	Lack of segregation of duties in the collection and recording of property tax payments.	Corrected	
06-II-D	Lack of segregation of duties in payroll.	Not corrected	Significant deficiency at 07-II-B
Findings Related to Federal Awards:			
Significant Deficiencies in Internal Control:			
06-III-A	Inadequate system to capture all federal grant information.	Not corrected	Finding repeated at 07-III-A
06-III-B	Inadequate system to identify federal expenditures related to the SSBG.	Not corrected	Finding repeated at 07-III-B
06-III-C	Inadequate system in place to monitor its compliance with cash management requirements.	Not corrected	Finding repeated at 07-III-C
06-III-D	Inadequate system in place to ensure compliance with the procurement, suspension and debarment compliance requirements.	Partially corrected	Finding repeated at 07-III-D
06-III-E	Inadequate system to monitor subrecipients.	Not corrected	Finding repeated at 07-III-E
Instances of Noncompliance:			
06-III-F	Lack of compliance with Davis-Bacon Act.	Corrected	
06-III-G	Lack of compliance with cash management requirements.	Not corrected	Finding repeated at 07-III-F

(Continued)

Black Hawk County, Iowa

Summary Schedule of Prior Audit Findings (Continued)

Year Ended June 30, 2007

	Finding	Status	Corrective Action Plan or Other Explanation
Other Findings Related to Required Statutory Reporting:			
06-IV-A	Expenditures during the year exceeded the amount budgeted in the debt service function.	Not corrected	Finding repeated at 07-IV-A
06-IV-D	The County did not complete a bid process for a related party transaction that exceeded \$1,500.	Corrected	
06-IV-G	The County deposited monies with Marquette Bank which was not listed as an approved depository on the County's depository resolution.	Corrected	
06-IV-J	The County transferred an amount greater than allowed by state statute from the General Fund to the Secondary Road Fund.	Corrected	
06-IV-K	The County did not follow the procedures required by state statute for checks, other than warrants, that have been outstanding for over a year.	Corrected	
06-IV-L	The Sheriff's office did not complete the bid process as required by state code for the purchase of vehicles.	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 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, 2007, and have issued our report thereon dated December 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-II-A and 07-II-B to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that item 07-II-A of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of those statutes.

We noted certain matters that we reported to management of Black Hawk County, Iowa in a separate letter dated December 18, 2007.

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

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 18, 2007

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, 2007. Black Hawk County, Iowa's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Black Hawk County, Iowa's management. Our responsibility is to express an opinion on Black Hawk County, Iowa's compliance based on our audit.

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

In our opinion, Black Hawk County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 07-III-F.

Internal Control Over Compliance

The management of Black Hawk County, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Black Hawk County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-III-A through 07-III-E to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 07-III-A to be a material weaknesses.

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

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 18, 2007

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2007**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
93.667	Social Services Block Grant

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, 2007

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

A. Significant Deficiencies in Internal Control Over Financial Reporting

07-II-A

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

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

Context: Pervasive to the cash disbursement transactions.

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

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

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

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-II-B

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

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

Context: Pervasive to payroll disbursements.

Effect: Misappropriation of assets could occur.

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

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

B. Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

07-III-A

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

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. While the County has delegated the oversight of grant activity to the Finance Director, a computerized tracking system to track grant information has not been implemented and a policy requiring grant administrators to forward grant agreements to the Finance Director has not been approved. In addition, the County is using state revenue general ledger accounts for federal grant revenues which results in difficulty in capturing federal grant funding.

Context: Pervasive to the federal grant programs.

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

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 system to track federal and state grants. The system should include procedures to properly account for grant receivables, grant revenues and grant deferred revenues and should include procedures to properly distinguish state funds from federal funds. We further recommend the County adopt a policy requiring all grant administrators to forward copies of all grant agreements to the Director of Finance when the grant is awarded.

Response and Corrective Action Plan: Computerized tracing of grant information will be fully implemented in fiscal year 2008. This information will then be located in a single centralized location for easier access and tracking.

07-III-B

**U.S. Department of Health and Human Services
Iowa Department of Human Services
Social Services Block Grant (CFDA 93.667)
Federal Award Year: 2005-2006 and 2006-2007**

Finding: The County does not have a system in place to identify the expenditures made using Social Services Block Grant funds.

Criteria: 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.

Condition: The County tracks all mental health related expenditures in the Mental Health special revenue fund. While the County records the Social Services Block Grant revenue in this fund they do not track the specific expenditures related to the grant funding.

Context: Expenditures funded by the Social Services Block Grant.

Effect: Difficulty in capturing financial information required to be reported to the Office of Management and Budget and the grantor agency, noncompliance with grant requirements and potential questioned costs.

Recommendation: We recommend the County track the expenditures funded with the Social Services Block Grant as required by the U.S. Office of Management and Budget (OMB).

Response and Corrective Action Plan: The County will track the expenditures specific to the Social Services Block Grant. The intent of the Mental Health & Disability Services Fund was to combine state, local and federal dollars under a locally managed program authorized through the Mental Health and Disabilities Management Plan. All expenditures from this fund are consistent with the intent of the federal social services block grant. To ensure the money is not set aside the County will draft a policy of spending Social Services Block Grant dollars as soon as they arrive before any other allocation and restrict their use to the Office of Management and Budget (OMB) rules.

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-III-C

**U.S. Department of Health and Human Services
Iowa Department of Human Services
Social Services Block Grant (CFDA 93.667)
Federal Award Year: 2005-2006 and 2006-2007**

Finding: The County does not have a system in place to monitor its compliance with cash management compliance requirements.

Criteria: The Office of Management and Budget Circular A-133 states, *Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the federal agency. Interest earned by nonstate nonprofit entities on federal fund balances in excess of \$250 is required to be remitted to the Department of Health and Human Services.*

Condition: The Social Services Block Grant is an allotment grant; grant funds are received in advance. The County does not track interest earned on these monies.

Context: Grant funds received for the Social Services Block Grant.

Effect: Difficulty in capturing financial information required to be reported to the Office of Management and Budget and the grantor agency, noncompliance with grant requirements and potential questioned costs.

Recommendation: We recommend the County track, report and remit any interest earned on the grant revenue as required by the Office of Management and Budget and the Department of Health and Human Services.

Response and Corrective Action Plan: The County will track, report and remit any interest earned on the Social Services Block Grant as required by the OMB and the DHHS. As indicated in finding 07-III-B, we will adopt a policy of expending the funds immediately to avoid the cost associated with tracking, reporting and remitting and interest earned on these dollars.

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-III-D

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

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

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

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

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

Effect: Potential questioned costs.

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

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

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-III-E

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

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

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

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

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

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

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

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

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007

B. Instances of Noncompliance

07-III-F

**U.S. Department of Health and Human Services
Iowa Department of Human Services
Social Services Block Grant (CFDA 93.667)
Federal Award Year: 2005-2006 and 2006-2007**

Finding: The County did not monitor its compliance with cash management compliance requirements.

Criteria: The Office of Management and Budget Circular A-133 states, *Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Interest earned by nonstate nonprofit entities on Federal fund balances in excess of \$250 is required to be remitted to the Department of Health and Human Services.*

Condition: The Social Services Block Grant is an allotment grant; grant funds are received in advance. The County does not track interest earned on these monies.

Questioned Costs: None

Prevalence: Interest earned on the Social Services Block Grant, grant funds received in advance.

Effect: Difficulty in capturing financial information required to be reported to the Office of Management and Budget and the grantor agency, noncompliance with grant requirements.

Recommendation: We recommend the County track, report and remit any interest earned on the grant revenue as required by the Office of Management and Budget and the Department of Health and Human Services.

Response and Corrective Action Plan: The County will track, report and remit any interest earned on grant revenue as required by the OMB and DHHS.

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

IV. Other Findings Related to Required Statutory Reporting

07-IV-A Certified Budget

Finding: Expenditures during the year ended June 30, 2007 exceeded the amount budgeted in mental health, County environment and education and debt service functions.

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 2007 based on the best information available. The County incurred some debt service costs that were unanticipated. The County will continue to amend the budget in accordance with Chapter 331.435 of the Code of Iowa as needed for future fiscal years.

Conclusion: Accepted.

07-IV-B Questionable Expenditures

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

07-IV-C Travel Expense

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

07-IV-D Business Transactions

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

07-IV-E Bond Coverage

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

07-IV-F Board Minutes

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

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-IV-G Deposits and Investments

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

07-IV-H Resource Enhancement and Protection Certification

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

07-IV-I County Extension Office

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

07-IV-J

Outstanding Checks Other Than Warrants

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

Black Hawk County, Iowa

**Corrective Action Plan
Year Ended June 30, 2007**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to Financial Statements:				
Significant Deficiencies in Internal Control:				
07-II-A	Inadequate segregation of duties in cash disbursement process as it relates to purchasing, receiving and approval of invoices.	See response and corrective action plan at 07-II-A.	June 30, 2008	James W. Bronner, Finance Director
07-II-B	Lack of segregation of duties in payroll.	See response and corrective action plan at 07-II-B.	June 30, 2008	Helen Steffen, Payroll and Real Estate Tax Manager
Findings Related to Federal Awards:				
Significant Deficiencies in Internal Control:				
07-III-A	Inadequate system to capture all federal grant information.	See response and corrective action plan at 07-III-A.	June 30, 2008	James W. Bronner, Finance Director
07-III-B	Inadequate system to identify federal expenditures related to the SSBG.	See response and corrective action plan at 07-III-B.	June 30, 2008	Bob Lincoln, CPC/Community Services Director
07-III-C	Inadequate system in place to monitor its compliance with cash management requirements.	See response and corrective action plan at 07-III-C.	June 30, 2008	Bob Lincoln, CPC/Community Services Director
07-III-D	Inadequate system in place to ensure compliance with the procurement, suspension and debarment compliance requirements.	See response and corrective action plan at 07-III-D.	June 30, 2008	James W. Bronner, Finance Director
07-III-E	Inadequate system to monitor subrecipients.	See response and corrective action plan at 07-III-E.	June 30, 2008	James W. Bronner, Finance Director
Instances of Noncompliance:				
07-III-F	Lack of compliance with cash management requirements.	See response and corrective action plan at 07-III-F.	June 30, 2008	Bob Lincoln, CPC/Community Services Director
Other Findings Related to Required Statutory Reporting:				
07-IV-A	Expenditures during the year exceeded the amount budgeted in the mental health, County environment and education and debt service functions.	See response and corrective action plan at 07-IV-A.	June 30, 2008	James W. Bronner, Finance Director

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