

BLACK HAWK COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2009

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

Grant Veeder
Auditor and Staff

Barbara Freet
Treasurer and Staff

Contents

Introductory Section

Table of contents	i - ii
County officials	iii
Organizational chart	iv
GFOA Certificate of Achievement	v
Transmittal letter	vi - xi

Financial Section

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

Contents

Statistical Section

Statistical section contents	66
Net assets by component	67 – 68
Changes in net assets	69 – 72
Fund balances, governmental funds	73 – 74
Changes in fund balances, governmental funds	75 – 76
Program revenues by function/program	77 – 78
Tax revenues by source, governmental funds	79
Assessed value and actual value of taxable property	80
Principal property taxpayers	81
Property tax levies and collections	82
Direct and overlapping property tax rates	83 – 85
Ratios of outstanding debt by type	86
Ratios of general bonded debt outstanding	87
Direct and overlapping governmental activities debt	88
Legal debt margin information	89 – 90
Demographic and economic statistics	91
Principal employers	92
Full-time equivalent county government employees by function/program	93 – 94
Operating indicators by function/program	95 – 96
Capital asset statistics by function/program	97 – 98

Compliance Section

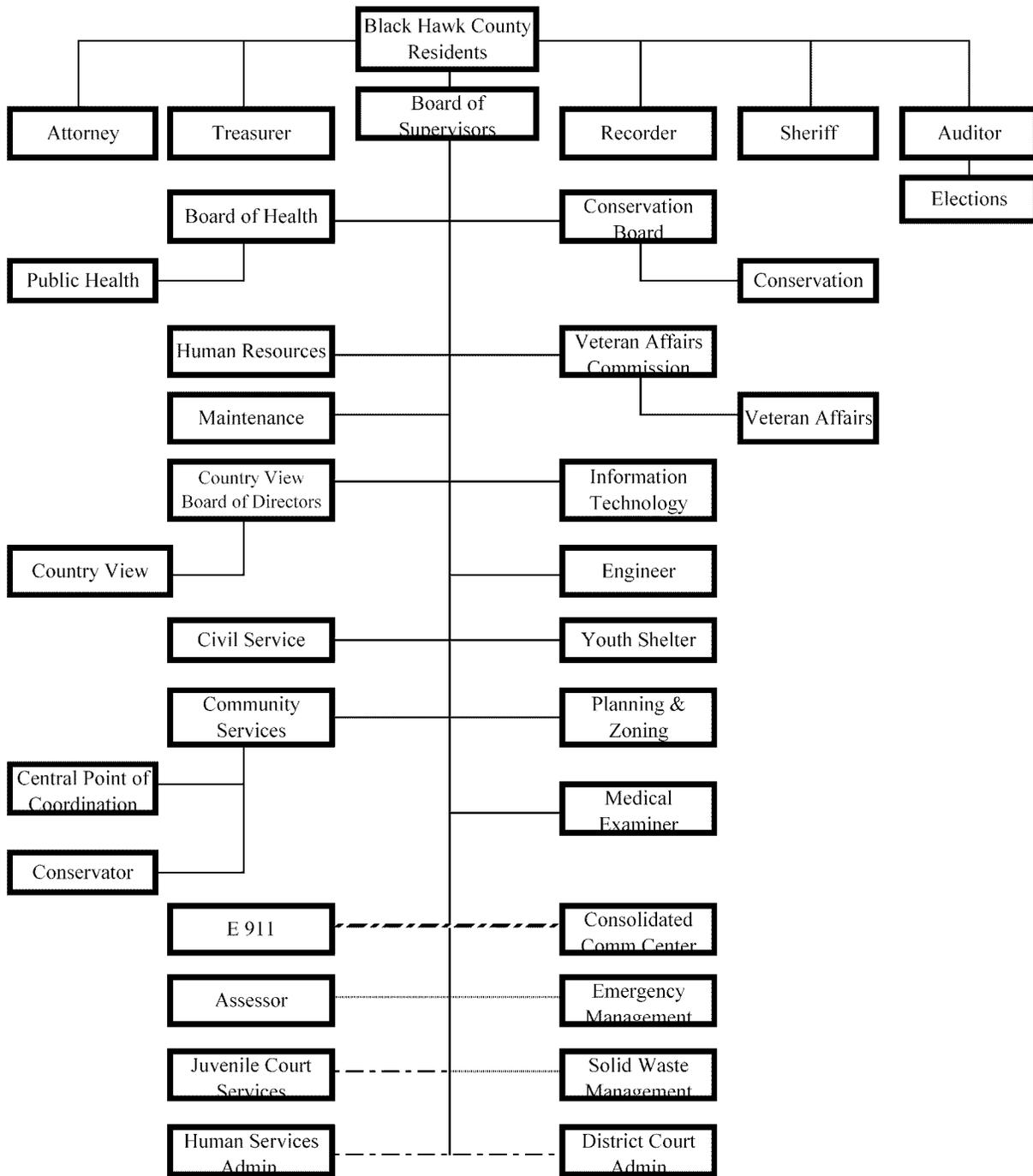
Schedule of expenditures of federal awards	99 – 101
Notes to schedule of expenditures of federal awards	102
Summary schedule of prior audit findings	103
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards	104 – 105
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	106 – 107
Schedule of findings and questioned costs	108 – 113
Corrective action plan	114

Black Hawk County, Iowa

County Officials

Official Title	Official	Term Expiration Date of Elected Officials
Elected Officials		
Supervisor, Chairperson	Frank Magsamen	2011
Supervisor, Chair Pro Tempore	Craig White	2011
Supervisor	Scott Jordan	2013
Supervisor	Tom Little	2013
Supervisor	John Miller	2013
County Attorney	Thomas Ferguson	2011
County Auditor	Grant Veeder	2013
County Recorder	Judy McCarthy	2011
County Sheriff	Tony Thompson	2013
County Treasurer	Barbara A. Freet	2011
Associate Officials		
County Assessor	Tami McFarland	2015
Department Heads and Administration		
Community Services Director/ Central Point of Coordination Administrator	Robert Lincoln	
Conservation Executive Director	Vern Fish	
Country View Administrator	Jack Musker	
County Buildings Superintendent	Louis Cutwright	
County Engineer	Catherine Nicholas	
County Finance Director/Country View Comptroller	James W. Bronner	
County Planning & Zoning	Aric Schroeder	
Human Resources Director	June Watkins	
Information Technology Director	Kim Veeder	
Public Health Director	Thomas O'Rourke	
Veteran Affairs Director	Bennie Spain	
Youth Shelter Director	Amy Landers	

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Black Hawk County
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

This Page Intentionally Left Blank

Board of Supervisors

Scott Jordan
833-3076

Tom Little
833-3075

Frank Magsamen
833-3077

John Miller
833-3074

Craig White
833-3078



**Office of
Black Hawk County
Board of Supervisors**

**316 East Fifth Street, Suite 203
Waterloo, Iowa 50703-4774**

Telephone: 319-833-3003 Fax: 319-833-3070

James W. Bronner
Finance Director

Monica Smith
Administrative Aide

Debi Bunger
Purchasing and Asset Management
Specialist

Web Site:
www.co.black-hawk.ia.us

E-mail:
supervisors@co.black-hawk.ia.us

December 15, 2009

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, 2009 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, 2009. This independent auditor's report is located at the front of the financial section of this report.

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

Profile of Black Hawk County

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

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

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

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

Local Economy

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

Population since the 2000 Census figure of 128,012 had been declining slightly, but recent estimates show the 2008-2009 population to be approximately 128,000. The unemployment rate had climbed from 2.9% in 2000 to a rate of 5.0% in 2004-2005. The rate lowered to 4.2% in 2006-2007, but has started to climb with estimates for early 2008-2009 at 4.5%, and higher estimates approaching the 7% range by year-end.

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

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

The Pauline Barrett Pavilion opened earlier this year at Allen Hospital. The \$47 million expansion added 75,000 square-feet of additional room on three floors. The new Allen Emergency Department is located on the first floor, with the new Allen Heart and Vascular Center taking up the second and third floors.

Deere and Company, the largest employer in the county, recently experienced a downturn in worldwide sales as global markets and the overall national economy have significantly changed in the last year. While still generating earnings of over \$870 million and worldwide sales of over \$20 billion, the earnings figure is less than half of the earnings realized a year ago with the sales figure is off approximately twenty percent from the prior year. The downturn in worldwide operations of Deere and Company has not immediately impacted the Waterloo plant in Black Hawk County. The launch of the 8R series built in Waterloo was deemed very successful and is experiencing better-than-expected demand. A new labor contract was also recently locked in for the next six years which covers the current 9,500 employees along with 17,000 retirees. Though layoffs were not a factor in Waterloo, other plants that experienced them are now calling back most of those employees, as well.

W.W. Grainger, Inc. recently opened their newly constructed call center. The more than 200 employees for the industrial supply company will occupy the 41,000 square-foot office building. The call center will be operating 24 hours a day for the 1.8 million customers worldwide the center will serve. The center was relocated from the Tower Park office complex to the newly developed Country Club Business Center at the southeast corner of Ansborough Avenue and San Marnan Drive. The firm employs 226 people currently with an additional 64 to 90 more over the next three years.

The screen printing and embroidery business of Craft-Cochran Athletic Goods recently moved into their new building in the Cedar Falls industrial park. The one million dollar, 17,000 square-foot building has doubled the printing capacity for the business.

Months ago, Target Corporation's new perishable foods distribution center opened. The 420,000 square foot facility will receive and ship perishables for a nine-state region. The estimated building valuation of the project is approximately \$32,000,000. The facility joins the 1.6 million square-foot dry goods distribution center already in the industrial park and a 140,000 square-foot Target department store also recently opened close by. The combined buildings have an estimated 900 employees and represent nearly \$200 million dollars in investments into the area.

Entertainment and restaurant business Barmuda Corp., software and casino video gaming company Phantom EFX, and web ware company T8 Design have all relocated under one roof to the Cedar Falls industrial park after being flooded in the summer of 2008. They are housed in a \$4.4 million, 56,000 square-foot building. The new building allows for professional office suites, warehouse capacity and light manufacturing space.

Peregrine Financial Group, one of the 30 largest non-banking financial firms in the world, based on volume, recently opened a new headquarters building for the company. The building relocates the company from Chicago to an estimated \$18 million building located on a 26-acre site in rural northwest Black Hawk County. The 50,000 square-foot building currently houses 100 jobs with capacity for 200 more and will provide an economic impact to the area of over \$120 million according to a University of Northern Iowa study. Other related businesses also housed in the facility include: PFGBest (international brokerage), PFG Green Energy, W&A Publishing, SFO magazine, Peregrine Charities (family foundation), the My Verona Ristorante Italiano business office, Village Gate Communications, Wasendorf Construction LLC., Wasendorf & Associates, Inc., Wasendorf & Son Co., and Wasendorf Air LLC.

Plans for a new human services campus have recently been approved. The plan involves relocating three significant organizations into new facilities, Operation Threshold, the Northeast Iowa Food Bank and a facility for the Iowa Department of Corrections. The Operation Threshold building will be two stories with approximately 27,600 square-feet and will relocate from the current location flooded last summer. The new facility hopes to increase their current employment levels by 25 positions. The \$6 million Department of Corrections building will be a 26,000 square-foot woman's facility that will generate 19 additional jobs. The specifications for the new Food Bank building are currently unavailable.

During the past ten years, the County's expenses including debt and capital projects have increased 26.5% overall. The largest percentage increase at 351.9% was in Capital Projects due to bonds being issued for road and bridge projects. County Environment and Education along with the Governmental Services to Residents service area also saw significant percentage increases at 262.87% and 55.04% respectively primarily due to flood related expenditures for building relocation, repair and replacement. The largest dollar increase was also in the Capital Projects category at \$7.9 million over the ten year period.

For the same ten year period, the County's total revenue has increased by 38.55%. 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 48% and just under 63% respectively. While that percentage change is very significant, the dollar totals of those increases were \$161,000 and \$156,000. The majority of the \$20.8 million revenue increase comes from two categories which account for over 90% of the total. Approximately \$10.4 million comes from increases in property tax and other taxes while intergovernmental revenues such as federal and state grants account for \$8.7 million.

Long-Term Financial Planning

The unreserved, undesignated, general fund balance for Black Hawk County is at 15.3 percent of total general fund expenditures. The fiscal year 2009 percentage figure is at the lower end of the 15 – 20 percent range, which is the preferred range for Black Hawk County. The total combined general fund balance (unreserved, reserved, designated, etc...) is at 27.3 percent of total general fund expenditures. This is above the 25 percent threshold, which is the overall goal for the County. Black Hawk County will continue to diligently manage both of these balances so as to remain at or within the thresholds that are preferable for the County.

The County's secondary road system is also being continually reviewed. An aggressive multi-year plan to address deteriorating roads and bridges across the County was developed and implemented in early fiscal year 2009 and will continue for the next few years. Prior to the implementation of the plan, a special election for the rural residents of the County was held by the Board of Supervisors to change the Local Option Sales Tax (LOST) usage to help fund the road plan. The vote passed and changed the usage of the Local Option Sales Tax funds from 100% of the funds going for property tax relief to reallocating half of the amount towards road construction and the other half remaining for property tax relief.

Black Hawk County continues to follow the twenty-year plan that was created with the assistance of the Institute for Decision Making at the University of Northern Iowa. Fiscal year 2010 was the first year the plan could begin to be implemented through the budgeting process. As three to five year plans for each department are developed and reviewed, they will also be implemented into the budget for each fiscal year going forward. The overall twenty-year plan will be reviewed and adjusted as additional information and trends emerge.

Relevant Financial Policies

Black Hawk County has designated a portion of its fund balance for tax stabilization and to offset termination of benefit payments. Part of this balance is to offset increases in the debt service tax rate if it hits the pre-determined threshold, with the remaining designated balance used to offset unanticipated, unbudgeted retirement payouts that may occur throughout the year and can not be offset through the normal budget amendment process. The estimated total liability for the retirement payouts is \$1.3 million. A recent sale of County owned farm land provided enough funding to offset this liability.

Major Initiatives

There are four large bridges throughout Black Hawk County that span the Cedar River. Each has been in need of various levels of repair or replacement in recent years. Two of those bridges have been replaced. The third bridge replacement project which involves a pair of bridges is scheduled to occur in fiscal year 2011 with an estimated price of \$6.5 million. The final of these four bridges will most likely be replaced in the next five to ten years.

Additionally, there are two bridges that are part of the Cedar Valley Nature Trail within Black Hawk County that also span the Cedar River. Recent flooding that occurred in the County during the summer of 2008 closed and damaged both of these bridges beyond repair. Engineering studies were completed outlining the costs of replacement or potential repair of each bridge. One of the bridges qualified for FEMA funding to be completely replaced and should start construction in early calendar year 2010. Funding for the second and larger of the two bridges is still needed. Other damage that was incurred by the County on secondary roads and numerous Conservation buildings has been repaired. The Conservation Headquarters has also been relocated to a new structure recently purchased by the Board of Supervisors.

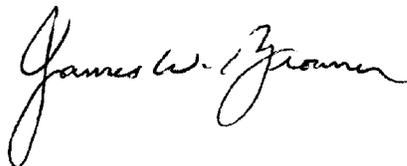
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Black Hawk County, IA for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the fourth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "James W. Bronner". The signature is written in a cursive style with a large, looped initial "J".

James W. Bronner
Finance Director

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Black Hawk County, Iowa as of and for the year ended June 30, 2009, 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, 2009, 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.

As explained in Note 11 to the basic financial statements, the County changed its method of accounting for other post employment benefits.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of Black Hawk County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 and budgetary comparison information on pages 51 and 52 and the other postemployment benefit plan schedule of funding progress on page 50 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 7, 2009

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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, 2009. 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, 2009 by \$75,897,741 (net assets). Of this amount, \$13,321,842 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. For the fiscal year ended June 30, 2008, assets exceeded liabilities by \$66,800,523. Of this amount, \$11,132,640 was unrestricted.
- The County's total net assets increased by \$9,097,218 during the fiscal year ended June 30, 2009. Governmental activities increased \$9,154,306 and business-type activities decreased by \$57,088. For fiscal year ended June 30, 2008, total net assets increased \$7,134,398. Governmental activities increased \$7,274,558 and business-type activities decreased \$140,160.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$25,144,107, a decrease of \$4,446,730 in comparison with the prior year. Approximately 49 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, 2008, governmental funds reported combined ending fund balances of \$29,590,837, of which 37 percent was unreserved and undesignated.
- At the end of the current fiscal year, the County's unreserved, undesignated fund balance for the General Fund was \$6,088,004 or 15 percent of the total General Fund expenditures. These funds will be needed to meet expenditures until the next semi-annual property tax revenue is received. The unreserved, undesignated fund balance for the General Fund as of June 30, 2008 was \$7,058,087 or 21 percent of total General Fund expenditures.
- The County's total debt decreased by \$450,243 (2 percent) during the current fiscal year. Total debt for the fiscal year June 30, 2008, increased by \$9,753,561 (56 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, 2009

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 and Debt Service 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, 2009

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

The basic governmental fund financial statements can be found on pages 17 through 23 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for all the enterprise funds as a single aggregated presentation as they are all considered nonmajor. Additionally, all internal service funds are combined into a single, aggregated presentation in the proprietary fund's financial statements. Individual fund data for the enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund's financial statements can be found on pages 24 through 26 of this report.

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

The basic fiduciary fund's financial statements can be found on page 27 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 28 through 49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information concerning Black Hawk County, Iowa's budgeted amounts for fiscal year 2009. Required supplementary information can be found on pages 50 and 52 of this report.

The combining statements referred to earlier in connection with nonmajor special revenue funds, enterprise 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 53 through 62 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of Black Hawk County, Iowa, assets exceeded liabilities by \$75,897,741 at the close of the most recent fiscal year.

Black Hawk County, Iowa

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2009**

By far the largest portion of the County's net assets (69 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements other than buildings and infrastructure); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated to cover the liabilities.

Net Assets of Governmental and Business-Type Activities						
	Governmental Activities		Business-Type Activities		Total County	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 68,320,238	\$ 69,059,539	\$ 331,792	\$ 1,227,188	\$ 68,652,030	\$ 70,286,727
Capital assets	66,534,280	55,604,843	3,402,640	3,598,108	69,936,920	59,202,951
Total assets	134,854,518	124,664,382	3,734,432	4,825,296	138,588,950	129,489,678
Long-term liabilities	20,981,409	20,605,936	954,925	1,930,000	21,936,334	22,535,936
Other liabilities	40,578,647	39,918,290	176,228	234,929	40,754,875	40,153,219
Total liabilities	61,560,056	60,524,226	1,131,153	2,164,929	62,691,209	62,689,155
Net assets:						
Invested in capital assets, net of related debt	49,946,957	46,981,577	2,277,715	1,461,863	52,224,672	48,443,440
Restricted	10,351,227	6,350,678	-	873,765	10,351,227	7,224,443
Unrestricted	12,996,278	10,807,901	325,564	324,739	13,321,842	11,132,640
Total net assets	\$ 73,294,462	\$ 64,140,156	\$ 2,603,279	\$ 2,660,367	\$ 75,897,741	\$ 66,800,523

An additional portion of the County's net assets (14 percent or \$10,351,227) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (17 percent or \$13,321,842) may be used to meet the County's ongoing obligations to citizens and creditors.

Net assets restricted through enabling legislation consists of \$1,462,152 for debt service, \$3,884,189 for mental health, \$1,205,345 for secondary roads and \$3,799,541 for supplemental levy purposes as of June 30, 2009.

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, 2009

Governmental activities: Governmental activities increased the County's net assets by \$9,154,306 as shown on the chart as follows. The 14 percent increase in net assets of the governmental activities is primarily the result of capital contributions of approximately \$3,000,000, insurance proceeds of approximately \$283,000 and increases of approximately \$6,000,000 in intergovernmental revenues.

Changes in Net Assets of Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 7,064,157	\$ 7,059,381	\$ 265,092	\$ 228,994	\$ 7,329,249	\$ 7,288,375
Operating grants, contributions and restricted interest	32,506,243	26,083,543	-	2,761	32,506,243	26,086,304
Capital grants, contributions and restricted interest	3,616,441	2,444,339	-	-	3,616,441	2,444,339
General revenues:						
Taxes:						
Property	27,593,677	25,466,189	-	-	27,593,677	25,466,189
State tax credits	1,082,828	1,102,343	-	-	1,082,828	1,102,343
Local option sales	2,896,574	2,787,561	-	-	2,896,574	2,787,561
Other taxes	1,461,942	1,853,528	-	-	1,461,942	1,853,528
Investment earnings	1,198,968	1,372,116	36,266	35,044	1,235,234	1,407,160
Miscellaneous	1,888,363	3,271,327	-	-	1,888,363	3,271,327
Total revenues	79,309,193	71,440,327	301,358	266,799	79,610,551	71,707,126
Expenses:						
Public safety and legal services	15,871,852	15,213,200	-	-	15,871,852	15,213,200
Physical health and social services	12,192,983	10,942,877	-	-	12,192,983	10,942,877
Mental health	19,914,329	21,301,854	-	-	19,914,329	21,301,854
County environment and education	5,871,685	2,404,401	-	-	5,871,685	2,404,401
Roads and transportation	7,305,032	6,738,742	-	-	7,305,032	6,738,742
Government services to residents	2,515,000	1,836,987	-	-	2,515,000	1,836,987
Administration	5,463,590	5,274,253	-	-	5,463,590	5,274,253
Interest on long-term debt	1,020,416	453,455	-	-	1,020,416	453,455
Washburn water and sewer	-	-	358,446	406,959	358,446	406,959
Total expenses	70,154,887	64,165,769	358,446	406,959	70,513,333	64,572,728
Increase in net assets	9,154,306	7,274,558	(57,088)	(140,160)	9,097,218	7,134,398
Net assets, beginning	64,140,156	56,865,598	2,660,367	2,800,527	66,800,523	59,666,125
Net assets, ending	\$73,294,462	\$64,140,156	\$ 2,603,279	\$ 2,660,367	\$75,897,741	\$66,800,523

The County enjoyed increases in various revenue sources: property tax revenue increased approximately \$1,626,000 due primarily to an increase in taxable assessed valuation partially offset with a decrease in property tax rates; and the operating grants and supplies increased approximately \$6,420,000 due primarily to additional funding.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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

Public safety and legal services increased approximately \$659,000. This is primarily from salary and benefits increases in various departments such as the Sheriff's Office, Attorney's Office and Consolidated Communications along with \$200,000 in capital improvements to the jail.

Physical health and social services increased approximately \$1,250,000 or 11 percent due to a couple of factors. The largest portion of the increase was a result of an \$800,000 increase in expenditures for the Region 6 Public Health and Preparedness grant through the Health Department. Higher than anticipated charges for the Toledo group home accounted for \$200,000 of the increase. The remaining \$250,000 was due to increases in salaries and benefits for the Health Department, Youth Shelter and Country View.

County environment and education increased approximately \$3,467,000 or 144 percent from the 2008 expenditure figures. The increase is largely the result of federal Jumpstart funds for flood recovery passing through Black Hawk County to numerous other counties. While a portion of the funds assisted Black Hawk County, the majority of the \$2,400,000 million dollars passed through to assist others during fiscal year 2009. Expenditures in the Conservation Department to relocate their headquarters out of the flood plain, replace flood-damaged equipment and make repairs to flood-damaged buildings make up the remaining increase of approximately \$1,000,000.

Roads and transportation functional expenses increased by approximately \$566,000 or 8 percent. The majority of the increase was due to higher than anticipated expenditures for contracted and consultant services of \$440,000 along with increased expenditures of \$120,000 for road and asphalt supplies due to flood repairs on various County roads and bridges.

Business-type activities: Business-type activities decreased the County's net assets by \$57,088.

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 \$25,144,107 as of June 30, 2009. This was a decrease of \$4,446,730, or 15 percent, over the prior year. This is primarily a result of decreases in the Capital Projects Fund. Of this total amount, \$12,316,938 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, 2009

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,023,597, while total fund balance reached \$10,873,138. 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 15 percent of total General Fund expenditures, while total fund balance represents 27 percent of that same amount. These funds will be needed as working capital during the initial months of the new fiscal year as property tax revenue is only collected semiannually, in September and March.

The fund balance for Black Hawk County, Iowa's General Fund decreased by \$134,830 during the current fiscal year. The single largest factor in the decrease in fund balance was the overall impact of the 2008 floods. The County was anticipating a reduction of approximately \$600,000 due to the relocation of the Conservation Departments headquarters out of the flood plain along with other flood related expenditures. Additional revenues from fine collections in the Attorney's Office along with less than anticipated juvenile detention costs were the largest contributors to reducing the overall impact on the General Fund below what was anticipated.

The Mental Health Fund had a fund balance of \$3,884,189, all of which is to be used for mental health functional expenditures. The fund balance increased by \$2,552,464 as revenue increased approximately \$1,200,000 overall at both the Country View facility due to much higher than anticipated occupancy rates as well as the Community Services / CPC department due to higher than anticipated MH-MR-DD Community funds. Reduced expenditures of approximately \$1,300,000 primarily in the ICF-MR and Supported Community Living areas of the Community Services / CPC department make up the remaining portion of the increase.

The Rural Services Fund had a fund balance of \$1,215,467, which increased \$184,972 from the prior year. The fund increase is due to higher than expected Local Option Sales Tax revenue for fiscal year 2009.

The Secondary Roads Fund had a fund balance of \$1,205,345, which decreased \$255,801 from the prior year. The primary reason for the decline in fund balance is the fluctuation that occurs due to the timing of planned maintenance and capital projects.

The Debt Service Fund had a fund balance of \$1,462,152 all of which is reserved for the payment of debt service (i.e. payment of general obligation principal and interest). This fund balance increased \$868,633 due to additional bonds being issued to pay for capital projects.

The Capital Projects Fund had a total fund balance of \$5,899,910. This fund balance decreased \$7,484,216 due to the timing of the bond proceeds and the related project expenditures. The bond proceeds for fiscal year 2009 projects were received in fiscal year 2008, but the project expenditures did not occur until fiscal year 2009 resulting in the decrease in fund balance for fiscal year 2009.

Proprietary Funds. The Black Hawk County, Iowa's proprietary funds provide the same type of information found in the government-wide financial statements, except in more detail. There are no major enterprise funds.

Budgetary Highlights

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

Over the course of the year, Black Hawk County, Iowa amended its budget two times. The budgetary comparison schedule on page 51 provides more information.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

Key changes in the budget amendments are as follows:

Expenditures increased \$11,268,810, which included:

- Approximately \$3,800,000 for the purchasing of E911 radios and equipment. Expenditures were passed through the County along with \$467,000 for the first payment on the bonds that were issued.
- Approximately \$3,150,000 in flood related expenses including Jumpstart funds passed through the County, the relocation of the Conservation headquarters out of the flood plain, along with flood related repairs or replacement of County buildings and equipment.
- Approximately \$856,000 for the purchase of election equipment largely offset by HAVA revenue, along with \$996,000 in increased expenditures primarily to implement the Region 6 Public Health and Preparedness grant through the Health department offset by grant funds.
- Approximately \$550,000 to finish construction and other capital projects that started in fiscal year 2008 and finished in the fiscal year 2009.
- Approximately \$710,000 for capital improvements to tuck-point the Jail and remodel the bathrooms at the Country View facility.

Revenues increased \$9,741,623 which included:

- Approximately \$3,800,000 in bond proceeds passed through the County for the purchase of E911 radios and equipment along with \$467,000 from E911 to make the first bond payment.
- Approximately \$3,150,000 in flood related funds received as Jumpstart funds to be passed through the County, along with funds for the relocation of the Conservation headquarters out of the flood plain, and to repair or replace County buildings and equipment.
- Approximately \$678,000 in HAVA funds for the purchase of election equipment along with \$996,000 in revenue for the Health Department primarily to offset the Region 6 Public Health Preparedness expenditures.
- Approximately \$460,000 in increased Medicaid revenues to the Country View facility.

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, 2009 amounts to \$69,936,920 (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 18 percent.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 4,128,955	\$ 3,844,281	\$ -	\$ -	\$ 4,128,955	\$ 3,844,281
Construction-in-progress	7,673,413	2,747,373	-	-	7,673,413	2,747,373
Buildings	28,981,690	26,945,356	-	-	28,981,690	26,945,356
Improvements other than buildings	1,465,573	1,410,771	-	-	1,465,573	1,410,771
Equipment and vehicles	11,378,803	10,259,384	-	-	11,378,803	10,259,384
Infrastructure	48,549,889	43,482,897	5,420,639	5,420,639	53,970,528	48,903,536
Accumulated depreciation	(35,644,043)	(33,085,219)	(2,017,999)	(1,822,531)	(37,662,042)	(34,907,750)
Total capital assets	\$ 66,534,280	\$ 55,604,843	\$ 3,402,640	\$ 3,598,108	\$ 69,936,920	\$ 59,202,951

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

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

- Multiple secondary road projects including the complete replacement of bridges on Indian Creek Road and Winslow Road along with numerous deck and structure repairs of other bridges. Additionally, construction was completed on the roundabout at the intersection of Raymond Road and Independence Avenue along with a number of repaving projects and flood repairs.
- The Treasurer's Office was remodeled along with entire fifth floor of the Pinecrest Building. New boilers and a sprinkler system were installed in the Courthouse.
- The maintenance shop was finished for Secondary Roads, and the jail was tuck-pointed.
- Numerous flood-related repairs were made to the Cedar Valley Nature Trail along with rebuilding the park ranger residence at Black Hawk Park, and purchasing a new headquarters for the Conservation Department out of the flood plain.

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

Long-term debt. At the close of the fiscal year ended June 30, 2009, the County had total long-term debt outstanding of \$26,575,044. Of this amount, \$23,960,000 comprises debt backed by the full faith and credit of the government and the remaining \$2,615,044 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	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 22,040,000	\$ 21,260,000	\$ 1,130,000	\$ 1,290,000	\$ 23,170,000	\$ 22,550,000
General obligation capital notes	790,000	1,065,000	-	860,000	790,000	1,925,000
Capital leases	58,474	-	-	-	58,474	-
Compensated absences	2,556,570	2,550,287	-	-	2,556,570	2,550,287
Total	\$ 25,445,044	\$ 24,875,287	\$ 1,130,000	\$ 2,150,000	\$ 26,575,044	\$ 27,025,287

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

Economic Factors and Next Year's Budget and Rates

Black Hawk County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget and the tax rates charged for various County activities. County officials are sensitive to economic factors such as the unemployment rate. The rate recently decreased from 4.6 percent in January 2006 to 4.5 percent in January of 2007, and decreased further to 4.4 percent in January 2008. January of 2009 saw a significant increase in the unemployment rate to 5.1 percent, reflecting the overall state of the economy. These rates are a little higher than the statewide rates of 3.7 percent, 3.9 percent and 4.8 percent over the same three-year period. Current reports show the unemployment rate increasing to a figure of 6.5 and possibly higher by the end of 2009. This is very similar to predictions for the statewide rate as well.

Black Hawk County, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

In an ongoing effort to maintain County services with minimal increases in tax levies, the Black Hawk County Board of Supervisors has sought efficiencies, including the outsourcing of duties and reduced fund balances. From 1997 through 2002, the year-end Combined General Fund balance (General Basic and General Supplemental) fell from \$10,028,578 or 40 percent of expenditures, to \$4,262,756 or just over 13 percent of expenditures. Since then, while maintaining minimal increases in tax levies, the Combined General Fund balance has increased to a fiscal year 2008 figure of \$11,007,968. During fiscal year 2009, the balance decreased approximately \$135,000 to end the year at \$10,873,138. This figure equates to 27 percent of expenditures which is within the preferred range of 25 to 30 percent for Black Hawk County.

For fiscal year 2010, amounts available for appropriation are \$87.2 million. Budgeted expenditures are expected to rise by approximately \$160,000, while budgeted revenues are expected to increase \$11.1 million. Of the expenditure increase, capital projects decreased approximately \$9 million as road and bridge projects were much less for fiscal year 2010 versus the prior fiscal year. This reduction offset expenditure increases for Jumpstart funds passing through the County of \$4.8 million in the County Environment and Education service area. Other increases included \$1.6 million of flood mitigation funds in the Administration service area and \$1.3 million in the Mental Health service area. Jumpstart funds and hazard mitigation funds were also responsible for the majority of the increase in revenue. If these estimates are realized, the County's budgetary operating balance is expected to slightly decrease by the close of 2010.

In comparing 2009 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 that it is 95th among the 99 counties in per capita tax askings and 8th 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.

This Page Intentionally Left Blank

Black Hawk County, Iowa

**Statement of Net Assets
June 30, 2009**

Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Cash and investments	\$ 26,360,648	\$ 270,460	\$ 26,631,108
Restricted cash and investments	6,197,274	-	6,197,274
Receivables:			
Property tax:			
Delinquent	178,314	-	178,314
Succeeding year	29,037,399	-	29,037,399
Interest and penalty on property tax, net	249,024	-	249,024
Accounts	599,598	46,806	646,404
Accrued interest	100,251	46	100,297
Note	75,117	-	75,117
Capital lease	711,683	-	711,683
Due from other governments	3,413,158	-	3,413,158
Inventories	382,609	-	382,609
Total current assets	67,305,075	317,312	67,622,387
Noncurrent assets:			
Receivables, capital lease	794,120	-	794,120
Due from other governments	50,000	-	50,000
Debt issuance costs	171,043	14,480	185,523
Capital assets:			
Not depreciated:			
Land	4,128,955	-	4,128,955
Construction-in-progress	7,673,413	-	7,673,413
Depreciated:			
Buildings	28,981,690	-	28,981,690
Improvements other than buildings	1,465,573	-	1,465,573
Infrastructure	48,549,889	5,420,639	53,970,528
Equipment and vehicles	11,378,803	-	11,378,803
Less accumulated depreciation	(35,644,043)	(2,017,999)	(37,662,042)
Total capital assets	66,534,280	3,402,640	69,936,920
Total noncurrent assets	67,549,443	3,417,120	70,966,563
Total assets	\$ 134,854,518	\$ 3,734,432	\$ 138,588,950

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities:			
Accounts payable	\$ 1,882,816	\$ 2,794	\$ 1,885,610
Contracts payable	128,412	-	128,412
Claims payable	785,739	-	785,739
Accrued interest payable	76,439	3,434	79,873
Accrued salaries and benefits	1,335,032	-	1,335,032
Due to other governments	2,213,189	-	2,213,189
Unearned revenue	29,370,262	-	29,370,262
Current portion of general obligation bonds	3,190,000	170,000	3,360,000
Current portion of general obligation capital loan notes	285,000	-	285,000
Current portion of capital leases	5,776	-	5,776
Compensated absences	1,305,982	-	1,305,982
Total current liabilities	40,578,647	176,228	40,754,875
Noncurrent liabilities:			
General obligation bonds	18,850,000	960,000	19,810,000
General obligation capital loan notes	505,000	-	505,000
Discounts on long-term debt	(103,877)	(5,075)	(108,952)
Capital leases	52,698	-	52,698
Other post employment benefits obligation	427,000	-	427,000
Compensated absences	1,250,588	-	1,250,588
Total noncurrent liabilities	20,981,409	954,925	21,936,334
Total liabilities	61,560,056	1,131,153	62,691,209
Net assets:			
Invested in capital assets, net of related debt	49,946,957	2,277,715	52,224,672
Restricted for:			
Supplemental levy purposes	3,799,541	-	3,799,541
Debt service	1,462,152	-	1,462,152
Mental health	3,884,189	-	3,884,189
Secondary roads	1,205,345	-	1,205,345
Unrestricted	12,996,278	325,564	13,321,842
Total net assets	73,294,462	2,603,279	75,897,741
Total liabilities and net assets	\$ 134,854,518	\$ 3,734,432	\$ 138,588,950

Black Hawk County, Iowa

**Statement of Activities
Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety and legal services	\$ 15,871,852	\$ 933,657	\$ 2,091,971	\$ -
Physical health and social services	12,192,983	1,418,603	7,071,080	-
Mental health	19,914,329	1,818,427	15,383,198	-
County environment and education	5,871,685	500,511	3,127,678	27,325
Roads and transportation	7,305,032	5,922	3,731,058	3,589,116
Governmental services to residents	2,515,000	1,636,723	87,888	-
Administration	5,463,590	750,314	1,013,370	-
Interest on long-term debt	1,020,416	-	-	-
Total governmental activities	70,154,887	7,064,157	32,506,243	3,616,441
Business-type activities:				
Rural sewer	276,608	200,579	-	-
Rural water	81,838	64,513	-	-
Total business-type activities	358,446	265,092	-	-
Total	\$ 70,513,333	\$ 7,329,249	\$ 32,506,243	\$ 3,616,441

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
\$ (12,846,224)	\$ -	\$ (12,846,224)
(3,703,300)	-	(3,703,300)
(2,712,704)	-	(2,712,704)
(2,216,171)	-	(2,216,171)
21,064	-	21,064
(790,389)	-	(790,389)
(3,699,906)	-	(3,699,906)
(1,020,416)	-	(1,020,416)
(26,968,046)	-	(26,968,046)
-	(76,029)	(76,029)
-	(17,325)	(17,325)
-	(93,354)	(93,354)
(26,968,046)	(93,354)	(27,061,400)
27,593,677	-	27,593,677
2,896,574	-	2,896,574
1,461,942	-	1,461,942
1,082,828	-	1,082,828
1,198,968	36,266	1,235,234
1,888,363	-	1,888,363
36,122,352	36,266	36,158,618
9,154,306	(57,088)	9,097,218
64,140,156	2,660,367	66,800,523
\$ 73,294,462	\$ 2,603,279	\$ 75,897,741

Black Hawk County, Iowa

**Balance Sheet
Governmental Funds
June 30, 2009**

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and investments	\$ 11,457,575	\$ 5,155,425	\$ 1,018,144	\$ 705,534
Restricted cash and investments	-	-	-	-
Receivables:				
Property tax:				
Delinquent	120,629	35,219	7,946	-
Succeeding year	19,257,189	5,548,859	1,676,886	-
Interest and penalty on property tax, net	249,024	-	-	-
Accounts	551,595	26,525	11,215	3,159
Accrued interest	97,313	-	-	-
Note	-	-	-	-
Capital lease	-	-	-	-
Due from other funds	47,821	35,077	-	-
Due from other governments	973,389	1,543,700	243,978	458,113
Inventories	-	-	-	382,609
Total assets	\$ 32,754,535	\$ 12,344,805	\$ 2,958,169	\$ 1,549,415
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 816,448	\$ 588,742	\$ 265	\$ 221,330
Contracts payable	-	-	-	-
Accrued salaries and benefits	860,709	317,641	50,772	105,910
Due to other funds	43,637	43,494	1,014	4,037
Due to other governments	292,727	1,902,877	7,180	10,405
Deferred revenue:				
Succeeding year property tax	19,257,189	5,548,859	1,676,886	-
Other	610,687	59,003	6,585	2,388
Total liabilities	21,881,397	8,460,616	1,742,702	344,070
Fund balances:				
Reserved for:				
Supplemental levy purposes	3,799,541	-	-	-
Debt service	-	-	-	-
Advance to other government	50,000	-	-	-
Inventories	-	-	-	382,609
Capital projects	-	-	-	-
Unreserved:				
Designated for tax stabilization and termination benefit payments	935,593	-	-	-
Undesignated, reported in:				
General Fund	6,088,004	-	-	-
Special revenue funds	-	3,884,189	1,215,467	822,736
Capital Projects Fund	-	-	-	-
Total fund balances	10,873,138	3,884,189	1,215,467	1,205,345
Total liabilities and fund balances	\$ 32,754,535	\$ 12,344,805	\$ 2,958,169	\$ 1,549,415

	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
\$	1,215,467	\$ 184,553	\$ 805,902	\$ 20,542,600
	-	6,197,274	-	6,197,274
	14,520	-	-	178,314
	2,554,465	-	-	29,037,399
	-	-	-	249,024
	-	-	7,034	599,528
	1,947	-	18	99,278
	75,117	-	-	75,117
	1,505,803	-	-	1,505,803
	-	9,284	-	92,182
	243,978	-	-	3,463,158
	-	-	-	382,609
\$	5,611,297	\$ 6,391,111	\$ 812,954	\$ 62,422,286
\$	-	\$ 171,380	\$ 80,636	\$ 1,878,801
	-	-	128,412	128,412
	-	-	-	1,335,032
	-	-	-	92,182
	-	-	-	2,213,189
	2,554,465	-	-	29,037,399
	1,594,680	319,821	-	2,593,164
	4,149,145	491,201	209,048	37,278,179
	-	-	-	3,799,541
	1,462,152	-	-	1,462,152
	-	-	-	50,000
	-	-	-	382,609
	-	6,197,274	-	6,197,274
	-	-	-	935,593
	-	-	-	6,088,004
	-	-	603,906	6,526,298
	-	(297,364)	-	(297,364)
	1,462,152	5,899,910	603,906	25,144,107
\$	5,611,297	\$ 6,391,111	\$ 812,954	\$ 62,422,286

Black Hawk County, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2009**

Total governmental fund balances \$ 25,144,107

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

Land	\$ 4,128,955	
Construction-in-progress	7,673,413	
Buildings	28,981,690	
Improvements other than buildings	1,465,573	
Equipment and vehicles	11,378,803	
Infrastructure	48,549,889	
Accumulated depreciation	(35,644,043)	66,534,280

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

Deferred revenues		2,260,301
-------------------	--	-----------

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	(76,439)	
Discounts on long-term debt	103,877	
Debt issuance costs	171,043	
General obligation bonds payable	(22,040,000)	
General obligation capital notes	(790,000)	
Capital leases	(58,474)	
Other post employment benefits obligation	(427,000)	
Compensated absences	(2,556,570)	(25,673,563)

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.

		5,029,337
Net assets of governmental activities		\$ 73,294,462

See Notes to Basic Financial Statements.

This Page Intentionally Left Blank

Black Hawk County, Iowa

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009**

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property tax	\$ 18,373,835	\$ 5,364,428	\$ 1,472,402	\$ -
Other County tax	1,114,355	195,863	1,520,958	-
Interest and penalty on property tax	404,936	-	-	-
Intergovernmental	13,220,374	15,576,151	100,803	3,764,215
Licenses and permits	380,421	-	108,588	5,655
Charges for service	4,254,708	1,818,427	11,124	267
Use of money and property	840,724	-	-	-
Miscellaneous	1,419,642	66,942	7,130	20,820
Total revenues	40,008,995	23,021,811	3,221,005	3,790,957
Expenditures:				
Current:				
Public safety and legal services	14,536,321	-	1,501,984	-
Physical health and social services	12,443,549	-	-	-
Mental health	-	20,469,347	-	-
County environment and education	5,617,183	-	226,836	-
Roads and transportation	-	-	-	5,740,813
Governmental services to residents	1,811,879	-	1,103	-
Administration	5,295,627	-	-	-
Debt service:				
Principal	85,126	-	-	-
Bond issuance costs	-	-	-	-
Interest	26,704	-	-	-
Capital outlay	-	-	-	287,419
Total expenditures	39,816,389	20,469,347	1,729,923	6,028,232
Excess (deficiency) of revenues over expenditures	192,606	2,552,464	1,491,082	(2,237,275)
Other financing sources (uses):				
Issuance of long-term debt	63,600	-	-	-
Discounts on issuance of long-term debt	-	-	-	-
Insurance proceeds	283,305	-	-	-
Lease income	-	-	-	-
Proceeds from the sale of capital assets	1,023	-	-	-
Transfers in	10,000	-	-	1,981,474
Transfers out	(685,364)	-	(1,306,110)	-
Total other financing sources (uses)	(327,436)	-	(1,306,110)	1,981,474
Net change in fund balances	(134,830)	2,552,464	184,972	(255,801)
Fund balances, beginning of year	11,007,968	1,331,725	1,030,495	1,461,146
Fund balances, end of year	\$ 10,873,138	\$ 3,884,189	\$ 1,215,467	\$ 1,205,345

See Notes to Basic Financial Statements.

		Nonmajor Governmental			
Debt Service	Capital Projects	Funds	Total		
\$ 2,363,796	\$ -	\$ -	\$ 27,574,461		
1,527,340	-	-	4,358,516		
-	-	-	404,936		
157,896	61,680	226,784	33,107,903		
-	-	-	494,664		
-	-	49,457	6,133,983		
306,555	9,400	18,357	1,175,036		
-	25,000	89,329	1,628,863		
4,355,587	96,080	383,927	74,878,362		
670	-	163,035	16,202,010		
-	-	-	12,443,549		
-	-	-	20,469,347		
400	-	365,629	6,210,048		
-	-	-	5,740,813		
-	-	33,215	1,846,197		
-	-	-	5,295,627		
3,215,000	-	-	3,300,126		
-	76,995	-	76,995		
983,241	-	-	1,009,945		
400	11,272,453	-	11,560,272		
4,199,711	11,349,448	561,879	84,154,929		
155,876	(11,253,368)	(177,952)	(9,276,567)		
-	3,800,000	-	3,863,600		
-	(30,400)	-	(30,400)		
-	-	-	283,305		
712,309	-	-	712,309		
-	-	-	1,023		
448	-	-	1,991,922		
-	(448)	-	(1,991,922)		
712,757	3,769,152	-	4,829,837		
868,633	(7,484,216)	(177,952)	(4,446,730)		
593,519	13,384,126	781,858	29,590,837		
\$ 1,462,152	\$ 5,899,910	\$ 603,906	\$ 25,144,107		

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, 2009**

Net change in fund balances - governmental funds \$ (4,446,730)

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	\$ 10,200,408	
Depreciation expense	<u>(2,810,904)</u>	7,389,504

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	3,589,116	
Proceeds from the sale of capital assets	(1,023)	
Loss on the sale of capital assets	<u>(48,160)</u>	3,539,933

Operating grant revenue		351,279
HAVA grant expenditures		<u>(351,279)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.		1,572,942
--	--	-----------

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

Repayment of debt principal		3,300,126
Interest		6,872
Bond issuance costs		76,995
Proceeds from the issuance of long-term debt		<u>(3,863,600)</u>
Discount on issuance of long-term debt		30,400
Amortization of discounts on long-term debt		(17,343)
Amortization of debt issuance costs on long-term debt		<u>(24,252)</u>

(Continued)

Black Hawk County, Iowa

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities (Continued)
Year Ended June 30, 2009

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	(6,283)
Change in other post employment benefits obligation	(427,000)

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.

	2,022,742
Change in net assets of governmental activities	<u>\$ 9,154,306</u>

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Net Assets
 Proprietary Funds
 June 30, 2009

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Assets		
Current assets:		
Cash and investments	\$ 270,460	\$ 5,818,048
Receivables:		
Accounts	46,806	70
Accrued interest	46	973
Total current assets	317,312	5,819,091
Noncurrent assets:		
Debt issuance costs	14,480	-
Capital assets; infrastructure (net of accumulated depreciation)	3,402,640	-
Total noncurrent assets	3,417,120	-
Total assets	\$ 3,734,432	\$ 5,819,091
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 2,794	\$ 4,015
Claims payable	-	785,739
Accrued interest payable	3,434	-
Current portion of general obligation bonds	170,000	-
Total current liabilities	176,228	789,754
Long-term liabilities:		
General obligation bonds	960,000	-
Discounts on long-term debt	(5,075)	-
Total noncurrent liabilities	954,925	-
Total liabilities	1,131,153	789,754
Net assets:		
Invested in capital assets, net of related debt	2,277,715	-
Unrestricted	325,564	5,029,337
Total net assets	2,603,279	5,029,337
Total liabilities and net assets	\$ 3,734,432	\$ 5,819,091

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, 2009

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues, charges for services	\$ 265,092	\$ 6,948,323
Operating expenses:		
Costs of sales and services	64,303	4,949,513
Depreciation	195,468	-
Total operating expenses	259,771	4,949,513
Operating income	5,321	1,998,810
Nonoperating revenues (expenses):		
Interest income	36,266	23,932
Interest expense	(98,675)	-
Total nonoperating revenues (expenses)	(62,409)	23,932
Income (loss) before transfers	(57,088)	2,022,742
Transfers in	10,000	-
Transfers out	(10,000)	-
	-	-
Change in net assets	(57,088)	2,022,742
Net assets, beginning of year	2,660,367	3,006,595
Net assets, end of year	\$ 2,603,279	\$ 5,029,337

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009**

	Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from customers and users	\$ 259,194	\$ 6,970,132
Cash paid to suppliers for services	(68,569)	(20,935)
Cash paid for claims and to administrative provider	-	(5,000,206)
Net cash provided by operating activities	190,625	1,948,991
Cash flows from noncapital financing activities:		
Transfers in	10,000	-
Transfers out	(10,000)	-
Net cash provided by operating activities	-	-
Cash flows from capital and related financing activities:		
Payments on capital loan notes and bonds	(1,020,000)	-
Interest paid on capital loan bonds and notes	(94,430)	-
Net cash (used in) capital and related financing activities	(1,114,430)	-
Cash flows from investing activities, interest on investments	36,402	25,504
Net increase (decrease) in cash and cash equivalents	(887,403)	1,974,495
Cash and cash equivalents, beginning	1,157,863	3,843,553
Cash and cash equivalents, ending	\$ 270,460	\$ 5,818,048
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,321	\$ 1,998,810
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	195,468	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,898)	21,809
(Decrease) in due to other governments	(194)	-
(Decrease) in accounts and claims payable	(4,072)	(71,628)
Net cash provided by operating activities	\$ 190,625	\$ 1,948,991
Schedule of noncash capital and related financing activities, amortization of bond discount	\$ 8,743	\$ -

See Notes to Basic Financial Statements.

Black Hawk County, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2009

Assets

Cash and investments	\$	7,187,595
Receivables, property taxes and other		137,169,170
Total assets	\$	144,356,765

Liabilities

Accounts payable and accrued liabilities	\$	142,454
Due to other governmental agencies		143,091,275
Trusts payable		1,123,036
Total liabilities	\$	144,356,765

See Notes to Basic Financial Statements.

This Page Intentionally Left Blank

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

Nature of operations:

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

Reporting entity:

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

Blended component units:

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

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

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

Basis of presentation:

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

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

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

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

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

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

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

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

Special Revenue Funds:

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

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

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

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

Special Revenue Funds:

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

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

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

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

The following are the County's nonmajor enterprise funds:

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

Additionally, the County reports the following funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement focus and basis of accounting:

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

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

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

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

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized as receivable was certified in March 2009, based on the 2008 assessed valuations. These taxes are due in two installments, on September 30, 2009 and March 31, 2010 with a 1.5 percent per month penalty for delinquent payment. Since the 2009 tax levy is budgeted and levied for the fiscal year 2010, the revenue from this tax levy has been deferred. Revenue has been recognized for those taxes receivable which represent the prior year's delinquent taxes and which are expected to be collected within 60 days after year-end.

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

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

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

Summary of significant accounting policies:

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Basic Financial Statements

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

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

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

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

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

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

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

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

Deferred/unearned revenue: Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 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.

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

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

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds for the Capital Projects Fund was \$6,197,274. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted through enabling legislation consists of \$1,462,152 for debt service, \$3,884,189 for mental health, \$1,205,345 for secondary roads and \$3,799,541 for supplemental levy purposes.

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

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

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

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

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

- On or before November 1, a budget request for the next fiscal year is sent to all elected officials and department heads. Three years of history are provided as well as year-to-date figures for the current fiscal year. Any goals or direction from the Board of Supervisors are also provided. The completed requests are due in early December and include proposed expenditures, projected program revenues and an updated capital improvement project (CIP) list. Once the information is received and entered into the financial system, all of the budget requests are then compiled. Copies of all salary projections, a budget summary and a capital request summary for each department are prepared and assembled for the Board. A tax asking form with a comparison to the current fiscal year's budget by fund is prepared by the end of December. The budget documents are then reviewed by the Board of Supervisors with additional input from various departments as requested by the Board during the months of January and February.

Black Hawk County, Iowa

Notes to Basic Financial Statements

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

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

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

In addition, the County Board must appropriate, by resolution, the budgets for each of the different County offices and departments. Emphasis is placed on monitoring budgets at the department level by major class of expenditures, rather than by line item expenditure. County management can approve budget shifts within the major classes but not between major classes. During the year, there were two budget amendments adopted in December 2008 and May 2009.

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, 2009, the County's cash and investments were as follows:

Cash statement of net assets	\$ 18,661,437
Cash fiduciary funds	7,187,595
Investments	14,166,945
	<u>\$ 40,015,977</u>

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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

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

Investment Type	Maturities	Fair Value
IPAIT Diversified, Money Market Mutual Fund	90 days	\$ 13,900,606
Mutual fund, fixed income	N/A	16,634
Mutual funds, equities	N/A	216,830
Mutual funds, alternative strategies and other	N/A	32,875
		<u>\$ 14,166,945</u>

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

As of June 30, 2009, the County's investments were rated as follows:

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

* As of June 30, 2009, the security ratings were 33 percent AAA or AA.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

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

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2009, the County's investments were insured or were not subject to custodial credit risk. Time deposits in excess of FDIC insurable limits are secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all County funds to be deposited into an approved depository and be either insured or collateralized. As of June 30, 2009, the County's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

Note 3. Interfund Receivables and Payables

The detail of due to/due from other funds as of June 30, 2009 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental funds, major funds:		
General Fund	\$ 47,821	\$ 43,637
Special revenue funds:		
Mental health	35,077	43,494
Rural services	-	1,014
Secondary roads	-	4,037
Capital projects fund	9,284	-
Total	<u>\$ 92,182</u>	<u>\$ 92,182</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.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

	Transfers In	Transfers Out
Governmental funds, major funds:		
General Fund	\$ 10,000	\$ 685,364
Special revenue funds:		
Rural services	-	1,306,110
Secondary roads	1,981,474	-
Debt service fund	448	-
Capital projects fund	-	448
Total governmental funds	<u>1,991,922</u>	<u>1,991,922</u>
Nonmajor enterprise funds	10,000	10,000
Total	<u><u>\$ 2,001,922</u></u>	<u><u>\$ 2,001,922</u></u>

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

Note 5. E911 Lease Receivable

In the current year, the County issued General Obligation Bonds Series 2008B in order to purchase equipment for the E911 Service Board (a jointly governed organization to the County). The total principal and interest on the bonds is \$4,759,709 and payable in semi annual payments starting December 1, 2009 and ending June 1, 2018. When fully drawn the E911 Service Board is paying the County monthly installments ranging from \$30,000 to \$155,000 through December 15, 2018 with interest rates ranging from 4.00 percent to 4.60 percent per annum. The payments from the E911 Service Board are credited directly to the Debt Service Fund. In the current year, the County purchased \$2,218,112 of equipment for the E911 Commission. As of June 30, 2009, the remaining balance on the lease receivable owed to the County was \$1,505,803.

Year Ending June 30,	Principal	Interest	Total
2010	\$ 711,683	\$ 148,318	\$ 860,001
2011	224,282	135,718	360,000
2012	237,882	122,118	360,000
2013	251,882	108,118	360,000
2014	80,074	93,153	173,227
Total	<u><u>\$ 1,505,803</u></u>	<u><u>\$ 607,425</u></u>	<u><u>\$ 2,113,228</u></u>

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,844,281	\$ 284,674	\$ -	\$ 4,128,955
Construction-in-progress	2,747,373	6,629,457	(1,703,417)	7,673,413
Total capital assets not being depreciated	6,591,654	6,914,131	(1,703,417)	11,802,368
Capital assets being depreciated:				
Buildings	26,945,356	2,036,334	-	28,981,690
Improvements other than buildings	1,410,771	54,802	-	1,465,573
Equipment and vehicles	10,259,384	1,420,682	(301,263)	11,378,803
Infrastructure	43,482,897	5,066,992	-	48,549,889
Total capital assets being depreciated	82,098,408	8,578,810	(301,263)	90,375,955
Less accumulated depreciation for:				
Buildings	10,055,631	558,190	-	10,613,821
Improvements other than buildings	801,452	44,248	-	845,700
Equipment and vehicles	7,319,945	675,218	(252,080)	7,743,083
Infrastructure	14,908,191	1,533,248	-	16,441,439
Total accumulated depreciation	33,085,219	2,810,904	(252,080)	35,644,043
Total capital assets being depreciated, net	49,013,189	5,767,906	(49,183)	54,731,912
Governmental activities capital assets, net	\$ 55,604,843	\$ 12,682,037	\$ (1,752,600)	\$ 66,534,280
Business-type activities:				
Capital assets being depreciated, infrastructure	\$ 5,420,639	\$ -	\$ -	\$ 5,420,639
Less accumulated depreciation for infrastructure	1,822,531	195,468	-	2,017,999
Business-type activities capital assets, net	\$ 3,598,108	\$ (195,468)	\$ -	\$ 3,402,640

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

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

Governmental activities:

Public safety and legal services	\$ 503,279
Physical health and social services	46,580
Mental health	74,467
County environment and education	130,832
Roads and transportation	1,812,257
Governmental services to residents	40,807
Administration	202,682
Total depreciation expense - governmental activities	\$ 2,810,904

Business-type activities:

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

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Retirements/ Deletions	Balance June 30, 2009	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 21,260,000	\$ 3,800,000	\$ 3,020,000	\$ 22,040,000	\$ 3,190,000
General obligation capital notes	1,065,000	-	275,000	790,000	285,000
Capital leases	-	63,600	5,126	58,474	5,776
Compensated absences	2,550,287	1,939,738	1,933,455	2,556,570	1,305,982
	\$ 24,875,287	\$ 5,803,338	\$ 5,233,581	\$ 25,445,044	\$ 4,786,758
Business-type activities:					
General obligation bonds	\$ 1,290,000	\$ -	\$ 160,000	\$ 1,130,000	\$ 170,000
General obligation capital notes	860,000	-	860,000	-	-
	\$ 2,150,000	\$ -	\$ 1,020,000	\$ 1,130,000	\$ 170,000

New debt issues: On July 22, 2008, Black Hawk County issued \$3,800,000 in General Obligation Bonds, Series 2008B with interest rates ranging from 4.00 percent to 4.60 percent. The bonds were used to pay the costs of acquisition of communication equipment to be used for peace officers and emergency services communication equipment and services for Iowa's Joint E911 Service Board, a jointly governed organization of the County.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

General obligation bonds: General obligation bonds have been issued for both governmental and business-type activities. The portion of unmatured general obligation bonds reported in the governmental activities column in the statement of net assets to be paid from the Debt Service Fund totaled \$22,040,000 as of June 30, 2009. These bonds bear interest with rates ranging from 2.40 percent to 4.60 percent and mature in varying annual amounts ranging from \$40,000 to \$1,250,000 through June 1, 2023.

The portion of unmatured general obligation bonds reported in the business-type activities column in the statement of net assets to be paid from proprietary revenues totaled \$1,130,000 as of June 30, 2009. These bonds bear interest with rates ranging from 3.00 percent to 4.00 percent and mature in varying annual amounts ranging from \$75,000 to \$105,000 through June 1, 2019.

General obligation capital loan notes: General obligation capital loan notes have been issued for both governmental and business-type activities. The portion of unmatured general obligation capital loan notes reported in the governmental activities column in the statement of net assets and to be paid from the Debt Service Fund totaled \$790,000 as of June 30, 2009. These notes bear interest with rates ranging from 2.90 percent to 4.71 percent and mature in varying annual amounts ranging from \$20,000 to \$200,000 through June 1, 2017.

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

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of June 30, 2009 are as follows:

Governmental Activities	General Obligation Bonds		General Obligation Capital Notes	
	Principal	Interest	Principal	Interest
<u>Year ending June 30,</u>				
2010	\$ 3,190,000	\$ 837,135	\$ 285,000	\$ 29,522
2011	2,005,000	720,807	85,000	16,973
2012	1,965,000	651,411	90,000	17,243
2013	1,935,000	582,783	90,000	13,746
2014	1,800,000	514,301	95,000	10,144
2015 - 2019	7,075,000	1,622,615	145,000	9,820
2020 - 2023	4,070,000	423,025	-	-
Total	\$ 22,040,000	\$ 5,352,077	\$ 790,000	\$ 97,448

Business-Type Activities	General Obligation Bonds	
	Principal	Interest
<u>Year ending June 30,</u>		
2010	\$ 170,000	\$ 41,204
2011	170,000	35,601
2012	180,000	29,786
2013	80,000	23,539
2014	80,000	20,555
2015 - 2019	450,000	54,243
Total	\$ 1,130,000	\$ 204,928

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

The computation of the County's legal margin as of June 30, 2009 is as follows:

January 2007 assessed valuation	\$ 4,367,653,864
Less military exemption	15,282,678
Total assessed value	\$ 4,352,371,186
Debt limit, 5% of assessed valuation (Iowa statutory limitation)	\$ 217,618,559
Total amount of debt applicable to debt margin	24,018,474
Legal debt margin	\$ 193,600,085

Note 8. 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, 2009, the County received \$71,362 of principal and \$7,563 of interest from the North Iowa Juvenile Detention Service Commission. The balance owed to the County on the note as of June 30, 2009 was \$75,117. In the Governmental Funds, this amount has been deferred under the modified accrual basis of accounting as the amount does not represent current financial resources. The County considers the note fully collectible as of June 30, 2009 and, therefore, an allowance for uncollectible amounts is not considered necessary.

Note 9. Deferred Compensation Plan

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

Note 10. Pension and Retirement Benefits

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 10. Pension and Retirement Benefits (Continued)

Plan members are required to contribute 4.10 percent of their annual covered salary and the County is required to contribute 6.35 percent of annual covered payroll. In the case of law enforcement employees, the percentage for the year ended June 30, 2009 was 7.52 percent for the employees and the County. The contribution percentage for conservation employees was 5.63 percent for the employees and 8.45 percent for the County. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$1,689,715, \$1,573,882 and \$1,509,552, respectively, equal to the required contributions for each year.

Note 11. Other Postemployment Benefits

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

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

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the County contributed \$60,000. Retirees receiving benefits have required contributions of:

Rate Tier	PPO Plan A	PPO Plan B	Dental
Retiree only	\$ 526.25	\$ 426.75	\$ 15.25
Retiree and family	1,268.50	1,070.94	45.75

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

Annual required contribution	\$ 487,000
Contributions and payments made	60,000
Increase in net OPEB obligation	<u>427,000</u>
Net OPEB obligation - July 2, 2007	-
Net OPEB obligation - July 1, 2008	<u><u>\$ 427,000</u></u>

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 11. Other Postemployment Benefits (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2009 and the two preceding years follows. 2009 is the transition year of GASB Statement No. 45.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2007	N/A	N/A	N/A
June 30, 2008	N/A	N/A	N/A
June 30, 2009	\$ 487,000	12.3%	\$ 427,000

Funded status and funding progress: As of July 1, 2008, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$4,319,000 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$4,319,000. The covered payroll (annual payroll of active employees covered by the plan) was \$22,723,576 and the ratio of the UAAL to the covered payroll was 19 percent.

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

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

In the July 1, 2008 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a discount rate of 5 percent, health care cost trend rates of 11 percent select and 6 percent ultimate with select trends reducing 0.5 percent each year until reaching the ultimate trend, per capita health claim cost, annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report as of June 30, 2007, mortality rates using the RP-2000 Table, retiree participation rate of 100 percent for Secondary Roads' retirees and 50 percent for all other retiree classes, and an annual salary increase of 4 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 12. Employee Health Insurance Plan

The County is self-insured for its employee medical coverage. The internal service, Health Insurance Fund, was established to account for revenues and expenses of the County's health insurance benefit plan. The benefit plan is funded by both employee and County contributions and is administered by a third party administrator, First Administrators, Inc., a stop-loss insurance policy, has been obtained for the health plan to limit the amount of payments by the County on an individual basis to \$100,000 per year. The annual maximum coverage limit for the employee medical plan is \$1,000,000. In addition to the individual stop loss coverage, the County has purchased aggregate excess loss coverage of 125 percent of expected claims during the plan year, approximately \$6,363,295.

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, 2009 totaled \$675,239 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 2009 and 2008 are as follows:

	2009	2008
Claims payable, beginning of year	\$ 737,544	\$ 746,083
Claims recognized	4,439,286	4,908,423
Claim payments and change in accrual	(4,501,591)	(4,916,962)
Claims payable, end of year	<u>\$ 675,239</u>	<u>\$ 737,544</u>

Note 13. Risk Management

Black Hawk County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to protect against errors and omissions and injuries to employees. The County is a member of the Iowa Communities Assurance Pool (ICAP). The membership in the ICAP protects against loss related to torts; theft, damage to and destruction of assets; and natural disasters. ICAP is a risk sharing pool where the liability of each member is limited to their financial contribution; no member is responsible for the liabilities of any other member. The County's 2009 contribution was \$125,000. The County is responsible for the first \$50,000 of settlements. Prior to joining ICAP, the County was self-insured for various risks of loss; \$110,500 has been accrued for these run-off claims and for the deductibles of outstanding claims under the pooled plan.

	2009	2008
Claims payable, beginning of year	\$ 57,500	\$ 138,673
Claims recognized	98,000	45,000
Claim payments and change in accrual	(45,000)	(126,173)
Claims payable, end of year	<u>\$ 110,500</u>	<u>\$ 57,500</u>

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

Black Hawk County, Iowa

Notes to Basic Financial Statements

Note 14. Health Care Facility and Industrial Development Revenue Bonds

The County has issued a total of \$20,541,320 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$10,692,426 is outstanding as of June 30, 2009. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

Note 15. 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 16. Commitments and Contingency

The County has entered into financial commitments totaling approximately \$12,918,000 which relate to various road and bridge construction, engineering and maintenance projects. As of June 30, 2009, the County had approximately \$2,288,500 remaining on the contracts.

Note 17. Subsequent Event

On July 21, 2009, the County issued \$8,290,000 of General Obligation Bonds, Series 2009 for the purpose to finance the costs of certain capital improvements and equipment acquisitions in the County. Interest on the Series 2009 bonds ranges from 2.0 percent to 5.625 percent and is payable June 1 and December 1. Principal is payable through June 1, 2024.

Note 18. Governmental Accounting Standards Board (GASB) Statements

The County adopted the following GASB statements during the year ended June 30, 2009:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The effect of the adoption of this Statement to the County was to record a liability of \$427,000 for the net other postemployment benefit obligation. The actuarial accrued liability is estimated by an actuary to be \$4,319,000 as of July 1, 2008.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. 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 County 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. This Statement had no effect on the County in the current year.

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

- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement established consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. This Statement had no effect on the County in the current year.

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

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the County beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the County beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.
- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the County beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

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

Black Hawk County, Iowa

**Required Supplementary Information
Other Postemployment Benefit Plan**

SCHEDULE OF FUNDING PROGRESS

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

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of July 1, 2008. Additional information follows:

- a. The cost method used to determine the ARC is the Projected Unit Credit Actuarial Cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: 1) 5 percent discount rate, 2) health care cost trend rates of 11 percent select and 6 percent ultimate with select trends reducing 0.5 percent each year until reaching the ultimate trend, 3) per capita health claim cost, 4) annual retirement and annual termination probabilities using the IPERS Actuarial Valuation Report as of June 30, 2007, 5) mortality rates using the RP-2000 Table, 6) retiree participation rate of 100 percent for Secondary Roads' retirees and 50 percent for all other retiree classes, and 7) an annual salary increase of 4 percent.
- d. The amortization method is level percentage of projected payroll on an open basis.

Black Hawk County, Iowa

Required Supplementary Information
 Budgetary Comparison Schedule
 All Governmental Funds
 Year Ended June 30, 2009

	Budgeted Amounts		Governmental Fund Types Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property	\$ 27,607,333	\$ 27,607,333	\$ 27,574,461	\$ (32,872)
Other County tax	3,954,445	3,954,445	4,358,516	404,071
Interest and penalty on property tax	334,000	334,000	404,936	70,936
Intergovernmental	28,390,393	37,589,338	33,107,903	(4,481,435)
Licenses and permits	414,208	461,783	494,664	32,881
Charges for services	5,365,756	5,546,859	6,133,983	587,124
Use of money and property	1,572,226	1,572,226	1,175,036	(397,190)
Miscellaneous	1,157,363	1,471,363	1,628,863	157,500
Total revenues	68,795,724	78,537,347	74,878,362	(3,658,985)
Expenditures:				
Current:				
Public safety and legal services	16,161,254	16,499,472	16,202,010	297,462
Physical health and social services	11,919,503	13,382,225	12,443,549	938,676
Mental health	22,200,918	22,526,833	20,469,347	2,057,486
County environment and education	2,777,624	9,622,780	6,210,048	3,412,732
Roads and transportation	5,477,582	5,898,609	5,740,813	157,796
Governmental services to residents	1,725,319	2,589,475	1,846,197	743,278
Administration	5,253,463	5,709,678	5,295,627	414,051
Debt service	3,848,899	4,306,599	4,387,066	(80,467)
Capital projects	17,646,935	17,744,636	11,560,272	6,184,364
Total expenditures	87,011,497	98,280,307	84,154,929	14,125,378
Excess (deficiency) of revenues over (under) expenditures	(18,215,773)	(19,742,960)	(9,276,567)	10,466,393
Other financing sources, net	-	3,800,000	4,829,837	1,029,837
Net change in fund balances	\$ (18,215,773)	\$ (15,942,960)	\$ (4,446,730)	\$ 11,496,230

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 \$11,268,810. The amendments were primarily due to changes in capital projects, physical health and social services and mental health services.

During the year ended June 30, 2009, expenditures exceeded the amount budgeted in the debt service function.

Black Hawk County, Iowa

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets			
Cash and investments	\$ 90,473	\$ 21,121	\$ 504
Receivables:			
Accounts	-	-	-
Accrued interest	15	3	-
Total assets	\$ 90,488	\$ 21,124	\$ 504
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Contracts payable	128,412	-	-
Total liabilities	128,412	-	-
Fund Balances (Deficits), unreserved, undesignated, special revenue funds	(37,924)	21,124	504
Total liabilities and fund balances	\$ 90,488	\$ 21,124	\$ 504

Special Revenue

Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
\$ -	\$ 84,682	\$ 16,412	\$ 14,832	\$ 577,878	\$ 805,902
-	6,884	-	150	-	7,034
-	-	-	-	-	18
<u>\$ -</u>	<u>\$ 91,566</u>	<u>\$ 16,412</u>	<u>\$ 14,982</u>	<u>\$ 577,878</u>	<u>\$ 812,954</u>
\$ -	\$ 7,255	\$ -	\$ -	\$ 73,381	\$ 80,636
-	-	-	-	-	128,412
-	7,255	-	-	73,381	209,048
-	84,311	16,412	14,982	504,497	603,906
<u>\$ -</u>	<u>\$ 91,566</u>	<u>\$ 16,412</u>	<u>\$ 14,982</u>	<u>\$ 577,878</u>	<u>\$ 812,954</u>

Black Hawk County, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 Year Ended June 30, 2009**

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Intergovernmental	\$ 160,145	\$ -	\$ -
Charges for service	-	25,484	-
Use of money and property	549	108	24
Miscellaneous, primarily contributions	26,098	-	-
Total revenues	186,792	25,592	24
Expenditures:			
Current:			
Public safety and legal services	-	-	-
County environment and education	210,417	-	-
Governmental services to residents	-	24,915	8,300
Total expenditures	210,417	24,915	8,300
Net change in fund balances (deficits)	(23,625)	677	(8,276)
Fund balances (deficits), beginning of year	(14,299)	20,447	8,780
Fund balances (deficits), end of year	\$ (37,924)	\$ 21,124	\$ 504

Special Revenue

Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
\$ -	\$ -	\$ -	\$ -	\$ 66,639	\$ 226,784
-	-	-	-	23,973	49,457
-	87,717	-	-	(70,041)	18,357
-	-	-	3,600	59,631	89,329
-	87,717	-	3,600	80,202	383,927
2,582	160,453	-	-	-	163,035
-	-	5,574	2,000	147,638	365,629
-	-	-	-	-	33,215
2,582	160,453	5,574	2,000	147,638	561,879
(2,582)	(72,736)	(5,574)	1,600	(67,436)	(177,952)
2,582	157,047	21,986	13,382	571,933	781,858
\$ -	\$ 84,311	\$ 16,412	\$ 14,982	\$ 504,497	\$ 603,906

Black Hawk County, Iowa

Combining Statement of Net Assets

Enterprise Funds

June 30, 2009

	Rural Sewer	Rural Water	Total
Assets			
Current assets:			
Cash and investments	\$ 24,131	\$ 246,329	\$ 270,460
Receivables:			
Accounts	36,209	10,597	46,806
Accrued interest	5	41	46
Total current assets	60,345	256,967	317,312
Noncurrent assets:			
Debt issuance costs	14,480	-	14,480
Capital assets; infrastructure (net of accumulated depreciation)	2,416,531	986,109	3,402,640
Total noncurrent assets	2,431,011	986,109	3,417,120
Total assets	\$ 2,491,356	\$ 1,243,076	\$ 3,734,432
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 2,619	\$ 175	\$ 2,794
Accrued interest payable	2,654	780	3,434
Current portion of general obligation bonds	75,000	95,000	170,000
Total current liabilities	80,273	95,955	176,228
Long-term liabilities:			
General obligation bonds	760,000	200,000	960,000
Discounts on long-term debt	(4,022)	(1,053)	(5,075)
Total noncurrent liabilities	755,978	198,947	954,925
Total liabilities	836,251	294,902	1,131,153
Net assets:			
Invested in capital assets, net of related debt	1,585,553	692,162	2,277,715
Unrestricted	69,552	256,012	325,564
Total net assets	1,655,105	948,174	2,603,279
Total liabilities and net assets	\$ 2,491,356	\$ 1,243,076	\$ 3,734,432

Black Hawk County, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
Enterprise Funds
Year Ended June 30, 2009

	Rural Sewer	Rural Water	Total
Operating revenues, charges for services	\$ 200,579	\$ 64,513	\$ 265,092
Operating expenses:			
Costs of sales and services	61,169	3,134	64,303
Depreciation	128,739	66,729	195,468
Total operating expenses	189,908	69,863	259,771
Operating income (loss)	10,671	(5,350)	5,321
Nonoperating revenues (expenses):			
Interest income	34,682	1,584	36,266
Interest expense	(86,700)	(11,975)	(98,675)
Total nonoperating (expenses)	(52,018)	(10,391)	(62,409)
(Loss) before transfers	(41,347)	(15,741)	(57,088)
Transfers in	10,000	-	10,000
Transfers out	(10,000)	-	(10,000)
	-	-	-
Change in net assets	(41,347)	(15,741)	(57,088)
Net assets, beginning of year	1,696,452	963,915	2,660,367
Net assets, end of year	\$ 1,655,105	\$ 948,174	\$ 2,603,279

Black Hawk County, Iowa

**Combining Statement of Cash Flows
Enterprise Funds
Year Ended June 30, 2009**

	Rural Sewer	Rural Water	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 193,869	\$ 65,325	\$ 259,194
Cash paid to suppliers for services	(65,599)	(2,970)	(68,569)
Net cash provided by operating activities	128,270	62,355	190,625
Cash flows from noncapital financing activities:			
Transfers in	10,000	-	10,000
Transfers out	(10,000)	-	(10,000)
Net cash provided by noncapital financing activities	-	-	-
Cash flows from capital and related financing activities:			
Payments on capital loan notes and bonds	(930,000)	(90,000)	(1,020,000)
Interest paid on capital loan bonds and notes	(82,600)	(11,830)	(94,430)
Net cash (used in) capital and related financing activities	(1,012,600)	(101,830)	(1,114,430)
Cash flows from investing activities, interest on investments	34,681	1,721	36,402
Net (decrease) in cash and cash equivalents	(849,649)	(37,754)	(887,403)
Cash and cash equivalents, beginning	873,780	284,083	1,157,863
Cash and cash equivalents, ending	<u>\$ 24,131</u>	<u>\$ 246,329</u>	<u>\$ 270,460</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 10,671	\$ (5,350)	\$ 5,321
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	128,739	66,729	195,468
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(6,710)	812	(5,898)
(Decrease) in due to other governments	(194)	-	(194)
Increase (decrease) in accounts payable	(4,236)	164	(4,072)
Net cash provided by operating activities	\$ 128,270	\$ 62,355	\$ 190,625
Schedule of noncash capital and related financing activities, amortization of bond discount	\$ 8,392	\$ 351	\$ 8,743

Black Hawk County, Iowa

Combining Statement of Net Assets

Internal Service Funds

June 30, 2009

	Health Insurance	Self-Insurance	Office Equipment	Total
Assets				
Current assets:				
Cash and investments	\$ 5,479,104	\$ 272,927	\$ 66,017	\$ 5,818,048
Receivables:				
Accounts	-	70	-	70
Accrued interest	925	41	7	973
Total assets	\$ 5,480,029	\$ 273,038	\$ 66,024	\$ 5,819,091
Liabilities				
Current liabilities:				
Accounts payable	\$ 3,627	\$ 70	\$ 318	\$ 4,015
Claims payable	675,239	110,500	-	785,739
Total liabilities	678,866	110,570	318	789,754
Net Assets, unrestricted	4,801,163	162,468	65,706	5,029,337
Total liabilities and net assets	\$ 5,480,029	\$ 273,038	\$ 66,024	\$ 5,819,091

Black Hawk County, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Internal Service Funds
 Year Ended June 30, 2009

	Health Insurance	Self-Insurance	Office Equipment	Total
Operating revenues, charges for services	\$ 6,764,577	\$ 133,746	\$ 50,000	\$ 6,948,323
Operating expenses, costs of sales and services	4,830,464	99,055	19,994	4,949,513
Operating income	1,934,113	34,691	30,006	1,998,810
Nonoperating revenues, interest income	22,778	991	163	23,932
Change in net assets	1,956,891	35,682	30,169	2,022,742
Net assets, beginning of year	2,844,272	126,786	35,537	3,006,595
Net assets, end of year	<u>\$ 4,801,163</u>	<u>\$ 162,468</u>	<u>\$ 65,706</u>	<u>\$ 5,029,337</u>

Black Hawk County, Iowa

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2009

	Health Insurance	Self-Insurance	Office Equipment	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 6,781,574	\$ 138,558	\$ 50,000	\$ 6,970,132
Cash paid for claims and administrative provider	(4,903,834)	(96,372)	-	(5,000,206)
Cash paid to suppliers for services	-	-	(20,935)	(20,935)
Net cash provided by operating activities	1,877,740	42,186	29,065	1,948,991
Cash flows from investing activities, interest on investments				
	24,148	1,177	179	25,504
Net increase in cash and cash equivalents	1,901,888	43,363	29,244	1,974,495
Cash and cash equivalents, beginning of year	3,577,216	229,564	36,773	3,843,553
Cash and cash equivalents, end of year	\$ 5,479,104	\$ 272,927	\$ 66,017	\$ 5,818,048
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,934,113	\$ 34,691	\$ 30,006	\$ 1,998,810
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Decrease in accounts receivable	16,997	4,812	-	21,809
Increase (decrease) in accounts and claims payable	(73,370)	2,683	(941)	(71,628)
Net cash provided by operating activities	\$ 1,877,740	\$ 42,186	\$ 29,065	\$ 1,948,991

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
County Offices Fund				
Assets				
Cash and investments	\$ 537,055	\$ 587,949	\$ 537,055	\$ 587,949
Receivables, property taxes and other	371	747	371	747
Total assets	\$ 537,426	\$ 588,696	\$ 537,426	\$ 588,696
Liabilities				
Trust payable	\$ 399,906	\$ 588,023	\$ 399,906	\$ 588,023
Due to other governmental agencies	137,520	673	137,520	673
Total liabilities	\$ 537,426	\$ 588,696	\$ 537,426	\$ 588,696
Agricultural Extension Education Fund				
Assets				
Cash and investments	\$ 3,516	\$ 314,830	\$ 314,109	\$ 4,237
Receivables, property taxes and other	306,296	325,994	306,296	325,994
Total assets	\$ 309,812	\$ 640,824	\$ 620,405	\$ 330,231
Liabilities, due to other governmental agencies	\$ 309,812	\$ 334,527	\$ 314,108	\$ 330,231
County Assessor Fund				
Assets				
Cash and investments	\$ 1,037,540	\$ 1,159,513	\$ 1,015,895	\$ 1,181,158
Receivables, property taxes and other	1,103,630	1,313,049	1,103,630	1,313,049
Total assets	\$ 2,141,170	\$ 2,472,562	\$ 2,119,525	\$ 2,494,207
Liabilities				
Accounts payable	\$ 32,445	\$ 31,134	\$ 32,444	\$ 31,135
Due to other governmental agencies	2,108,725	1,337,799	983,452	2,463,072
Total liabilities	\$ 2,141,170	\$ 1,368,933	\$ 1,015,896	\$ 2,494,207
Schools Taxing District Fund				
Assets				
Cash and investments	\$ 664,583	\$ 62,075,791	\$ 61,890,371	\$ 850,003
Receivables, property taxes and other	60,408,066	62,698,794	60,408,066	62,698,794
Total assets	\$ 61,072,649	\$ 124,774,585	\$ 122,298,437	\$ 63,548,797
Liabilities, due to other governmental agencies	\$ 61,072,649	\$ 64,366,519	\$ 61,890,371	\$ 63,548,797

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Community College Taxing District Fund				
Assets				
Cash and investments	\$ 35,993	\$ 4,130,899	\$ 4,111,653	\$ 55,239
Receivables, property taxes	4,021,523	3,930,816	4,021,523	3,930,816
Total assets	\$ 4,057,516	\$ 8,061,715	\$ 8,133,176	\$ 3,986,055
Liabilities, due to other governmental agencies	\$ 4,057,516	\$ 4,040,192	\$ 4,111,653	\$ 3,986,055
Corporations Taxing District Fund				
Assets				
Cash and investments	\$ 710,377	\$ 66,619,315	\$ 66,438,256	\$ 891,436
Receivables, property taxes and other	65,126,795	68,078,505	65,126,795	68,078,505
Total assets	\$ 65,837,172	\$ 134,697,820	\$ 131,565,051	\$ 68,969,941
Liabilities, due to other governmental agencies	\$ 65,837,172	\$ 69,571,025	\$ 66,438,256	\$ 68,969,941
City Special Assessments Fund				
Assets				
Cash and investments	\$ 19,433	\$ 108,486	\$ 116,579	\$ 11,340
Receivables, property taxes and other	81,226	90,928	81,226	90,928
Total assets	\$ 100,659	\$ 199,414	\$ 197,805	\$ 102,268
Liabilities, due to other governmental agencies	\$ 100,659	\$ 118,188	\$ 116,579	\$ 102,268
Auto License and Use Tax Fund				
Assets				
Cash and investments	\$ 1,824,753	\$ 25,598,895	\$ 25,274,676	\$ 2,148,972
Receivables, property taxes and other	110,583	124,807	110,584	124,806
Total assets	\$ 1,935,336	\$ 25,723,702	\$ 25,385,260	\$ 2,273,778
Liabilities, due to other governmental agencies	\$ 1,935,336	\$ 25,613,118	\$ 25,274,676	\$ 2,273,778
Payroll Clearing Fund				
Assets, cash and investments	\$ -	\$ 16,140,319	\$ 16,140,319	\$ -
Liabilities, due to other governmental agencies	\$ -	\$ 16,140,319	\$ 16,140,319	\$ -

(Continued)

Black Hawk County, Iowa

Combining Statement of Changes in Assets and Liabilities (Continued)

All Agency Funds

Year Ended June 30, 2009

Other Funds	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Assets				
Cash and investments	\$ 1,637,798	\$ 7,259,063	\$ 7,439,600	\$ 1,457,261
Receivables, property taxes and other	503,387	605,541	503,397	605,531
Total assets	\$ 2,141,185	\$ 7,864,604	\$ 7,942,997	\$ 2,062,792
Liabilities				
Trust payable	\$ 590,319	\$ 4,893,229	\$ 4,948,535	\$ 535,013
Accounts payable and accrued liabilities	76,935	61,318	26,934	111,319
Due to other governmental agencies	1,473,931	2,614,022	2,671,493	1,416,460
Total liabilities	\$ 2,141,185	\$ 7,568,569	\$ 7,646,962	\$ 2,062,792
Total				
Assets				
Cash and investments	\$ 6,471,048	\$ 183,995,060	\$ 183,278,513	\$ 7,187,595
Receivables, property taxes and other	131,661,877	137,169,181	131,661,888	137,169,170
Total assets	\$ 138,132,925	\$ 321,164,241	\$ 314,940,401	\$ 144,356,765
Liabilities				
Accounts payable and accrued liabilities	\$ 109,380	\$ 92,452	\$ 59,378	\$ 142,454
Due to other governmental agencies	137,033,320	184,136,382	178,078,427	143,091,275
Trusts payable	990,225	5,481,252	5,348,441	1,123,036
Total liabilities	\$ 138,132,925	\$ 189,710,086	\$ 183,486,246	\$ 144,356,765

Black Hawk County, Iowa

Statistical Section Contents

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	67
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue sources, the property tax (or sales tax).	79
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	86
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	91
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	93

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

Black Hawk County, Iowa

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

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

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

		Fiscal Year							
		2005	2006	2007	2008	2009			
\$	37,693,275	\$	41,703,511	\$	44,413,745	\$	46,981,577	\$	49,946,957
	1,798,441		7,517,884		6,502,517		6,350,678		10,351,227
	9,368,982		4,471,819		5,949,336		10,807,901		12,996,278
\$	48,860,698	\$	53,693,214	\$	56,865,598	\$	64,140,156	\$	73,294,462
\$	2,522,274	\$	2,449,044	\$	1,438,878	\$	1,461,863	\$	2,277,715
	-		-		953,156		873,765		-
	413,494		420,879		408,493		324,739		325,564
\$	2,935,768	\$	2,869,923	\$	2,800,527	\$	2,660,367	\$	2,603,279
\$	40,215,549	\$	44,152,555	\$	45,852,623	\$	48,443,440	\$	52,224,672
	1,798,441		7,517,884		7,455,673		7,224,443		10,351,227
	9,782,476		4,892,698		6,357,829		11,132,640		13,321,842
\$	51,796,466	\$	56,563,137	\$	59,666,125	\$	66,800,523	\$	75,897,741

Black Hawk County, Iowa

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

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

(Continued)

Fiscal Year									
2005		2006		2007		2008		2009	
\$	14,902,387	\$	15,997,089	\$	14,899,182	\$	15,213,200	\$	15,871,852
	9,340,367		10,331,387		10,640,808		10,942,877		12,192,983
	19,594,365		20,128,555		21,030,553		21,301,854		19,914,329
	2,253,945		2,315,684		2,908,155		2,404,401		5,871,685
	4,172,656		5,731,706		5,895,167		6,738,742		7,305,032
	1,459,390		1,501,746		1,534,397		1,836,987		2,515,000
	4,764,053		4,773,716		5,020,133		5,274,253		5,463,590
	-		-		-		-		-
	448,283		433,064		422,793		453,455		1,020,416
	56,935,446		61,212,947		62,351,188		64,165,769		70,154,887
	237,628		229,229		292,510		324,573		276,608
	84,261		93,589		86,273		82,386		81,838
	321,889		322,818		378,783		406,959		358,446
\$	57,257,335	\$	61,535,765	\$	62,729,971	\$	64,572,728	\$	70,513,333
\$	713,135	\$	872,871	\$	843,694	\$	901,593	\$	933,657
	1,178,374		1,419,539		1,427,374		1,401,837		1,418,603
	1,404,823		1,453,995		1,464,696		1,686,870		1,818,427
	424,511		412,542		470,176		525,109		500,511
	4,096		3,957		3,835		6,167		5,922
	1,786,679		1,813,549		1,760,240		1,672,055		1,636,723
	721,527		858,011		918,388		865,750		750,314
	-		-		-		-		-
	22,089,424		23,594,453		24,172,120		26,083,543		32,506,243
	1,914,812		3,213,418		1,419,484		2,444,339		3,616,441
	30,237,381		33,642,335		32,480,007		35,587,263		43,186,841
	141,156		179,670		190,289		165,970		200,579
	88,742		73,934		87,325		63,024		64,513
	-		-		20,704		2,761		-
	229,898		253,604		298,318		231,755		265,092
\$	30,467,279	\$	33,895,939	\$	32,778,325	\$	35,819,018	\$	43,451,933

Black Hawk County, Iowa

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

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

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

Fiscal Year					
2005	2006	2007	2008	2009	
\$ (26,698,065)	\$ (27,570,612)	\$ (29,871,181)	\$ (28,578,506)	\$ (26,968,046)	
(91,991)	(69,214)	(80,465)	(175,204)	(93,354)	
<u>\$ (26,790,056)</u>	<u>\$ (27,639,826)</u>	<u>\$ (29,951,646)</u>	<u>\$ (28,753,710)</u>	<u>\$ (27,061,400)</u>	
\$ 24,159,740	\$ 25,330,735	\$ 25,487,836	\$ 25,967,840	\$ 27,593,677	
3,444,459	3,601,967	3,482,384	4,139,438	4,358,516	
1,151,699	1,179,717	1,145,229	1,102,343	1,082,828	
-	-	-	-	-	
681,081	1,069,135	1,605,979	1,372,116	1,198,968	
-	18,803	-	-	-	
1,443,425	1,202,771	1,322,137	3,271,327	1,888,363	
<u>30,880,404</u>	<u>32,403,128</u>	<u>33,043,565</u>	<u>35,853,064</u>	<u>36,122,352</u>	
-	-	-	-	-	
2,129	3,369	5,796	35,044	36,266	
-	-	5,273	-	-	
<u>2,129</u>	<u>3,369</u>	<u>11,069</u>	<u>35,044</u>	<u>36,266</u>	
<u>\$ 30,882,533</u>	<u>\$ 32,406,497</u>	<u>\$ 33,054,634</u>	<u>\$ 35,888,108</u>	<u>\$ 36,158,618</u>	
\$ 4,182,339	\$ 4,832,516	\$ 3,172,384	\$ 7,274,558	\$ 9,154,306	
(89,862)	(65,845)	(69,396)	(140,160)	(57,088)	
<u>\$ 4,092,477</u>	<u>\$ 4,766,671</u>	<u>\$ 3,102,988</u>	<u>\$ 7,134,398</u>	<u>\$ 9,097,218</u>	

Black Hawk County, Iowa

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

	Fiscal Year			
	2000	2001	2002	2003
General Fund:				
Reserved:				
Supplemental levy purposes	\$ 3,167,637	\$ 2,625,905	\$ 2,584,873	\$ 1,642,371
Prepays, inventory and other	819,306	814,508	845,630	201,391
Advance to other government	-	-	-	-
Capital projects	-	-	-	-
Unreserved:				
Designated	1,188,191	1,188,191	1,124,166	1,124,166
Undesignated	1,259,049	1,359,499	232,283	1,398,102
Total general fund	\$ 6,434,183	\$ 5,988,103	\$ 4,786,952	\$ 4,366,030
All other governmental funds:				
Reserved for:				
Debt service	\$ 927,175	\$ 944,865	\$ 766,550	\$ 787,454
Prepays, inventory and other	367,789	321,487	341,475	1,125
Capital projects	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	7,232,361	6,667,851	7,242,782	6,884,985
Capital Projects Fund	1,794,914	1,090,613	587,467	1,731,486
Total all other governmental funds	\$ 10,322,239	\$ 9,024,816	\$ 8,938,274	\$ 9,405,050

Source: County records

		Fiscal Year									
		2004	2005	2006	2007	2008	2009				
\$	1,475,833	\$	1,798,441	\$	2,378,736	\$	2,964,288	\$	2,964,288	\$	3,799,541
	34,481		5,132		4,794		-		-		-
	-		-		50,000		50,000		50,000		50,000
	-		-		70,468		-		-		-
	918,057		935,593		935,593		935,593		935,593		935,593
	1,834,385		2,609,114		2,723,894		3,482,798		7,058,087		6,088,004
\$	4,262,756	\$	5,348,280	\$	6,163,485	\$	7,432,679	\$	11,007,968	\$	10,873,138
\$	684,890	\$	469,637	\$	490,758	\$	551,418	\$	593,519	\$	1,462,152
	419		400,325		455,332		398,710		389,727		382,609
	-		-		1,705,772		1,939,141		13,332,937		6,197,274
	6,595,798		6,415,129		5,744,807		3,915,859		4,253,897		6,526,298
	963,285		236,745		(39,861)		35,927		12,789		(297,364)
\$	8,244,392	\$	7,521,836	\$	8,356,808	\$	6,841,055	\$	18,582,869	\$	14,270,969

Black Hawk County, Iowa

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2000	2001	2002	2003
Revenues:				
Property and other County tax	\$ 21,535,321	\$ 22,848,198	\$ 24,419,228	\$ 25,555,766
Interest and penalty on property tax	249,076	305,557	337,709	339,343
Intergovernmental	24,440,095	23,710,890	24,215,608	24,073,274
Licenses and permits	333,573	312,803	344,623	342,815
Charges for service	3,623,166	3,930,837	4,288,126	4,624,478
Use of money and property	2,335,800	1,561,485	1,025,169	905,556
Fines, forfeits and defaults	174,722	204,715	273,914	-
Miscellaneous	1,352,154	825,347	776,112	1,126,149
Total revenues	54,043,907	53,699,832	55,680,489	56,967,381
Expenditures:				
Public safety and legal services	12,278,021	12,744,201	13,759,118	14,250,874
Physical health and social services	10,244,458	9,175,627	9,964,422	9,742,599
Mental health	16,204,385	17,855,463	17,645,336	18,218,133
County environment and education	1,875,236	1,869,824	1,932,905	1,979,881
Roads and transportation	4,431,820	3,843,090	4,069,017	3,937,977
Governmental services to residents	1,263,535	1,313,347	1,436,204	1,493,129
Administration	5,139,958	4,696,934	4,830,170	5,028,006
Debt service:				
Interest	1,675,494	939,961	873,914	615,149
Principal	11,163,534	1,663,147	10,508,569	3,084,847
Debt issuance costs	-	-	-	-
Capital projects	2,257,166	1,450,891	971,109	1,308,079
Total expenditures	66,533,607	55,552,485	65,990,764	59,658,674
Excess of revenues over (under) expenditures	(12,489,700)	(1,852,653)	(10,310,275)	(2,691,293)
Other financing sources (uses):				
Proceeds from the sale of land and capital assets	110,766	16,351	5,577	307
Transfers in	2,511,966	1,919,943	2,110,341	1,838,002
Transfers out	(2,511,966)	(1,919,943)	(2,110,341)	(1,838,002)
Deferred payment contract	-	145,000	-	-
Repayments of advances from other funds	-	-	-	600,005
General obligation bonds and notes issued	997,000	-	8,775,068	2,665,000
Redemption of refunded bonds	-	-	-	-
Discount on general obligation bonds and notes	-	-	-	(13,653)
Insurance proceeds	-	-	-	-
Payments received on capital lease receivable	-	-	-	-
Lease income	-	-	-	-
Capital lease purchase refunding	-	-	-	-
Total other financing sources (uses)	1,107,766	161,351	8,780,645	3,251,659
Net change in fund balances	\$ (11,381,934)	\$ (1,691,302)	\$ (1,529,630)	\$ 560,366
Debt service as % of noncapital expenditures	20.43%	4.80%	17.67%	6.49%

Source: County records

							Fiscal Year					
2004		2005		2006		2007		2008		2009		
\$	26,515,030	\$	27,604,199	\$	28,548,171	\$	28,940,081	\$	30,128,426	\$	31,932,977	
	311,147		322,842		345,844		359,860		501,651		404,936	
	23,937,462		25,455,131		24,895,285		25,832,554		27,337,150		33,107,903	
	355,781		366,377		359,161		357,952		503,428		494,664	
	4,843,972		5,430,239		5,912,720		5,916,816		5,966,101		6,133,983	
	774,126		892,949		1,185,643		1,588,001		1,347,329		1,175,036	
	-		-		-		-		-		-	
	1,103,945		1,226,929		1,074,547		1,437,258		1,526,478		1,628,863	
	57,841,463		61,298,666		62,321,371		64,432,522		67,310,563		74,878,362	
	14,477,334		14,915,737		15,177,369		14,644,919		15,147,782		16,202,010	
	9,430,765		9,325,786		10,356,702		10,700,336		11,133,191		12,443,549	
	18,883,439		19,720,045		20,236,700		21,172,522		21,699,357		20,469,347	
	1,890,308		2,381,472		2,242,623		2,769,241		2,366,295		6,210,048	
	3,757,121		4,387,687		4,312,500		4,320,351		5,199,582		5,740,813	
	1,383,953		1,512,553		1,492,111		1,525,049		1,519,451		1,846,197	
	4,914,851		4,541,497		4,604,180		4,925,462		5,134,223		5,295,627	
	493,750		449,919		430,187		429,266		415,697		1,009,945	
	2,427,027		2,370,000		2,317,182		2,103,093		2,322,725		3,300,126	
	-		-		51,241		23,112		69,904		76,995	
	4,214,097		1,667,820		2,367,104		3,569,460		2,015,652		11,560,272	
	61,872,645		61,272,516		63,587,899		66,182,811		67,023,859		84,154,929	
	(4,031,182)		26,150		(1,266,528)		(1,750,289)		286,704		(9,276,567)	
	1,470		3,818		76,751		3,530		1,506,229		1,023	
	1,807,392		1,635,204		1,624,082		1,701,065		1,860,555		1,991,922	
	(1,807,392)		(1,635,204)		(1,749,082)		(1,701,065)		(1,860,555)		(1,991,922)	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	3,035,000		-		2,980,000		2,010,000		13,260,000		3,863,600	
	-		-		-		(500,000)		-		-	
	(17,810)		-		(15,046)		(9,800)		(74,315)		(30,400)	
	-		-		-		-		338,485		283,305	
	-		-		-		-		-		712,309	
	-		333,000		-		-		-		-	
	(524,853)		-		-		-		-		-	
	2,493,807		336,818		2,916,705		1,503,730		15,030,399		4,829,837	
\$	(1,537,375)	\$	362,968	\$	1,650,177	\$	(246,559)	\$	15,317,103	\$	(4,446,730)	
	4.88%		4.97%		4.49%		4.04%		4.23%		5.93%	

Black Hawk County, Iowa

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

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

* Black Hawk County, Iowa implemented GASB 34 in FY2003

Source: County records

		Fiscal Year							
		2005	2006	2007	2008	2009			
\$	3,215,931	\$	3,595,716	\$	2,672,347	\$	2,817,366	\$	3,025,628
	4,980,027		5,580,813		5,734,785		6,578,669		8,489,683
	13,204,719		14,093,443		15,529,395		16,389,743		17,201,625
	725,917		626,765		783,596		861,542		3,655,514
	5,063,526		6,344,156		4,506,350		5,778,396		7,326,096
	1,829,095		2,057,134		1,789,887		1,771,488		1,724,611
	1,218,166		1,344,308		1,463,647		1,390,059		1,763,684
	-		-		-		-		-
	-		-		-		-		-
	30,237,381		33,642,335		32,480,007		35,587,263		43,186,841
	141,156		179,670		210,993		168,731		200,579
	88,742		73,934		87,325		63,024		64,513
	229,898		253,604		298,318		231,755		265,092
\$	30,467,279	\$	33,895,939	\$	32,778,325	\$	35,819,018	\$	43,451,933

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
2000	\$ 19,450,266	\$ 1,999,899	\$ -	\$ 85,156	\$ 21,535,321
2001	19,790,822	2,098,833	870,154	88,389	22,848,198
2002	21,291,219	2,127,468	911,011	89,530	24,419,228
2003	22,393,437	2,177,356	896,232	88,741	25,555,766
2004	23,113,925	2,333,080	976,088	91,937	26,515,030
2005	24,159,740	2,411,109	921,881	111,469	27,604,199
2006	24,942,457	2,605,674	904,326	95,714	28,548,171
2007	25,438,232	2,496,495	887,759	102,773	28,940,081
2008	25,954,609	2,787,561	869,608	516,648	30,128,426
2009	27,574,461	2,896,574	964,312	497,630	31,932,977
Change 2000-2009	41.77%	44.84%	100.00%	484.37%	48.28%

Source: County records

Black Hawk County, Iowa

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property	TIF Property	Other Property	Less: Military Tax-Exempt Property	Total Taxable Assessed Property	Total Direct Tax Rate Urban
2000	\$ 1,410,306	\$ 693,755	\$ 129,556	\$ 255,289	\$ 68,475	\$ 292,956	\$ 17,272	\$ 2,833,065	7.49%
2001	1,545,983	831,371	110,018	267,553	102,928	260,211	16,828	3,101,236	7.32
2002	1,608,852	838,093	116,175	277,854	116,981	241,647	16,601	3,183,001	7.69
2003	1,771,183	828,732	116,518	292,674	125,561	220,161	16,607	3,338,222	7.62
2004	1,788,705	870,636	119,968	295,557	146,650	199,469	16,054	3,404,931	7.75
2005	1,933,806	1,009,717	117,602	233,745	202,216	195,247	15,259	3,677,074	7.49
2006	1,953,383	1,018,912	119,013	234,112	213,333	187,134	14,650	3,711,237	7.61
2007	2,076,900	1,045,299	123,095	249,026	268,567	191,819	14,577	3,940,129	7.39
2008	2,123,552	1,061,673	122,062	249,456	284,869	182,634	14,279	4,009,967	7.41
2009	2,263,853	1,180,234	117,722	259,931	347,247	198,667	15,283	4,352,371	6.94

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	2000			2009		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
MidAmerican Energy	\$ 127,360	1	4.61%	\$ 145,246	1	3.63%
Deere and Company	100,748	2	3.64	28,686	8	0.72
U. S. West, Inc.	35,499	3	1.28	-	-	-
Iowa Beef Pack Inc.	28,824	4	1.04	-	-	-
College Square Mall Partners, LLC	24,933	5	0.90	35,629	5	0.89
Equitable Life Assurance Soc.	23,871	6	0.86	-	-	-
Northern Natural Gas Co.	12,225	7	0.44	-	-	-
Berth Cabinet Mfg, Inc.	9,533	8	0.34	-	-	-
Hy-Vee Food Stores, Inc.	9,326	9	0.34	-	-	-
Viking Pump, Inc.	7,833	10	0.28	-	-	-
Tristate Joint Venture	-	-	-	-	-	-
Con Agra	-	-	-	14,037	10	0.35
IOC Black Hawk County, Inc.	-	-	-	31,311	6	0.78
Target Corporation	-	-	-	49,754	2	0.01
Qwest Corporation	-	-	-	29,945	7	0.75
GG and A Crossroads Mall, LLC	-	-	-	40,059	3	0.01
Hunt Wesson, Inc.	-	-	-	-	-	-
Ferguson Enterprises, Inc.	-	-	-	24,666	9	0.62
Cedar Falls Utilities	-	-	-	39,107	4	0.98
Total	\$ 380,152		13.73%	\$ 438,441		9.22%

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

Black Hawk County, Iowa

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

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections In Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 94,861,116	\$ 94,614,112	99.74%	\$ 321,108	\$ 94,935,220	100.08%
2001	102,143,060	101,421,377	99.29	41,259	101,462,636	99.33
2002	109,302,507	108,892,858	99.63	140,831	109,033,689	99.75
2003	116,820,205	116,641,520	99.85	298,647	116,940,167	100.10
2004	121,510,800	121,323,365	99.85	70,297	121,393,662	99.90
2005	131,390,823	131,207,146	99.86	28,386	131,235,532	99.88
2006	135,805,464	135,584,839	99.84	34,737	135,619,576	99.86
2007	143,359,171	143,096,906	99.82	69,698	143,166,604	99.87
2008	146,299,165	145,909,251	99.73	137,703	146,046,954	99.83
2009	159,054,529	158,537,222	99.67	130,965	158,668,187	99.76

Total tax collection solely for Black Hawk County, Iowa:

2000	\$ 19,501,777
2001	19,672,491
2002	21,292,939
2003	22,404,185
2004	23,115,922
2005	23,998,146
2006	24,790,096
2007	25,313,302
2008	25,954,609
2009	27,547,914

Source: Black Hawk County, Treasurer's Office

Black Hawk County, Iowa

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

(Unaudited)

	Year Taxes are Payable			
	2000	2001	2002	2003
County Direct Rates:				
General Basic	3.50	3.50	3.50	3.50
General Supplemental	1.31	1.35	1.82	1.71
MH/DD Service	2.09	1.93	1.89	1.80
Debt Service	0.59	0.54	0.48	0.61
Total Urban County Rate	7.49	7.32	7.69	7.62
Rural Basic	-	-	-	-
Total Rural County Rate	7.49	7.32	7.69	7.62
City and Town Rates:				
Waterloo	16.50	16.49	17.80	18.37
Cedar Falls	14.59	14.12	14.10	13.65
Dunkerton	10.66	11.98	11.58	11.17
Elk Run Heights	7.90	7.00	7.00	6.50
Evansdale	8.54	7.39	7.05	7.31
Gilbertville	6.30	8.10	8.10	8.10
Hudson	7.63	7.63	7.63	7.63
Janesville	14.43	13.46	13.10	12.78
Jesup	13.68	13.72	12.62	12.31
LaPorte City	11.51	11.51	11.95	11.85
Raymond	7.80	6.80	6.79	6.42
Township Rates:				
Barclay	0.30	0.38	0.42	0.41
Bennington	0.51	0.53	0.51	0.61
Big Creek	0.55	0.45	0.47	0.62
Black Hawk	0.54	0.58	0.56	0.06
Cedar	0.38	0.40	0.38	0.50
Cedar Falls	0.54	0.50	0.58	0.57
Eagle	0.49	0.42	0.48	0.46
East Waterloo	0.23	-	-	-
Fox	0.59	0.59	0.47	0.42
Lester	0.65	0.61	0.66	0.65
Lincoln	0.58	0.54	0.57	0.55
Mt. Vernon	0.43	0.43	0.42	0.39
Orange	0.40	0.33	0.38	0.36
Poyner	0.49	0.47	0.51	0.55
Spring Creek	0.41	0.55	0.56	0.60
Union	0.64	0.64	0.26	0.89
Washington	0.45	0.40	0.38	0.40

(Continued)

Year Taxes are Payable					
2004	2005	2006	2007	2008	2009
3.50	3.50	3.50	3.50	3.50	3.50
1.88	1.75	1.90	1.76	1.77	1.42
1.77	1.66	1.65	1.57	1.55	1.44
0.59	0.58	0.56	0.56	0.58	0.58
7.74	7.49	7.61	7.39	7.41	6.94
-	0.34	0.32	0.28	0.25	2.79
7.74	7.83	7.93	7.67	7.66	9.72
18.91	18.79	19.16	18.85	18.77	18.37
14.40	13.65	14.05	13.84	13.61	13.26
11.59	11.37	11.23	11.13	8.45	8.10
6.40	6.40	6.30	6.00	6.00	6.00
7.26	7.50	7.50	6.83	6.75	6.74
8.10	9.77	11.33	11.86	12.46	11.54
7.63	9.73	9.73	9.73	9.73	9.73
12.59	13.06	13.18	12.63	12.50	12.40
12.74	12.42	14.50	13.12	12.62	12.55
12.12	12.09	12.91	15.39	14.91	14.91
6.42	6.70	6.70	6.90	6.90	6.90
0.65	0.66	0.66	0.68	0.46	0.44
0.56	0.58	0.58	0.56	0.56	0.56
0.59	0.67	0.63	0.60	0.61	0.58
0.57	0.54	0.55	0.54	0.54	0.53
0.55	0.58	0.59	0.52	0.53	0.57
0.58	0.58	0.58	0.57	0.58	0.58
0.52	0.52	0.50	0.50	0.55	0.54
-	-	0.15	0.17	0.17	0.16
0.41	0.60	0.31	0.38	0.39	0.26
0.64	0.69	0.70	0.70	0.70	0.69
0.54	0.56	0.55	0.58	0.59	0.59
0.42	0.41	0.41	0.41	0.41	0.41
0.39	0.39	0.40	0.27	0.28	0.38
0.61	0.63	0.67	0.67	0.67	0.66
0.64	0.71	0.72	0.75	0.76	0.74
0.67	0.64	0.61	0.64	0.63	0.68
0.42	0.41	0.41	0.39	0.35	0.33

Black Hawk County, Iowa

Direct and Overlapping Property Tax Rates (Continued)

Last Ten Fiscal Years

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

(Unaudited)

	2007	2008	2009
School District Rates:			
Waterloo	16.33	16.75	16.66
Cedar Falls	13.02	13.13	13.73
Dunkerton	13.73	14.02	14.10
Elk Run Heights	16.33	16.75	16.66
Evansdale	16.33	16.75	16.66
Gilbertville	16.33	16.75	16.66
Hudson	15.53	15.96	15.98
Janesville	11.94	11.83	11.82
Jesup	11.46	11.62	11.76
LaPorte City	12.29	12.50	12.68
Raymond	16.33	16.75	16.66
Other:			
State	-	0.00	0.00
Hawkeye CC - Area VII	1.04	0.83	1.00
Kirkwood - Area X	0.87	0.86	0.85
Ag. Extension	0.04	0.08	0.08
Special Appraiser	0.01	0.03	0.06
Assessor	0.25	0.24	0.22

Source: Black Hawk County, Auditor's Office

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			
2000	\$ 11,970	\$ 3,345	\$ 1,733	\$ -	\$ 2,171	\$ 19,219	0.66%	\$ 150.40
2001	11,030	2,900	1,455	-	2,073	17,458	0.56	136.38
2002	10,090	2,440	1,162	-	1,969	15,661	0.48	122.85
2003	10,430	1,990	852	-	1,861	15,133	0.45	119.65
2004	11,505	1,850	-	732	1,064	15,151	0.44	120.31
2005	9,725	1,260	333	650	1,025	12,993	0.35	103.06
2006	10,405	1,365	211	565	975	13,521	0.44	107.40
2007	10,155	1,125	108	1,450	920	13,758	0.34	109.10
2008	21,260	1,065	-	1,290	860	24,475	0.57	192.04
2009	22,040	790	58	1,130	-	24,018	0.54	190.46

* 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		
2000	\$ 11,970	\$ 11,970	0.43%	\$ 93.67
2001	11,030	11,030	0.37	86.16
2002	10,090	10,090	0.33	79.15
2003	10,430	10,430	0.32	82.46
2004	12,237	12,237	0.38	97.17
2005	10,375	10,375	0.30	82.27
2006	10,970	10,970	0.29	87.14
2007	11,605	11,605	0.29	92.03
2008	22,550	22,550	0.56	176.94
2009	23,170	23,170	0.53	180.53

* 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, 2009
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 23,960,000	100.00%	\$ 23,960,000
City debt:			
Cedar Falls	24,235,000	100.00	24,235,000
Dunkerton	995,000	100.00	995,000
Elk Run Heights	404,520	100.00	404,520
Evansdale	2,670,000	100.00	2,670,000
Gilbertville	1,140,000	100.00	1,140,000
Hudson	2,400,000	100.00	2,400,000
Janesville	131,000	20.02	26,226
Jesup	1,525,000	5.61	85,553
LaPorte City	3,110,000	100.00	3,110,000
Raymond	-	100.00	-
Waterloo	81,245,000	100.00	81,245,000
Subtotal, City debt			116,311,299
School district debt:			
Cedar Falls	-	100.00	-
Denver	1,655,000	20.71	342,751
Dike-New Hartford	4,755,000	5.52	262,476
Dunkerton	-	99.33	-
Gladbrook-Reinbeck	505,000	7.42	37,471
Hudson	1,540,000	100.00	1,540,000
Janesville	-	49.40	-
Jesup	3,870,000	28.56	1,105,272
Union (LaPorte City/Dysart)	-	40.80	-
Vinton-Shellsburg	13,490,000	0.04	5,396
Wapsie Valley	5,559,380	5.50	305,766
Waterloo	-	100.00	-
Waverly-Shellrock	5,605,000	0.11	6,166
Subtotal, school district debt			3,605,297
College, Hawkeye Community College	8,820,000	58.87	5,192,334
Total overlapping debt			125,108,930
Total direct and overlapping debt			\$ 149,068,930

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.

Black Hawk County, Iowa

Legal Debt Margin Information

As of June 30, 2009

(dollars in thousands)

(Unaudited)

	2000	2001	2002	2003
Debt limit	\$ 141,653	\$ 155,062	\$ 159,150	\$ 166,911
Total net debt applicable to limit	17,048	15,385	13,692	13,272
Legal debt margin	\$ 124,605	\$ 139,677	\$ 145,458	\$ 153,639
Total net debt applicable to the limit as a percentage of debt limit	13.68%	11.01%	9.41%	8.64%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 4,352,371,186
Debt limit (5% of assessed value)	<u>217,618,559</u>
Debt applicable to limit:	
General obligation bonds	23,170,000
General obligation capital loan notes	790,000
Capital lease	<u>58,474</u>
Total net applicable to limit	<u>24,018,474</u>
Legal debt margin	<u><u>\$ 193,600,085</u></u>

	2004		2005		2006		2007		2008		2009
\$	170,247	\$	183,854	\$	185,562	\$	183,249	\$	200,498	\$	217,618
	13,355		12,993		13,521		13,758		24,475		24,018
\$	156,892	\$	170,861	\$	172,041	\$	169,491	\$	176,023	\$	193,600
	8.51%		7.60%		7.86%		8.12%		13.90%		12.41%

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
1999	127,786	\$ 2,929,248	\$ 22,923	1,000	17,574	3.9
2000	128,012	3,117,883	24,375	1,000	17,337	2.9
2001	127,485	3,230,348	25,339	960	17,249	3.4
2002	126,481	3,398,054	26,866	940	17,354	4.0
2003	125,936	3,467,136	27,531	940	17,404	4.6
2004	125,707	3,752,691	29,853	940	17,437	5.0
2005	125,891	3,878,324	30,807	930	16,920	4.7
2006	126,106	4,014,054	31,528	930	16,431	4.2
2007	127,446	4,194,885	32,915	930	16,334	4.4
2008 *	128,347	4,426,052	34,485	940	17,042	4.5

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

² Source: Iowa Workforce Development website

³ Source: USDA National Agricultural Statistics Service

⁴ Source: School districts in Black Hawk County

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

* Personal Income and Per Capita Personal Income were calculated using the state average increase in personal income per capita of 4.77% 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	2000			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
John Deere	6,000	1	8.68%	5,300	1	7.25%
Covenant Medical Center	2,200	2	3.18	3,018	2	4.17
IBP Inc. (Tyson)	2,100	4	3.04	2,600	3	3.60
University of Northern Iowa	2,106	3	3.05	1,850	4	2.56
Allen Memorial Hospital	1,120	7	1.62	1,746	5	2.41
Waterloo Public Schools	1,300	5	1.88	1,439	6	1.99
Hy-Vee	1,106	8	1.60	1,121	7	1.55
Area 267 Education Agency	-	-	-	1,110	8	1.54
Bertch Cabinet Manufacturing Co.	1,200	6	1.74	1,025	9	1.42
Omega Cabinets	923	9	1.34	1,000	10	1.38
GMAC Mortgage	905	10	1.31	-	-	-
Hawkeye Community College	-	-	-	-	-	-
Wal-Mart Stores	-	-	-	-	-	-
APAC Teleservices	-	-	-	-	-	-
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	Fiscal Year			
	2000	2001	2002	2003
Public safety and legal services:				
Sheriff	138.00	138.00	138.00	137.00
Attorney	28.60	28.60	28.60	29.50
Consolidated comm ctr	27.00	27.80	26.00	25.50
District court administration**	1.00	1.00	1.00	1.00
Child support recovery*	12.50	12.50	12.50	12.50
Physical health and social services:				
Health department	106.22	111.56	101.90	92.08
Community services**	9.00	9.00	7.00	7.00
Human services admin	-	-	-	-
Youth shelter	18.00	13.00	12.50	11.40
Veteran affairs	4.03	4.03	4.03	4.03
Mental health:				
Country View	214.20	209.50	210.00	209.00
C.P.C.**	5.00	4.00	4.00	5.00
County environment and education,				
Conservation	30.31	29.28	30.35	29.34
Roads and transportation, engineer	44.80	44.70	45.60	45.60
Governmental services to residents:				
Treasurer	15.00	15.00	15.00	15.00
Recorder	12.00	12.00	13.00	12.00
Auditor: elections	3.40	3.40	3.40	3.40
Administration:				
Board office	7.15	7.15	7.20	7.20
Auditor	18.85	18.85	18.80	17.80
Treasurer	14.00	14.00	14.00	12.00
Human resources	4.40	4.40	4.40	4.40
Information technology	10.00	10.00	9.00	8.00
Maintenance	24.80	24.80	24.80	22.80
Civil service	1.00	1.00	1.00	1.00
Total	749.26	743.57	732.08	712.55

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					
2004	2005	2006	2007	2008	2009
137.00	133.90	133.00	134.00	132.00	132.00
28.50	28.50	28.90	28.10	28.90	28.80
26.00	26.00	26.00	26.00	26.00	26.00
1.00	1.00	1.00	-	-	-
12.50	11.50	8.50	-	-	-
93.15	95.25	88.23	89.93	90.43	88.22
6.00	2.50	2.50	11.00	9.00	9.00
-	-	-	-	-	-
10.90	10.00	9.80	11.50	8.80	10.50
4.03	4.03	4.03	4.03	4.03	4.03
191.00	190.00	189.50	190.50	190.50	171.00
5.00	5.50	5.50	-	-	-
25.57	25.56	25.54	28.14	28.84	27.26
43.40	43.40	43.40	43.40	43.40	43.80
13.00	13.00	13.00	12.50	12.50	12.50
11.00	11.00	11.00	11.00	11.00	10.00
3.40	3.40	3.40	3.40	3.40	3.40
7.00	7.00	8.00	8.00	7.50	7.50
16.60	16.60	13.00	13.00	11.00	11.00
11.00	11.00	10.10	10.60	10.60	10.60
4.20	4.20	4.00	4.00	4.00	4.00
8.00	8.00	7.00	7.00	7.00	7.00
21.80	8.00	7.00	6.00	6.00	6.00
1.00	1.00	1.00	1.00	1.00	1.00
681.05	660.34	643.67	643.10	635.90	613.61

Black Hawk County, Iowa

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

Function/Program	Fiscal Year			
	2000	2001	2002	2003
Public safety and legal services:				
Sheriff:				
# of civil papers served	16,733	18,858	16,497	16,959
# of arrests made	3,224	2,900	2,793	2,991
# of jail bookings	8,217	7,439	8,164	8,193
# of service calls	8,740	8,548	10,655	9,957
Attorney, # of felonies/aggravated fieldcases filed	1,591	1,578	1,557	1,894
Physical health and social services:				
Health Department:				
# of Success Street visits	4,348	5,111	3,263	3,376
# of environmental inspections	2,501	2,320	2,376	2,788
# of home care aide visits	34,106	31,784	31,510	28,042
# of home care aide clients	741	699	603	481
Community Services, # of people seen	3,563	3,822	4,744	4,643
Youth Shelter, # of kids per year	412	400	360	425
Veteran Affairs, # of new clients per year	237	222	216	239
Mental health:				
Country View, census per year	52,539	52,907	51,926	54,724
C.P.C., # of people seen	4,203	4,352	4,044	4,309
County environment and education conservation:				
Hartman Reserve visitors	55,000	55,000	55,000	55,000
Campers	28,403	24,431	28,331	29,594
Roads and transportation:				
Engineer:				
# of miles of road paved	12	-	8	7
# of bridges/culverts repaired/replaced	2	3	3	10
Governmental services to residents:				
Treasurer, titles issued	41,311	38,441	39,822	39,231
Recorder, documents recorded	27,533	28,417	34,790	39,874
Auditor: Elections:				
# of active voters	76,897	74,340	69,189	70,702
# of inactive voters	5,285	4,865	12,570	10,394
# of absentee ballots	10,836	996	12,356	1,841
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					
2004	2005	2006	2007	2008	2009
15,930	17,042	17,700	16,590	17,971	*
2,863	2,914	3,148	3,035	3,358	*
8,720	8,349	8,093	8,533	8,621	*
9,829	10,785	12,784	9,405	11,945	*
2,006	1,989	2,161	1,949	2,084	1,691
2,875	3,738	2,901	2,719	3,486	3,968
3,270	2,432	2,621	2,442	2,572	2,810
24,363	22,544	21,707	19,556	18,323	15,801
430	358	300	223	231	194
3,591	1,948	2,258	2,566	2,080	2,077
335	206	148	98	152	143
244	226	256	260	284	305
52,924	50,874	53,335	51,790	52,008	56,285
3,615	3,852	5,503	3,730	2,869	2,985
55,000	55,000	55,000	55,000	55,900	56,200
28,615	30,663	30,890	37,910	42,999	41,938
2	10	11	5	7	17
10	11	14	17	17	8
38,600	38,342	38,050	37,150	39,731	41,506
37,981	30,800	30,952	32,158	26,345	25,841
79,141	78,447	77,058	77,058	75,207	86,891
9,750	4,274	5,073	5,073	6,212	5,323
22,562	1,358	11,002	11,002	762	23,999
353,980	353,980	353,980	353,980	353,980	542,993

Black Hawk County, Iowa

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

Function/Program	Fiscal Year			
	2000	2001	2002	2003
Public safety and legal services:				
Sheriff				
# of patrol cars	18	18	18	18
Physical health and social services:				
Health Department				
# of vehicles	17	18	18	18
County environment and education:				
Conservation				
# of acres managed	7,539	7,539	8,053	8,055
Roads and transportation:				
Engineer:				
# of vehicles	69	69	70	70
# of buildings	13	13	14	14
Administration:				
Maintenance				
# of buildings maintained	4	4	4	4

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

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

Fiscal Year					
2004	2005	2006	2007	2008	2009
18	18	18	18	18	19
18	18	18	17	17	17
8,055	8,055	8,053	7,990	8,175	8,325
71	73	73	74	74	75
14	15	15	15	15	16
4	4	4	4	4	6

This Page Intentionally Left Blank

Black Hawk County, Iowa

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Direct:			
U.S. Department of Justice:			
Project Safe Neighborhoods	16.609	07PSNAG-ND11	\$ 18,423
Project Safe Neighborhoods	16.609	07-ND11	24,476
Bulletproof Vest Partnership Program	16.607	2006-BO-BX-6133333	833
COPS - Methamphetamine Initiative	16.710	2007CKWX0254	2,312
U.S. Department of Housing and Urban Development:			
Lead Hazard Reduction Grant	14.905	IALHD0357-07	15,805
Total direct funding			61,849
Indirect:			
Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Grant	90.401	06-HAVA-07-100	3,391
Help America Vote Act Grant (Noncash)	39.011	06-HAVA-07-100	485,125
			488,516
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553	67958601	3,712
National School Lunch Program	10.555	67958601	4,949
			8,661
Iowa Department of Public Health:			
Iowa Nutrition Network BASICS	10.561	5889NU58	15,436
Iowa Department of Human Services:			
Human Services Administrative Reimbursements, State Administrative Matching Grants for Food Stamp Program	10.561	N/A	72,474
U.S. Department of Justice:			
Iowa Department of Justice:			
State Criminal Alien Assistance Program	16.606	2008-AP-BX-1509	17,870
Federal Victims of Crime Act	16.575	VA-09-60A	24,470
Federal Violence Against Women Act	16.588	VW-09-60A	21,950
			64,290
Iowa Department of Justice - Passed partially through City of Waterloo:			
Governor's Office of Drug Control Policy	16.738	08JAG/C06-A29	114,366
Iowa Criminal & Juvenile Justice Planning Agency:			
EUDL Block Grant	16.727	JJYD-F09-01	450
Drug Enforcement Agency:			
Organized Crime Drug Enforcement Task Force	16.XXX	OCDETF Case # WC-IAN-0088	2,737
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.604	PAP 08-157 Task 16	630
State and Community Highway Safety	20.604	PAP 09-410 Task 04	7,704
			8,334

(Continued)

Black Hawk County, Iowa

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Transportation: (continued)			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HISP-C007 (100)--6C-07	199,577
Highway Planning and Construction	20.205	BROS-CO07(103)--5F-07	158,872
Highway Planning and Construction	20.205	BROS-CO07(104)--60-07	189,572
			548,021
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Preparedness & Response for Bioterrorism Region 6	93.889	5888EM106	3,000
Public Health Preparedness & Response for Bioterrorism Region 6	93.069	5888BT06 (0707)	143,372
Public Health Preparedness & Response for Bioterrorism Region 6	93.069	5889BT06	563,123
Public Health Preparedness & Response for Bioterrorism Region 6	93.889	5889BT06	35,007
Public Health Preparedness & Response for Bioterrorism Region 6	93.069	5888BT12	166,288
Public Health Preparedness & Response for Bioterrorism Region 6	93.889	5888BT12	10,327
Hospital Preparedness Program	93.889	5888BHP12	67,985
Hospital Preparedness Program	93.069	5888BHP12	72,003
Hospital Preparedness Program	93.889	5888BHP06	178,310
Hospital Preparedness Program	93.889	5889BHP06	363,943
Hospital Preparedness Program	93.069	5889BHP06	10,000
			1,613,358
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2008-TB24	5,378
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2009-TB05	6,225
			11,603
Childhood Lead Poisoning Prevention Program - State and Blood Levels in Children	93.197	5889LP01	49,506
Immunization Grants	93.268	5888I406	13,188
Immunization Grants	93.268	5889I406	10,925
			24,113
HIV Prevention Activities - Health Department Based	93.940	5888AP03	3,155
HIV Prevention Activities - Health Department Based	93.991	5888AP03	3,074
HIV Prevention Activities - Health Department Based	93.940	5889AP03	4,771
HIV Prevention Activities - Health Department Based	93.991	5889AP03	4,649
			15,649
Black Hawk Breast & Cervical Cancer Early Detection Care for Yourself / WISEWOMAN Cardiovascular Study	93.283	5889NB02	57,645
Iowa healthy Communities	93.283	5889WW02	14,615
	93.283	5889OB03	38,567
			110,827

(Continued)

Black Hawk County, Iowa

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services: (continued)			
Iowa Department of Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	5888MH03	43,335
Maternal and Child Health Services Block Grant to the States	93.994	5889MH03	45,088
School-based Dental Sealant	93.994	5889DH05	12,000
			100,423
Iowa Department of Elder Affairs - Lead Organization:			
Iowa Department of Elder Affairs - State Health Department:			
Linking Older Iowans to Healthier Communities (Iowa Healthy Links)	93.048	HHS-2007-AOA-BP-0719	19,065
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	N/A	67,441
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	18,933
Foster Care - Title IV-E	93.658	N/A	40,285
Adoption Assistance - Title IV-E	93.659	N/A	9,724
Title XIX and De-linking Medical Assistance Program	93.778	N/A	88,475
Expansion Title XXI	93.767	N/A	555
Refugee and Entrant Assistance	93.566	N/A	131
			225,544
Social Services Block Grant - DHS	93.667	N/A	44,203
Social Services Block Grant - CPC	93.667	N/A	769,709
			813,912
U.S. Environmental Protection Agency:			
City of Waterloo:			
Environmental Protection Agency Grant	66.716	X8-98784201-0	24,238
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Jumpstart Small Business Assistance Program	14.228	09-JMPST-08	2,413,845
Jumpstart Residential	14.228	08-DRH-001	17,922
			2,431,767
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	FY09 EMPG	36,584
Emergency Management Performance Grants	97.042	FY08 EMPG	7,898
Homeland Security Grant Program	97.067	2007-GE-T7-0032-006a	92,453
FEMA	97.036	FEMA 1688 DR IA	31,547
FEMA	97.036	FEMA 1763 DR IA	1,142,612
			1,311,094
Total indirect			8,074,384
Total expenditures of federal awards			\$ 8,136,233

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, 2009. 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. Noncash Assistance

As reported on the schedule of expenditures of federal awards, Black Hawk County, Iowa received noncash awards in the form of voting equipment totaling \$485,125.

Note 4. 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	18,759
Hospital Preparedness Program	93.889	627,528
Public Health Preparedness Program	93.069	786,354
Jumpstart (CDBG)	14.228	2,431,767

Black Hawk County, Iowa

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009**

	Finding	Status	Corrective Action Plan or Other Explanation
Findings Related to the Financial Statements:			
Significant Deficiencies in Internal Control:			
08-II-A	Inadequate segregation of duties in cash disbursement process as it relates to purchasing, receiving and approval of invoices.	Corrected	
08-II-B	Lack of segregation of duties in payroll.	Not corrected	Significant deficiency at 09-II-A
Findings Related to Federal Awards:			
Significant Deficiencies in Internal Control:			
08-III-A	Inadequate system in place to ensure compliance with the procurement, suspension and debarment compliance requirements in the Emergency Management Department.	Corrected	
08-III-B	Inadequate system to monitor subrecipients in the Emergency Management Department.	Corrected	
Instances of Noncompliance:			
08-III-C	The Health Department at the County did not ensure that subrecipients expending \$500,000 or more in federal awards during the current year met the requirements of OMB Circular A-133.	Corrected	
Other Findings Related to Required Statutory Reporting:			
08-IV-A	Expenditures during the year exceeded the amount budgeted in the debt service function.	Not corrected	Finding repeated at 09-IV-A

This Page Intentionally Left Blank

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, 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, 2009, and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 discussed 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 generally accepted accounting principles 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 deficiency described in the accompanying schedule of findings and questioned costs as item 09-II-A to be a significant deficiency 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 prevented 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not 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 instance 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, 2009 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 7, 2009.

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'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 those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
December 7, 2009

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, 2009. Black Hawk County, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Black Hawk County, Iowa's management. Our responsibility is to express an opinion on Black Hawk County, Iowa's compliance based on our audit.

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

In our opinion, Black Hawk County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Black Hawk County, Iowa is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose 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 Black Hawk County, Iowa'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 09-III-A and 09-III-D to be significant deficiencies.

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

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

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

McGladrey & Pullen, LLP

Davenport, Iowa
December 7, 2009

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2009**

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
14.228	Jumpstart Residential
14.228	Jumpstart (Small Business Assistance Program)
39.011	Help America Vote Act
97.036	FEMA

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, 2009

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

09-II-A

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

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

Context: Pervasive to payroll disbursements.

Effect: Misappropriation of assets could occur.

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

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

B. Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

09-III-A

U.S. Department of Housing and Urban Development
Iowa Department of Economic Development
Jumpstart (Small Business Assistance Program) (CFDA 14.228)
Jumpstart Residential (14.228)
Federal Award Year: 2008/2009

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

(Continued)

Black Hawk County, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

Criteria: As stated in OMB Circular No. A-133, the County as a pass-through entity, is responsible for award identification, 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.

Condition: The County has an agreement with a subrecipient that facilitates the grant. The County does not monitor the expenditures of the program.

Context: The expenditures associated with the Jumpstart 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, review of expenditure reimbursement requests 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.

09-III-B

U.S. Department of Housing and Urban Development
Iowa Department of Economic Development
Jumpstart (Small Business Assistance Program) (CFDA 14.228)
Jumpstart Residential (14.228)
Federal Award Year: 2008/2009

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

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

Condition: The County has made subawards of federal funding and does not have a system in place to verify the subrecipient is not suspended or debarred.

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009**

Context: The expenditures associated with the Jumpstart Program that meet the criteria of covered transactions.

Effect: Noncompliance with federal grant compliance requirements.

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

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

09-III-C

**U.S. Department of Housing and Urban Development
Iowa Department of Economic Development
Jumpstart (Small Business Assistance Program) (CFDA 14.228)
Jumpstart Residential (14.228)
Federal Award Year: 2008/2009**

**U.S. Department of Homeland Security
Iowa Department of Public Defense
FEMA (CFDA 97.036)
Federal Award Year: 2008/2009**

Finding: The County does not have a system in place to report all federal grant information specifically related to the Jumpstart and FEMA programs of the schedule of expenditures of federal awards.

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.

Context: Pervasive to the Jumpstart and FEMA federal grant programs.

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

Recommendation: We recommend the County track all federal grants in a manageable system. The system should include procedures to properly account for grant receivables, grant revenues and grant deferrals.

Response and Corrective Action Plan: The County will implement procedures to properly track all federal grants and to account for grant receivables, revenues and deferrals.

(Continued)

Black Hawk County, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009**

09-III-D

**U.S. Department of Homeland Security
Iowa Department of Public Defense
FEMA (CFDA 97.036)
Federal Award Year: 2008/2009**

Finding: The County (excluding the Engineering department) does not have a system in place to ensure they are in compliance with the Suspension and Debarment compliance requirement.

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

Condition: The County (excluding the Engineering department) has contracted with providers of goods and services in excess of \$25,000 and does not have a system in place to verify the provider is not suspended or debarred.

Context: The expenditures associated with the FEMA Program that meet the criteria of covered transactions.

Effect: Noncompliance with federal grant compliance requirements.

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.

B. Instances of Noncompliance

None

IV. Other Findings Related to Required Statutory Reporting

09-IV-A Certified Budget

Finding: Expenditures during the year ended June 30, 2009 exceeded the amount budgeted in the debt service function.

Recommendations: 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 2009 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: Response accepted

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009**

09-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.

09-IV-C Travel Expense

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

09-IV-D Business Transactions

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

09-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.

09-IV-F Board Minutes

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

09-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.

09-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).

09-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.

09-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
June 30, 2009**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Findings Related to Financial Statements:				
Significant Deficiencies in Internal Control:				
09-II-A	Lack of segregation of duties in payroll.	See response and corrective action plan at 09-II-A.	June 30, 2010	Helen Steffen, Payroll and Real Estate Tax Manager
Findings Related to Federal Awards:				
Significant Deficiencies in Internal Control:				
09-III-A	Inadequate system to monitor subrecipients for JumpStart program.	See response and corrective action plan at 09-III-A.	June 30, 2010	James W. Bronner, Finance Director
09-III-B	Inadequate system in place to ensure compliance with the procurement, suspension and debarment compliance requirements for JumpStart program.	See response and corrective action plan at 09-III-B.	June 30, 2010	James W. Bronner, Finance Director
09-III-C	The County does not have a system in place to capture all federal grant information specifically related to the Jumpstart and FEMA program.	See response and corrective action plan at 09-III-C.	June 30, 2010	James W. Bronner, Finance Director
09-III-D	The County does not have a system in place to ensure compliance with suspension and debarment compliance requirements for the FEMA program.	See response and corrective action plan at 09-III-D.	June 30, 2010	James W. Bronner, Finance Director
Other Findings Related to Required Statutory Reporting:				
09-IV-A	Expenditures in the debt service fund exceeded budget.	See response and corrective action plan at 09-IV-A.	June 30, 2010	James W. Bronner, Finance Director

This Page Intentionally Left Blank

McGladrey & Pullen

Certified Public Accountants

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

In connection with our audit of the financial statements of Black Hawk County, Iowa (the County) for the year ended June 30, 2009, we identified deficiencies in internal control over financial reporting (control 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 and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We have separately communicated to you and the Board of Supervisors, identified deficiencies that we determined to be significant deficiencies or material weaknesses.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Cash Accounts

Country View receives payments through walk-ins and the mail. The staff person at the front desk is responsible for receiving all payments and opening the mail. While the individual is recording the receipts, she is not endorsing the checks; rather, the accounts receivable staff person is endorsing the checks. We recommend the staff person at the front desk endorse the checks as they are received. We further recommend a supervisor check the receipts recorded at the front desk against the receipts that were deposited into the bank account.

As part of the payroll disbursement process, a check is cut for payroll taxes due to the state. This check is given to the Treasurer's Office to deposit, then on a later date the monies are sent to the state via an electronic transfer to pay for the liability. During the lag time of the Treasurer's Office receiving the check from the payroll department to the payment to the State, the check is held in the cash account but no related transaction is recorded for this receipt of monies along with the related liability to the State. We recommend the County either record this transaction in the general ledger as cash and payable upon receipt in the Treasurer's Office or change the payroll system to record the electronic transfer on the date of the actual payment to the State.

Lease Receivable

The County does not have an agreement in place for a lease receivable with the E911 Service Board. The County issued general obligation bonds to purchase equipment for the E911 Service Board. In return, the E911 Service Board will pay the County lease payments for the equipment purchased on their behalf. We recommend the County enter into a formal agreement with the E911 Service Board to document the terms of the agreement.

Purchasing

The purchasing of capital expenditure items are being handled by the Purchasing Asset Management Specialist, including any required bidding and quotations. While the capital expenditure items are being handled by a centralized individual the remaining expenditures are still handled at the department level. This allows the departments to select the vendor, order, receive and approve the goods and services. In addition, the County does not maintain a master vendor listing to limit the vendors allowed to be used for purchases, nor is anyone reviewing the 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. We recommend the County consider centralizing the non capital expenditure purchasing to a department or individual to perform the ordering function of the purchasing process; this would include authorizing new vendors to the system.

GAAP Recording

The County recorded expenditures for the Project Safe Neighborhoods program by debiting a revenue account. This type of transaction is not in accordance to Accounting Principles Generally Accepted in the United States of America (GAAP). We recommend the County record the revenue and expenditures appropriately to follow GAAP.

This communication is intended solely for the information and use of the Board of Supervisors and management and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
December 7, 2009