



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 23, 2005

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on Black Hawk County, Iowa.

The County had local tax revenue of \$136,441,072 for the year ended June 30, 2004, which included \$5,803,577 in tax credits from the state. The County forwarded \$111,044,021 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$25,397,051 of the local tax revenue to finance County operations, a 1.1 percent increase over the prior year. Other revenues included charges for service of \$14,700,445, operating grants, contributions and restricted interest of \$15,022,972, capital grants, contributions and restricted interest of \$1,889,661, unrestricted investment earnings of \$473,407, local option sales tax of \$2,333,081 and other general revenues of \$541,842.

Expenses for County operations totaled \$59,658,372, a 3.7 percent increase over the prior year. Expenses included \$19,056,283 for mental health, \$15,086,366 for public safety and legal services and \$9,612,529 for physical health and social services.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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BLACK HAWK COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004

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Black Hawk County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Barbara Leestamper	Board of Supervisors	Jan 2005
Brian S. Quirk	Board of Supervisors	Jan 2005
Maggie Stewart	Board of Supervisors	Jan 2005
Leon V. Mosley	Board of Supervisors	Jan 2007
Robert L. Smith, Jr.	Board of Supervisors	Jan 2007
Grant Veeder	County Auditor	Jan 2005
Barbara Freet	County Treasurer	Jan 2007
Patricia S. Sass	County Recorder	Jan 2007
Michael Kubik	County Sheriff	Jan 2005
Thomas Ferguson	County Attorney	Jan 2007
Vicki S. Atkins	County Assessor	Jan 2010

Black Hawk County



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Independent Auditor's Report

To the Officials of Black Hawk County:

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, 2004, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Black Hawk County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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 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 at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated February 18, 2005 on our consideration of Black Hawk County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 15 and 50 through 52 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Black Hawk County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2003 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 18, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Black Hawk County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2004 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental and business type activities decreased .03%, or approximately \$16,000, from FY2003 to FY2004. Property tax increased approximately \$821,000, operating grants, contributions and restricted interest increased approximately \$1,241,000 and capital grants, contributions and restricted interest decreased approximately \$1,474,000.
- Program expenses increased 3.7%, or approximately \$2,129,000, from FY2003 to FY2004. County environment and education expense increased approximately \$1,123,000.
- The County's net assets increased 1.49%, or approximately \$700,000, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Black Hawk County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Black Hawk County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Black Hawk County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities. Business type activities charge fees to external customers and function similar to private businesses.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary Funds are divided into two types. One type, the Enterprise Funds, is the same as the County's business type activities but provides more detail and additional information, such as cash flows. Black Hawk County's Enterprise Funds are Rural Sewer and Rural Water. The other type, the Internal Service Funds, is used to report activities that provide supplies and services for the County's other programs and activities. Black Hawk County's Internal Service Funds are Health Insurance, Self Insurance, Office Equipment and Central Purchasing.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Black Hawk County's combined net assets were virtually unchanged from a year ago, increasing from \$47 million to \$47.7 million. The analysis that follows focuses on the changes in the net assets.

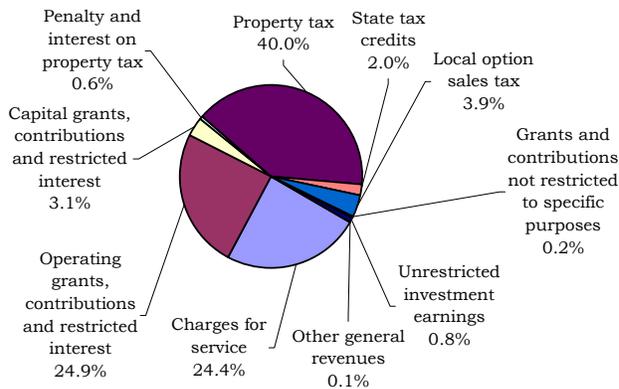
	Net Assets of Governmental and Business Type Activities					
	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 45,157,108	44,610,343	454,292	472,061	45,611,400	45,082,404
Capital assets	45,348,458	43,373,621	4,379,980	4,575,448	49,728,438	47,949,069
Total assets	90,505,566	87,983,964	4,834,272	5,047,509	95,339,838	93,031,473
Long-term liabilities	16,110,980	15,956,493	1,796,094	1,861,079	17,907,074	17,817,572
Other liabilities	29,716,227	28,061,849	12,548	148,150	29,728,775	28,209,999
Total liabilities	45,827,207	44,018,342	1,808,642	2,009,229	47,635,849	46,027,571
Net assets:						
Invested in capital assets, net of related debt	35,228,458	32,483,621	2,583,887	2,714,369	37,812,345	35,197,990
Restricted	9,612,277	12,221,319	-	-	9,612,277	12,221,319
Unrestricted	(162,376)	(739,318)	441,743	323,911	279,367	(415,407)
Total net assets	\$ 44,678,359	43,965,622	3,025,630	3,038,280	47,703,989	47,003,902

Net assets of Black Hawk County's governmental and business type activities increased by approximately \$700,000 (\$47 million compared to \$47.7 million). The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—is \$279,367. The governmental activities deficit results from debt issued to acquire capital assets below the capitalization threshold for capital assets as well as from debt for which the related offsetting assets are not the County's and, therefore, are not included in the Statement of Net Assets. Unrestricted net assets increased approximately \$700,000 from FY2003 to FY2004.

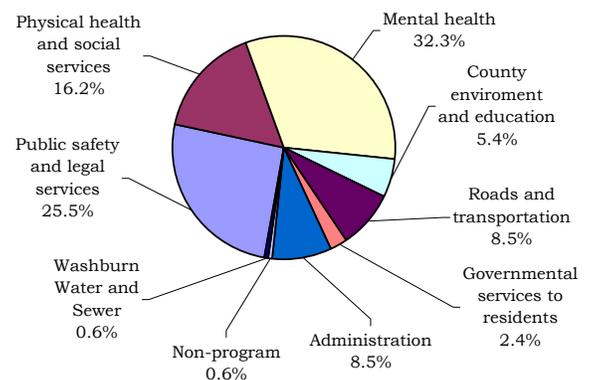
This increase of approximately \$700,000 in unrestricted net assets was a result of decreased expenditures of bond proceeds. The County increased its investment in roadway equipment and road construction by approximately \$168,000 over the prior year.

	Changes in Net Assets of Governmental and Business Type Activities					
	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for service	\$ 14,440,083	14,424,699	260,362	277,413	14,700,445	14,702,112
Operating grants, contributions and restricted interest	15,022,972	13,781,743	-	-	15,022,972	13,781,743
Capital grants, contributions and restricted interest	1,889,661	3,363,223	-	-	1,889,661	3,363,223
General revenues:						
Property tax	24,184,410	23,363,148	-	-	24,184,410	23,363,148
Penalty and interest on property tax	352,613	426,355	-	-	352,613	426,355
State tax credits	1,212,641	1,755,456	-	-	1,212,641	1,755,456
Local option sales tax	2,333,081	2,177,355	-	-	2,333,081	2,177,355
Grants and contributions not restricted to specific purposes	38,850	-	95,000	-	133,850	-
Unrestricted investment earnings	467,567	714,133	5,840	3,872	473,407	718,005
Other general revenues	55,379	83,334	-	3,775	55,379	87,109
Total revenues	59,997,257	60,089,446	361,202	285,060	60,358,459	60,374,506
Program expenses:						
Public safety and legal services	15,086,366	14,701,804	-	-	15,086,366	14,701,804
Physical health and social services	9,612,529	9,815,672	-	-	9,612,529	9,815,672
Mental health	19,056,283	18,136,480	-	-	19,056,283	18,136,480
County environment and education	3,236,159	2,113,189	-	-	3,236,159	2,113,189
Roads and transportation	5,006,474	4,838,006	-	-	5,006,474	4,838,006
Governmental services to residents	1,402,273	1,487,293	-	-	1,402,273	1,487,293
Administration	5,033,561	5,210,707	-	-	5,033,561	5,210,707
Non-program	343,994	285,192	-	-	343,994	285,192
Interest on long-term debt	506,881	608,305	-	-	506,881	608,305
Washburn Water and Sewer	-	-	373,852	332,356	373,852	332,356
Total expenses	59,284,520	57,196,648	373,852	332,356	59,658,372	57,529,004
Increase (decrease) in net assets	712,737	2,892,798	(12,650)	(47,296)	700,087	2,845,502
Net assets beginning of year	43,965,622	41,072,824	3,038,280	3,085,576	47,003,902	44,158,400
Net assets end of year	\$ 44,678,359	43,965,622	3,025,630	3,038,280	47,703,989	47,003,902

Revenues by Source



Expenses by Function



Black Hawk County's net assets of governmental and business type activities increased by approximately \$700,000 during the year. Revenues for governmental and business type activities decreased by approximately \$16,000 from the prior year, with property tax revenue increasing from the prior year by approximately \$821,000, or 3.5%, and capital grants, contributions and restricted interest decreasing approximately \$1,474,000, or 43.8%, from the prior year.

The County increased property tax rates by \$.12724 per \$1,000 of property valuation in the county-wide levy. The County had no Rural Services Fund tax levy in FY04. The rural assessed property taxable valuation of \$564,374,153 was an increase of \$6,331,151. The county-wide assessed property taxable valuation increased by \$45,640,074 to \$3,258,281,064. Local option sales tax revenue increased from \$2,177,355 to \$2,333,081 in FY04.

The cost of all governmental and business type activities this year was \$59.7 million compared to \$57.5 million last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was only \$28 million because some of the cost was paid by those directly benefited from the programs (\$14.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$16.9 million). Overall, the County's governmental and business type program revenues, including intergovernmental aid and fees for service, decreased in 2004 from approximately \$31.8 million to \$31.6 million. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$26.5 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Black Hawk County completed the year, its governmental funds reported a combined fund balance of \$12.5 million, a decrease of approximately \$1.5 million from last year's total of \$14 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance showed a modest decrease of \$103,274 from the prior year to \$4,262,756.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$18,883,000, an increase of 3.7% from the prior year. The Mental Health Fund balance at year end decreased by approximately \$408,000 from the prior year.
- Rural Services Fund expenditures increased by approximately \$34,000 over the prior year, due principally to increased salaries/benefits for patrol services. This increase in expenditures resulted in a decrease in the Rural Services Fund ending balance of approximately \$64,000, or 41%.
- Secondary Roads Fund expenditures increased by approximately \$293,000 over the prior year, due principally to cumulative effects of road and bridge projects. This increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$155,000, or 4.2%.
- Debt Service Fund expenditures decreased by approximately \$1,091,000 from the prior year, due principally to the refunding of the 1995 Issue for the Voting Equipment /Chiller/Juvenile Detention Center in FY03. Also, general obligation capital loan notes were not issued as in fiscal 2003, resulting in a decrease of financing sources of approximately \$1,225,000. These changes resulted in a decrease in the Debt Service Fund ending balance of approximately \$103,000, or 13%.
- Capital Projects Fund expenditures increased by approximately \$2,235,000 over the prior year, due principally to financing for a donation to the National Cattle Congress, intersection improvement and roof repairs at the Courthouse and Pinecrest. This increase in expenditures resulted in a decrease in the Capital Projects Fund ending balance of approximately \$768,000, or 44.4%.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Rural Sewer Fund ending balance showed a modest increase of \$27,240 over the prior year to \$2,038,329. There were no significant changes in revenues and expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Black Hawk County amended its budget two times.

The first amendment was made on January, 27, 2004 and increased revenues \$827,708, primarily due to debt proceeds of \$695,000 for refinancing and purchasing new equipment for E911.

Expenditures increased \$4,250,441, which included:

- Approximately \$2,500,000 in capital projects for secondary road improvements.
- Approximately \$850,000 in debt service for the refinancing and purchasing equipment for E911.
- Approximately \$260,000 in public safety and legal services, including \$150,000 to incorporate the commissary funds into the General Fund and \$103,000 in equipment.
- Approximately \$255,000 in administration, with \$110,000 for the County to administer grant funds awarded to provide employment-related services to refugees, \$58,000 for management information services to purchase equipment and \$70,000 for union contract negotiations.

The second amendment was made on May 25, 2004 and increased revenues \$1,208,000, primarily due to:

- Debt proceeds of \$500,000 for fiscal year 2005 capital projects.
- Intergovernmental revenues increased \$583,000 due to a Homeland Security Federal Overtime Grant of \$154,000 and an increase of \$325,000 for Allowable Growth and other State Funding.
- Charges for service increased by \$145,000.

Expenditures increased \$1,676,356, which included:

- \$670,000 in mental health expenditures for placement services and mental health services in the Black Hawk County Jail.
- \$540,605 in capital projects associated with the National Cattle Congress project and the anticipated early start of some FY05 projects.
- \$197,621 in physical health and social services for increased expenditures for substance abuse, the youth shelter, veteran affairs and Toledo Juvenile Home.

Even with these amendments, the County exceeded the budgeted amount in the mental health function for the year ended June 30, 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, Black Hawk County had approximately \$45.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2 million, or 4.6%, over last year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2004	2003
Land	\$ 3,132,378	2,881,032
Construction in progress	1,473,939	3,302,180
Buildings and improvements	16,650,889	16,992,228
Equipment and vehicles	2,282,749	2,572,581
Infrastructure, road network	21,808,503	17,625,600
Total	<u>\$ 45,348,458</u>	<u>43,373,621</u>
This year's major additions included:		
Road and bridge project		\$ 3,142,332
Courthouse and Pinecrest roof project		252,749
Right of way		251,346
Shower building		108,460
Sterling LT9511 dump truck		97,056
Total		<u>\$ 3,851,943</u>

The County had depreciation expense of \$2,147,457 in FY04 and total accumulated depreciation of \$25,824,566 at June 30, 2004.

The County's fiscal year 2004 capital budget included \$5,711,768 for capital projects, principally for updates to county buildings and parks, Secondary Roads projects, financing for a donation to the National Cattle Congress and purchasing E911 equipment through a lease purchase agreement with the E911 Board. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2004, Black Hawk County had \$13,555,000 in general obligation bonds and other debt outstanding for its governmental activities compared to \$13,271,881 at June 30, 2003, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2004	2003
General obligation bonds	\$ 11,505,000	10,430,000
General obligation capital loan notes	1,850,000	1,990,000
Capital lease purchase agreement	-	851,881
Total	<u>\$ 13,355,000</u>	<u>13,271,881</u>

General obligation bonds were issued for the National Cattle Congress and other capital projects.

Outstanding Debt of Business Type Activities at Year-End		
	June 30,	
	2004	2003
General obligation bonds	\$ 732,191	-
General obligation capital loan notes	1,063,903	1,861,079
Total	<u>\$ 1,796,094</u>	<u>1,861,079</u>

The County continues to carry a general obligation bond rating of A1 assigned by Moody's Investors Service, a national rating agency, to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Black Hawk County's outstanding general obligation debt is significantly below its constitutional debt limit of \$249 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Black Hawk County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and fees charged for various County activities. County officials are sensitive to economic factors such as the unemployment rate, which grew from 4.8% in January of 2004 to 5.4% in January of 2005. This compares with the statewide rates of 4.6% in January 2004 and 5.1% in January 2005.

In an ongoing effort to maintain County services with minimal increases in tax levies, the Black Hawk County Board of Supervisors has sought efficiencies, including the outsourcing of duties, and reduced fund balances. From FY97 through FY04, the year-end General Fund balance has fallen from \$10,028,578, or 40% of expenditures, to \$4,262,756, or 14% of expenditures. For fiscal year 2005, amounts available for appropriation in the operating budget are \$61 million, an increase of .4% from the original 2004 budget. Budgeted expenditures are expected to rise by approximately \$270,000. Increased wages due to cost-of-living adjustments represent a significant portion of the increase. The County has added no major new programs or initiatives to the 2005 budget. If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2005.

In comparing FY05 data for all counties, it is seen that Black Hawk County's levy rates are relatively high. However, this is partly a result of a relatively low valuation. While Black Hawk County is fourth in the state in population and fifth in overall taxable valuation, it is 90th in per capita valuation. The County's economy in spending is demonstrated by the fact it is 91st among the 99 counties in per capita tax askings, 8th among the ten most populous counties.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Black Hawk County'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 Auditor, Grant Veeder, by mail at 316 E. 5th Street, Waterloo, IA 50703, by telephone at (319) 833-3002, fax (319) 833-3119 or by email at auditor@co.black-hawk.ia.us.

Black Hawk Cousnty

Black Hawk County
Statement of Net Assets
June 30, 2004

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 14,080,074	412,938	14,493,012
Friends of Hartman Reserve	297,415	-	297,415
Receivables:			
Property tax:			
Delinquent	154,002	-	154,002
Succeeding year	25,112,000	-	25,112,000
Interest and penalty on property tax	773,996	-	773,996
Accounts	526,256	41,215	567,471
Accrued interest	75,301	139	75,440
Note	394,367	-	394,367
E911 lease	905,166	-	905,166
Due from other governments	2,460,329	-	2,460,329
Inventories	261,918	-	261,918
Prepaid insurance	116,284	-	116,284
Capital assets (net of accumulated depreciation)	45,348,458	4,379,980	49,728,438
Total assets	90,505,566	4,834,272	95,339,838
Liabilities			
Accounts payable	1,992,445	5,971	1,998,416
Accrued interest payable	57,926	6,577	64,503
Salaries and benefits payable	772,323	-	772,323
Due to other governments	1,775,791	-	1,775,791
Deferred revenue:			
Succeeding year property tax	25,112,000	-	25,112,000
Other	5,742	-	5,742
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds	1,555,000	85,000	1,640,000
General obligation capital loan notes	590,000	50,000	640,000
Compensated absences	1,289,015	-	1,289,015
Portion due or payable after one year:			
General obligation bonds	9,950,000	647,191	10,597,191
General obligation capital loan notes	1,260,000	1,013,903	2,273,903
Compensated absences	1,466,965	-	1,466,965
Total liabilities	45,827,207	1,808,642	47,635,849
Net Assets			
Invested in capital assets, net of related debt	35,228,458	2,583,887	37,812,345
Restricted for:			
Supplemental levy purposes	1,609,218	-	1,609,218
Mental health purposes	1,960,352	-	1,960,352
Secondary roads purposes	3,446,243	-	3,446,243
Debt service	1,033,048	-	1,033,048
Capital projects	963,285	-	963,285
Other purposes	600,131	-	600,131
Unrestricted	(162,376)	441,743	279,367
Total net assets	\$ 44,678,359	3,025,630	47,703,989

See notes to financial statements.

Black Hawk County

Statement of Activities

Year ended June 30, 2004

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 15,086,366	1,280,802	2,245,257	-
Physical health and social services	9,612,529	3,420,811	2,327,622	-
Mental health	19,056,283	6,324,842	6,361,579	-
County environment and education	3,236,159	550,967	275,259	-
Roads and transportation	5,006,474	201,955	3,035,632	1,601,396
Governmental services to residents	1,402,273	1,915,475	21,911	-
Administration	5,033,561	404,315	737,493	385
Non-program	343,994	340,916	-	-
Interest on long-term debt	506,881	-	18,219	287,880
Total governmental activities	59,284,520	14,440,083	15,022,972	1,889,661
Business type activities:				
Rural sewer	229,922	161,924	-	-
Other	143,930	98,438	-	-
Total business type activities	373,852	260,362	-	-
Total	\$ 59,658,372	14,700,445	15,022,972	1,889,661
General Revenues:				
Property and other county tax levied for:				
General purposes				
Debt service				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Grants and contributions not restricted to specific purpose				
Unrestricted investment earnings				
Gain on disposal of capital assets				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(11,560,307)	-	(11,560,307)
(3,864,096)	-	(3,864,096)
(6,369,862)	-	(6,369,862)
(2,409,933)	-	(2,409,933)
(167,491)	-	(167,491)
535,113	-	535,113
(3,891,368)	-	(3,891,368)
(3,078)	-	(3,078)
(200,782)	-	(200,782)
(27,931,804)	-	(27,931,804)
-	(67,998)	(67,998)
-	(45,492)	(45,492)
-	(113,490)	(113,490)
(27,931,804)	(113,490)	(28,045,294)
22,250,196	-	22,250,196
1,934,214	-	1,934,214
352,613	-	352,613
1,212,641	-	1,212,641
2,333,081	-	2,333,081
38,850	95,000	133,850
467,567	5,840	473,407
16,443	-	16,443
38,936	-	38,936
28,644,541	100,840	28,745,381
712,737	(12,650)	700,087
43,965,622	3,038,280	47,003,902
\$ 44,678,359	3,025,630	47,703,989

Black Hawk County

Balance Sheet
Governmental Funds

June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	\$ 4,251,767	3,844,731	4,646	2,953,710
Friends of Hartman Reserve	-	-	-	-
Receivables:				
Property tax:				
Delinquent	106,904	35,264	-	-
Succeeding year	17,383,000	5,511,000	170,000	-
Interest and penalty on property tax	773,996	-	-	-
Accounts	225,610	44,506	7,401	5,564
Accrued interest	74,201	-	-	-
Note	-	-	-	-
E911 lease	905,166	-	-	-
Due from other funds	213,713	38,978	-	250,000
Due from other governments	1,070,770	654,901	365,164	368,474
Inventories	-	-	-	261,918
Advances to other funds	34,481	-	-	419
Prepaid insurance	4,944	111,340	-	-
Total assets	\$ 25,044,552	10,240,720	547,211	3,840,085
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 519,088	412,510	-	104,925
Salaries and benefits payable	499,457	185,763	29,087	58,016
Due to other funds	38,978	207,209	250,719	2,595
Due to other governments	201,878	1,562,304	5,562	5,274
Deferred revenue:				
Succeeding year property tax	17,383,000	5,511,000	170,000	-
Other	2,139,395	43,908	-	129,835
Advance from other funds	-	-	-	-
Total liabilities	20,781,796	7,922,694	455,368	300,645
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,475,833	-	-	-
Debt service	-	-	-	-
Advances from other funds	34,481	-	-	419
Unreserved:				
Designated for tax stabilization and termination benefit payments	918,057	-	-	-
Undesignated, reported in:				
General fund	1,834,385	-	-	-
Special revenue funds	-	2,318,026	91,843	3,539,021
Capital projects fund	-	-	-	-
Total fund balances	4,262,756	2,318,026	91,843	3,539,440
Total liabilities and fund balances	\$ 25,044,552	10,240,720	547,211	3,840,085

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
685,440	1,156,879	335,841	13,233,014
-	-	297,415	297,415
11,834	-	-	154,002
2,048,000	-	-	25,112,000
-	-	-	773,996
-	95,459	18,514	397,054
813	-	68	75,082
394,367	-	-	394,367
-	-	-	905,166
-	-	-	502,691
1,020	-	-	2,460,329
-	-	-	261,918
-	-	-	34,900
-	-	-	116,284
3,141,474	1,252,338	651,838	44,718,218
-	285,863	4,157	1,326,543
-	-	-	772,323
-	3,190	-	502,691
-	-	773	1,775,791
2,048,000	-	-	25,112,000
406,084	-	-	2,719,222
2,500	-	-	2,500
2,456,584	289,053	4,930	32,211,070
-	-	-	1,475,833
684,890	-	-	684,890
-	-	-	34,900
-	-	-	918,057
-	-	-	1,834,385
-	-	646,908	6,595,798
-	963,285	-	963,285
684,890	963,285	646,908	12,507,148
3,141,474	1,252,338	651,838	44,718,218

Black Hawk County

Black Hawk County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Assets

June 30, 2004

Total governmental fund balances (page 21) \$ 12,507,148

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$71,173,024 and the accumulated depreciation is \$25,824,566. 45,348,458

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 2,713,480

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. 278,179

Long-term liabilities, including bonds and notes payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (16,168,906)

Net assets of governmental activities (page 17) \$ 44,678,359

See notes to financial statements.

Black Hawk County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 16,735,154	5,512,195	2,333,080	-
Interest and penalty on property tax	311,147	-	-	-
Intergovernmental	8,346,462	11,983,088	64,087	3,373,138
Licenses and permits	276,483	-	75,688	3,610
Charges for service	3,834,260	901,350	10,474	252
Use of money and property	536,086	-	-	-
Miscellaneous	881,598	78,874	855	40,169
Total revenues	30,921,190	18,475,507	2,484,184	3,417,169
Expenditures:				
Operating:				
Public safety and legal services	13,115,466	-	1,244,487	-
Physical health and social services	9,430,765	-	-	-
Mental health	-	18,883,439	-	-
County environment and education	1,610,174	-	168,210	-
Roads and transportation	-	-	-	3,757,121
Governmental services to residents	1,354,469	-	1,254	-
Administration	4,914,851	-	-	-
Debt service	683,401	-	-	-
Capital projects	197,436	-	-	1,499,021
Total expenditures	31,306,562	18,883,439	1,413,951	5,256,142
Excess (deficiency) of revenues over (under) expenditures	(385,372)	(407,932)	1,070,233	(1,838,973)
Other financing sources (uses):				
Sale of capital assets	1,470	-	-	-
Operating transfers in	100,516	-	-	1,683,805
Operating transfers out	(549,835)	-	(1,133,970)	-
General obligation bonds and notes issued	1,260,000	-	-	-
Discount on general obligation bonds and notes	(5,200)	-	-	-
Capital lease purchase refunding	(524,853)	-	-	-
Total other financing sources (uses)	282,098	-	(1,133,970)	1,683,805
Net change in fund balances	(103,274)	(407,932)	(63,737)	(155,168)
Fund balances beginning of year	4,366,030	2,725,958	155,580	3,694,608
Fund balances end of year	\$ 4,262,756	2,318,026	91,843	3,539,440

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
1,934,601	-	-	26,515,030
-	-	-	311,147
93,900	-	76,787	23,937,462
-	-	-	355,781
-	-	97,636	4,843,972
95,737	-	142,300	774,123
-	-	102,449	1,103,945
<u>2,124,238</u>	<u>-</u>	<u>419,172</u>	<u>57,841,460</u>
-	-	117,381	14,477,334
-	-	-	9,430,765
-	-	-	18,883,439
-	-	111,924	1,890,308
-	-	-	3,757,121
-	-	28,230	1,383,953
-	-	-	4,914,851
2,239,873	-	-	2,923,274
-	2,517,520	120	4,214,097
<u>2,239,873</u>	<u>2,517,520</u>	<u>257,655</u>	<u>61,875,142</u>
<u>(115,635)</u>	<u>(2,517,520)</u>	<u>161,517</u>	<u>(4,033,682)</u>
-	-	-	1,470
13,071	-	10,000	1,807,392
-	(13,071)	(110,516)	(1,807,392)
-	1,775,000	-	3,035,000
-	(12,610)	-	(17,810)
-	-	-	(524,853)
<u>13,071</u>	<u>1,749,319</u>	<u>(100,516)</u>	<u>2,493,807</u>
<u>(102,564)</u>	<u>(768,201)</u>	<u>61,001</u>	<u>(1,539,875)</u>
<u>787,454</u>	<u>1,731,486</u>	<u>585,907</u>	<u>14,047,023</u>
<u>684,890</u>	<u>963,285</u>	<u>646,908</u>	<u>12,507,148</u>

Black Hawk County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2004

Net change in fund balances - Total governmental funds (page 25) \$ (1,539,875)

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 2,694,491	
Capital assets contributed by the Iowa Department of Transportation	1,412,830	
Depreciation expense	(2,147,457)	1,959,864

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 14,973

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	43,926	
Other	357,342	401,268

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments as follows:

Issued	(3,035,000)	
Repaid	2,951,881	(83,119)

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

Compensated absences	(71,368)	
Interest on long-term debt	7,175	(64,193)

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. 23,819

Change in net assets of governmental activities (page 19) \$ 712,737

See notes to financial statements.

Black Hawk County
 Statement of Net Assets
 Proprietary Funds

June 30, 2004

	Enterprise			
	Rural Sewer	Nonmajor Rural Water	Total	Internal Service
Assets				
Cash and cash equivalents	\$ 20,786	392,152	412,938	847,060
Receivables:				
Accounts	26,557	14,658	41,215	129,202
Accrued interest	25	114	139	219
Capital assets (net of accumulated depreciation)	3,060,227	1,319,753	4,379,980	-
Total assets	3,107,595	1,726,677	4,834,272	976,481
Liabilities				
Accounts payable	3,752	2,219	5,971	665,902
Accrued interest payable	1,611	4,966	6,577	-
Advances from other funds	-	-	-	32,400
Long-term liabilities:				
Portion due or payable within one year:				
General obligation bonds	-	85,000	85,000	-
General obligation capital loan notes	50,000	-	50,000	-
Portion due or payable after one year:				
General obligation capital bonds	-	647,191	647,191	-
General obligation capital loan notes	1,013,903	-	1,013,903	-
Total liabilities	1,069,266	739,376	1,808,642	698,302
Net Assets				
Invested in capital assets, net of related debt	1,996,324	587,563	2,583,887	-
Unrestricted	42,005	399,738	441,743	278,179
Total net assets	\$ 2,038,329	987,301	3,025,630	278,179

See notes to financial statements.

Exhibit H

Black Hawk County

Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2004

	Enterprise			Internal Service
	Rural Sewer	Rural Water	Total	
Operating revenues:				
Charges for service	\$ 161,924	98,438	260,362	-
Contributions and reimbursements from operating funds and other governmental units	-	-	-	4,515,519
Reimbursements from employees	-	-	-	320,661
Insurance reimbursements	-	-	-	11,043
Total operating revenues	161,924	98,438	260,362	4,847,223
Operating expenses:				
Water collection services	-	359	359	-
Water repair services	-	2,716	2,716	-
Sewer maintenance services	36,237	-	36,237	-
Depreciation	128,739	66,729	195,468	-
Medical and health services	-	-	-	4,782,259
Equipment	-	-	-	32,924
Claims for damages	-	-	-	12,313
Total operating expenses	164,976	69,804	234,780	4,827,496
Operating income (loss)	(3,052)	28,634	25,582	19,727
Non-operating revenues (expenses):				
Interest income	238	5,602	5,840	4,092
Contributions from operating funds	95,000	-	95,000	-
Note issuance cost	-	(14,133)	(14,133)	-
Interest expense	(63,853)	(52,128)	(115,981)	-
Amortization of discount on capital loan notes	(793)	(7,382)	(8,175)	-
Other fees	(300)	(483)	(783)	-
Total non-operating revenues (expenses)	30,292	(68,524)	(38,232)	4,092
Net income	27,240	(39,890)	(12,650)	23,819
Net assets beginning of year	2,011,089	1,027,191	3,038,280	254,360
Net assets end of year	\$ 2,038,329	987,301	3,025,630	278,179

See notes to financial statements.

Black Hawk County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2004

	Enterprise			Internal Service
	Rural Sewer	Nonmajor Rural Water	Total	
Cash flows from operating activities:				
Cash received from operating funds	\$ -	-	-	4,514,383
Cash received from employees and others	168,250	99,133	267,383	331,799
Cash paid for damage claims	-	-	-	(41,473)
Cash paid for health claims and to administrative provider	-	-	-	(4,723,998)
Cash paid to suppliers for services	(35,624)	(866)	(36,490)	(31,635)
Net cash provided by operating activities	<u>132,626</u>	<u>98,267</u>	<u>230,893</u>	<u>49,076</u>
Cash flows from capital and related financing activities:				
Proceeds from capital debt	-	786,840	786,840	-
Interest paid on capital loan notes	(62,243)	(47,162)	(109,405)	-
Note issuance cost	-	(14,133)	(14,133)	-
Capital loan notes redeemed	(50,000)	(810,000)	(860,000)	-
Repayment of advance from other funds	-	-	-	(70,600)
Settlement paid to contractor	(50,000)	-	(50,000)	-
Other fees	(300)	(483)	(783)	-
Net cash used by capital and related financing activities	<u>(162,543)</u>	<u>(84,938)</u>	<u>(1,034,321)</u>	<u>(70,600)</u>
Cash flows from investing activities:				
Interest on investments	222	5,645	5,867	4,231
Net increase (decrease) in cash and cash equivalents	(29,695)	18,974	(10,721)	(17,293)
Cash and cash equivalents beginning of year	50,481	373,178	423,659	864,353
Cash and cash equivalents end of year	<u>\$ 20,786</u>	<u>392,152</u>	<u>412,938</u>	<u>847,060</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (3,052)	28,634	25,582	19,727
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	128,739	66,729	195,468	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	2,552	695	3,247	(1,042)
Decrease in due from other governments	3,775	-	3,775	-
Increase (decrease) in accounts payable	612	2,209	2,821	30,391
Net cash provided by operating activities	<u>\$ 132,626</u>	<u>98,267</u>	<u>230,893</u>	<u>49,076</u>

See notes to financial statements.

Black Hawk County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2004

Assets

Cash and pooled investments:

County Treasurer	\$ 4,996,228
Other County officials	513,277

Receivables:

Property tax:

Delinquent	612,748
Succeeding year	106,277,000

Accounts	123,001
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Special assessments	307,186
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Accrued interest	115
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Due from other funds	14,685
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Due from other governments	81,500
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Total assets

112,925,740

Liabilities

Accounts payable	13,405
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Salaries and benefits payable	22,472
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Due to other funds	14,685
--------------------	--------

Due to other governments	112,036,661
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Trusts payable	745,810
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Compensated absences	92,707
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Total liabilities

112,925,740

Net assets

\$ -

See notes to financial statements.

Black Hawk County

Black Hawk County

Notes to Financial Statements

June 30, 2004

(1) Summary of Significant Accounting Policies

Black Hawk 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.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Black Hawk County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Black Hawk County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which 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.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Black Hawk County 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 Auditor's Office.

The Consolidated Public Safety Commission Center (Center) was created to provide dispatch and communications services to all participating governmental agencies in Black Hawk County. The Center is a separate part of the budget of the Black Hawk County Sheriff's Office and is reported as part of the General Fund. All personnel and equipment are provided by and all operating costs are advanced by Black Hawk County, with the participants reimbursing the County. The manager and persons assigned to the Center are employees of Black Hawk County.

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 Conservation Board. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Friends of Hartman Reserve, Inc. meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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 County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Black Hawk County Assessor's Conference Board, County Emergency Management Commission and Black Hawk County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

B. Basis of Presentation

Government-wide Financial Statements – 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 are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – 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. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general 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. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

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

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following major proprietary fund:

The Rural Sewer Fund is used 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.

Additionally, the County reports the following funds:

Proprietary Fund – Internal Service Funds 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.

Fiduciary 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.

C. Measurement Focus and Basis of Accounting

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

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 after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

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.

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-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of services and administrative expenses. Also, depreciation on capital assets is included for Enterprise Funds. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2003.

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.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Infrastructure	15 - 65
Buildings and improvements	50
Equipment	5 - 20
Vehicles	5 - 10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

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. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Health Insurance Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, expenditures exceeded the amount budgeted in the mental health function and expenditures in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in 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 Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Throughout the year and at June 30, 2004, the Friends of Hartman Reserve, Inc. (Reserve) utilized a mutual fund account that is not covered by federal depository insurance or the State Sinking Fund. The Reserve also held investments during the year and at June 30, 2004 in a brokerage company.

The Reserve’s investments are categorized to give an indication of the level of risk assumed by the Reserve at year end. The Reserve’s investments in money market funds, mutual funds and fixed income securities are all classified as Category 2, which means the investments are uninsured or unregistered, with the security held by the counterparty’s trust department or agent in the Reserve’s name.

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

The Reserve’s investments at June 30, 2004 are as follows:

Type	Fair Value
Money market funds	\$ 16,429
Mutual funds	127,311
Fixed income securities	55,099
Total	\$ 198,839

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,135,183 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Interfund Assets/Liabilities

The detail of due to/due from other funds and advances to/from other funds at June 30, 2004 is as follows:

Due From/Due to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Mental Health	\$ 207,209
	Rural Services	719
	Secondary Roads	2,595
	Debt Service	3,190
Special Revenue:	General	38,978
Mental Health	Special Revenue:	
Secondary Roads	Rural Services	250,000
Total		<u>\$ 502,691</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.

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	\$ 2,500
	Internal Service:	
	Central Purchasing	31,981
Special Revenue:	Internal Service:	
Secondary Roads	Central Purchasing	419
Total		<u>\$ 34,900</u>

These balances result from loans between funds which have not been repaid.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Friends of Hartman Reserve	\$ 100,516
Special Revenue:	General	549,835
Secondary Roads	Special Revenue:	
	Rural Services	1,133,970
Resource Enhancement and Protection	Special Revenue:	
	Friends of Hartman Reserve	10,000
Debt Service	Capital Projects	13,071
Total		<u>\$ 1,807,392</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,881,032	251,346	-	3,132,378
Construction in progress	3,302,180	3,507,623	(5,335,864)	1,473,939
Total capital assets not being depreciated	<u>6,183,212</u>	<u>3,758,969</u>	<u>(5,335,864)</u>	<u>4,606,317</u>
Capital assets being depreciated:				
Buildings	24,184,540	200,839	-	24,385,379
Improvements other than buildings	963,333	-	-	963,333
Equipment and vehicles	9,581,340	322,946	(351,820)	9,552,466
Infrastructure, road network	26,486,103	5,179,426	-	31,665,529
Total capital assets being depreciated	<u>61,215,316</u>	<u>5,703,211</u>	<u>(351,820)</u>	<u>66,566,707</u>
Less accumulated depreciation for:				
Buildings	7,536,675	495,731	-	8,032,406
Improvements other than buildings	618,970	46,447	-	665,417
Equipment and vehicles	7,008,759	608,756	(347,798)	7,269,717
Infrastructure, road network	8,860,503	996,523	-	9,857,026
Total accumulated depreciation	<u>24,024,907</u>	<u>2,147,457</u>	<u>(347,798)</u>	<u>25,824,566</u>
Total capital assets being depreciated, net	<u>37,190,409</u>	<u>3,555,754</u>	<u>(4,022)</u>	<u>40,742,141</u>
Governmental activities capital assets, net	<u>\$ 43,373,621</u>	<u>7,314,723</u>	<u>(5,339,886)</u>	<u>45,348,458</u>
Business type activities:				
Capital assets being depreciated:				
Infrastructure, sewer and water	\$ 5,420,639	-	-	5,420,639
Less accumulated depreciation for:				
Infrastructure, sewer and water	845,191	195,468	-	1,040,659
Business type activities capital assets, net	<u>\$ 4,575,448</u>	<u>(195,468)</u>	<u>-</u>	<u>4,379,980</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 468,654
Physical health and social services	23,523
Mental health	94,494
County environment and education	125,398
Roads and transportation	1,265,224
Governmental services to residents	13,109
Administration	157,055
Total depreciation expense - governmental activities	<u>\$ 2,147,457</u>
Business type activities:	
Depreciation expense	<u>\$ 195,468</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 201,878
Special Revenue:		
Mental Health	Services	1,562,304
Rural Services	Services	5,562
Secondary Roads	Services	5,274
Sheriff's Commissary	Services	773
		<u>1,573,913</u>
Total for governmental funds		<u>\$ 1,775,791</u>
Agency:		
County Assessor	Collections	\$ 1,908,367
Schools		49,204,511
Community Colleges		3,413,361
Corporations		53,908,957
Auto License and Use Tax		2,032,703
All other		1,568,762
Total for agency funds		<u>\$ 112,036,661</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2004 is as follows:

	General Obligation Bonds	General Obligation Capital Loan Notes	Capital Lease Purchase Agreement	Compen- sated Absences	Total
Balance beginning of year	\$ 10,430,000	1,990,000	851,881	2,684,612	15,956,493
Increases	2,700,000	335,000	-	1,778,894	4,813,894
Decreases	1,625,000	475,000	851,881	1,707,526	4,659,407
Balance end of year	<u>\$ 11,505,000</u>	<u>1,850,000</u>	<u>-</u>	<u>2,755,980</u>	<u>16,110,980</u>
Due within one year	<u>\$ 1,555,000</u>	<u>590,000</u>	<u>-</u>	<u>1,289,015</u>	<u>3,434,015</u>

A summary of changes in long-term liabilities for the year ended June 30, 2004 related to the proprietary funds and the business type activities is as follows:

	General Obligation Bonds (1)	General Obligation Capital Loan Notes (2)	Total
Balance beginning of year	\$ -	1,861,079	1,861,079
Increases	786,840	-	786,840
Decreases	54,649	797,176	851,825
Balance end of year	<u>\$ 732,191</u>	<u>1,063,903</u>	<u>1,796,094</u>
Due within one year	<u>\$ 85,000</u>	<u>50,000</u>	<u>135,000</u>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2004 totaled \$2,809.

(2) Notes were sold at a discount; unamortized discount at June 30, 2004 totaled \$11,097.

General obligation bonds have been issued for both governmental and business type activities. This 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 \$11,505,000 as of June 30, 2004. 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 \$732,191 as of June 30, 2004.

General Obligation Bonds

On December 1, 1995, the County issued \$850,000 of general obligation bonds for remodeling and to purchase computer equipment.

On April 1, 2000, the County issued \$1,000,000 of general obligation bonds for courthouse remodeling and conservation road and building improvements

On February 1, 2002, the County issued \$8,815,000 of general obligation refunding bonds for the purpose of refunding the 1993 general obligation bonds of the County, dated February 1, 1993, for jail construction.

On May 1, 2003, the County issued \$1,435,000 of general obligation bonds for essential corporate purposes and capital improvement projects for the jail, courthouse, Pinecrest building and conservation.

On December 15, 2003, the County issued \$1,285,000 of general obligation bonds, series 2003D, for planning, undertaking and carrying out an urban renewal project in the Cattle Congress Urban Renewal and Redevelopment Plan, including making a grant for the National Cattle Congress Renovation Project.

On December 15, 2003, the County issued \$790,000 of general obligation bonds, series 2003E, to refund the 1995 general obligation capital loan notes issued for construction of water utility improvements accounted for in the Enterprise Funds. General obligation capital loan note principal of \$755,000 was called on June 1, 2004. The debt service cost savings is \$40,982, based on an all inclusive interest cost of 3.386%.

On December 15, 2003, the County issued \$925,000 of general obligation bonds, series 2003F, to provide \$205,000 to equip a County public building, including acquisition of an emergency communication phone system at the E911 Service Board and \$720,000 for refinancing the 1995 lease purchase agreement to lease communications equipment on behalf of the E911 Service Board. The County entered into an escrow agreement whereby \$720,000 of the proceeds from the general obligation bonds were converted into U.S. Securities. These securities were placed in an escrow account for the express purpose of paying the principal and interest on the refunded lease purchase agreement as they become due. After the principal and interest on the lease purchase agreement have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances and liabilities of the escrow account are not recorded by the County. The amount of refunded lease purchase agreement that was considered extinguished and, therefore, excluded from long-term debt, was \$524,853 at June 30, 2004. This advance refunding was undertaken to reduce total debt service payments over the next three years by \$11,587 and resulted in an economic gain of \$19,270.

On June 1, 2004, the County issued \$490,000 of general obligation bonds, series 2004, to repair, renovate, equip, and improve County buildings.

A summary of the annual bond principal and interest requirements to maturity is as follows:

Governmental activities:

Year Ending June 30,	1995 Remodeling/Computer			2000 Courthouse/Conservation		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	4.250%	\$ 100,000	8,713	5.000%	\$ 75,000	38,243
2006	4.250	105,000	4,462	5.050	80,000	34,492
2007	-	-	-	5.100	85,000	30,453
2008	-	-	-	5.150	90,000	26,117
2009	-	-	-	5.200	95,000	21,483
2010 - 2014	-	-	-	5.200 - 5.300	315,000	33,715
2015 - 2016	-	-	-	-	-	-
Total		<u>\$ 205,000</u>	<u>13,175</u>		<u>\$ 740,000</u>	<u>184,503</u>

Year Ending June 30,	2002 Refunding Bonds			2003B General Obligation Bonds		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	3.250%	\$ 1,050,000	246,790	2.000%	\$ 130,000	34,976
2006	3.250	1,085,000	212,665	2.050	135,000	32,376
2007	3.450	1,115,000	177,403	2.100	135,000	29,608
2008	3.700	1,155,000	138,935	2.400	140,000	26,772
2009	3.850	1,200,000	96,200	2.650	145,000	23,412
2010 - 2014	4.000	1,250,000	50,000	2.900 - 3.300	625,000	50,879
2015 - 2016	-	-	-	-	-	-
Total		<u>\$ 6,855,000</u>	<u>921,993</u>		<u>\$ 1,310,000</u>	<u>198,023</u>

Year Ending June 30,	2003D General Obligation Bonds			2003F General Obligation Bonds		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	2.250%	\$ 115,000	36,828	1.550%	\$ 310,000	10,695
2006	2.250	115,000	34,240	1.900	310,000	5,890
2007	2.450	120,000	31,652	-	-	-
2008	2.450	120,000	28,712	-	-	-
2009	2.650	125,000	25,772	-	-	-
2010 - 2014	2.900 - 3.600	690,000	71,743	-	-	-
2015 - 2016	-	-	-	-	-	-
Total		<u>\$ 1,285,000</u>	<u>228,947</u>		<u>\$ 620,000</u>	<u>16,585</u>

Year Ending June 30,	2004 General Obligation Bonds			Total - Governmental Activities		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2005	3.000%	\$ -	18,078	\$ 1,780,000	394,323	2,174,323
2006	3.000	35,000	18,078	1,865,000	342,203	2,207,203
2007	3.100	40,000	17,028	1,495,000	286,144	1,781,144
2008	3.300	40,000	15,828	1,545,000	236,364	1,781,364
2009	3.500	40,000	14,588	1,605,000	181,455	1,786,455
2010 - 2014	3.650 - 4.200	230,000	50,388	3,110,000	256,725	3,366,725
2015 - 2016	4.300	105,000	6,829	105,000	6,829	111,829
Total		\$ 490,000	140,817	\$ 11,505,000	1,704,043	13,209,043

Business type activities:

Year Ending June 30,	2003E Refunding Bonds			
	Interest Rates	Principal	Interest	Total
2005	1.400%	\$ 85,000	19,338	104,338
2006	1.750	85,000	17,850	102,850
2007	2.000	90,000	16,150	106,150
2008	2.300	90,000	14,080	104,080
2009	2.500	90,000	11,830	101,830
2010 - 2014	2.750 - 3.200	295,000	19,324	314,324
Total		735,000	98,572	833,572
Unamortized discount		(2,809)		
Net bonds payable		\$ 732,191		

General Obligation Capital Loan Notes

General obligation capital loan notes have been issued for both governmental and business type activities. The portion of unmatured general obligation capital loan notes reported in the governmental activities column in the Statement of Net Assets and to be paid from the Debt Service Fund totaled \$1,850,000 as of June 30, 2004. The portion of unmatured general obligation capital loan notes reported in the business type activities column in the Statement of Net Assets and to be paid from proprietary revenues totaled \$1,075,000 as of June 30, 2004.

On November 1, 1995, the County issued \$2,650,000 of general obligation refunding capital loan notes to refund a portion of the August 1, 1989 general obligation capital loan notes issued to remodel the Pinecrest building.

On November 1, 1999, the County issued \$1,255,000 of general obligation capital loan notes for construction of a rural sewer system accounted for in the Enterprise Funds.

On May 1, 2003, the County issued \$1,230,000 of general obligation capital loan refunding notes to refund the 1995 general obligation capital loan notes issued for juvenile detention center renovations, voting machines, a chiller and a building addition.

On June 1, 2004, the County issued \$335,000 of general obligation capital loan notes to acquire personal property and improve real property, including conservation vehicles, road resurfacing, computer equipment, sheriff vehicles and various other equipment.

A summary of the annual note principal and interest requirements to maturity is as follows:

Governmental activities:

Year Ending June 30,	1995 Refunding Notes			2003A Refunding Notes		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	4.375%	\$ 390,000	17,062	1.450%	\$ 175,000	25,190
2006		-	-	1.800	180,000	22,653
2007		-	-	2.100	185,000	19,413
2008		-	-	2.400	190,000	15,528
2009		-	-	2.650	195,000	10,968
2010 - 2014		-	-	2.900	200,000	5,800
2015		-	-		-	-
Total		<u>\$ 390,000</u>	<u>17,062</u>		<u>\$ 1,125,000</u>	<u>99,550</u>

Year Ending June 30,	2004 General Obligation Capital Loan Notes			Total - Governmental Activities		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2005	2.750%	\$ 25,000	11,745	\$ 590,000	53,997	643,997
2006	2.750	25,000	11,058	205,000	33,711	238,711
2007	2.800	25,000	10,370	210,000	29,783	239,783
2008	3.000	30,000	9,670	220,000	25,198	245,198
2009	3.300	30,000	8,770	225,000	19,738	244,738
2010 - 2014	3.500	165,000	27,355	365,000	33,155	398,155
2015	4.200	35,000	1,470	35,000	1,470	36,470
Total		<u>\$ 335,000</u>	<u>80,438</u>	<u>\$ 1,850,000</u>	<u>197,050</u>	<u>2,047,050</u>

Business type activities:

Year Ending June 30,	1999 Rural Sewer			
	Interest Rates	Principal	Interest	Total
2005	5.300%	\$ 50,000	59,593	109,593
2006	5.300	50,000	56,942	106,942
2007	5.300	55,000	54,293	109,293
2008	5.300	60,000	51,377	111,377
2009	5.300	60,000	48,198	108,198
2010 - 2014	5.400 - 5.600	350,000	188,557	538,557
2015	5.650 - 5.750	450,000	80,335	530,335
		1,075,000	539,295	1,614,295
Unauthorized discount		(11,097)		
Net notes payable		<u>\$ 1,063,903</u>		

(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 semi-annual interest payments at rates ranging from 5.10% to 5.20% per annum, with the final payment due June 1, 2010. During the year ended June 30, 2004, the County received \$54,460 of principal and \$23,059 of interest from the North Iowa Juvenile Detention Service Commission. The balance owed to the County on the note at June 30, 2004 was \$394,367.

(9) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$1,425,126, \$1,470,308 and \$1,438,524, respectively, equal to the required contributions for each year.

(10) Employee Health Insurance Plan

The Internal Service, Health Insurance Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Internal Service, Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark, Inc. from the Internal Service, Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2004 was \$4,340,519.

Amounts payable from the Internal Service, Health Insurance Fund at June 30, 2004 total \$663,673, 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. That reserve was \$43,944 at June 30, 2004 and is reported as a designation of the Health Insurance Fund Net Assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which

requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 605,411
Incurred claims (including claims incurred but not reported at June 30, 2004)	4,840,521
Payment on claims during the fiscal year	<u>(4,782,259)</u>
Unpaid claims end of year	<u>\$ 663,673</u>

(11) Deficit Net Assets

The Internal Service, Central Purchasing Fund had a deficit balance of \$32,400 at June 30, 2004. The deficit will be eliminated by forgiving a portion of advances from other funds.

(12) Risk Management

Black Hawk County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County provides self-funding for certain types of property and liability insurance for coverage up to \$50,000 (deductibles) through the Internal Service, Self Insurance Fund. The risks above these deductibles are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) Health Care Facility and Industrial Development Revenue Bonds

The County has issued a total of \$9,691,320 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$8,558,806 is outstanding at June 30, 2004. 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.

(14) E911 Lease Receivable

The County entered into a lease agreement with the E911 Service Board. Under the agreement, the E911 Service board is to make monthly payments of \$25,000 to the County. The payments from the E911 Service Board are credited to the General Fund. The following is a schedule of the future minimum lease payments to be received by the County, including interest at rates ranging from 1.55% to 1.90% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2004.

Year Ending June 30,	Total
2005	\$ 300,000
2006	300,000
2007	300,000
2008	<u>32,209</u>
Total minimum lease payments	932,209
Less amount representing interest	<u>(27,043)</u>
Present value of net minimum lease payments	<u>\$ 905,166</u>

Required Supplementary Information

Black Hawk County

Budgetary Comparison Schedule of
Revenues, Expenditures and Changes in Balances -
Budget and Actual – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2004

	Actual	Less Funds not Required to be Budgeted	Net
Revenues:			
Property and other county tax	\$ 26,515,030	-	26,515,030
Interest and penalty on property tax	311,147	-	311,147
Intergovernmental	23,937,462	39,737	23,897,725
Licenses and permits	355,781	-	355,781
Charges for service	4,843,972	37,311	4,806,661
Use of money and property	774,123	21,485	752,638
Miscellaneous	1,103,945	100,831	1,003,114
Total revenues	<u>57,841,460</u>	<u>199,364</u>	<u>57,642,096</u>
Expenditures:			
Public safety and legal services	14,477,334	-	14,477,334
Physical health and social services	9,430,765	-	9,430,765
Mental health	18,883,439	-	18,883,439
County environment and education	1,890,308	51,645	1,838,663
Roads and transportation	3,757,121	-	3,757,121
Governmental services to residents	1,383,953	-	1,383,953
Administration	4,914,851	-	4,914,851
Debt service	2,923,274	-	2,923,274
Capital projects	4,214,097	120	4,213,977
Total expenditures	<u>61,875,142</u>	<u>51,765</u>	<u>61,823,377</u>
Excess (deficiency) of revenues over (under) expenditures	(4,033,682)	147,599	(4,181,281)
Other financing sources, net	2,493,807	(110,516)	2,604,323
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,539,875)	37,083	(1,576,958)
Balance beginning of year	14,047,023	287,266	13,759,757
Balance end of year	<u>\$ 12,507,148</u>	<u>324,349</u>	<u>12,182,799</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
26,431,562	26,431,562	83,468
315,000	315,000	(3,853)
24,103,170	24,691,023	(793,298)
449,273	337,850	17,931
4,352,243	4,478,727	327,934
850,629	1,000,629	(247,991)
1,009,115	1,077,391	(74,277)
<u>57,510,992</u>	<u>58,332,182</u>	<u>(690,086)</u>
14,543,906	14,927,158	449,824
9,581,802	9,952,694	521,929
17,389,486	18,039,686	(843,753)
2,094,391	2,195,532	356,869
3,713,848	3,828,568	71,447
1,395,050	1,469,498	85,545
5,159,596	5,483,091	568,240
2,634,765	3,483,330	560,056
2,651,684	5,711,768	1,497,791
<u>59,164,528</u>	<u>65,091,325</u>	<u>3,267,948</u>
(1,653,536)	(6,759,143)	2,577,862
<u>1,500,000</u>	<u>2,701,290</u>	<u>(96,967)</u>
(153,536)	(4,057,853)	2,480,895
<u>12,234,411</u>	<u>14,140,486</u>	<u>(380,729)</u>
<u>12,080,875</u>	<u>10,082,633</u>	<u>2,100,166</u>

Black Hawk County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds except blended component units, Internal Service, Enterprise and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the modified accrual basis budget and appropriations lapse after a hold-open period of sixty days after year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 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, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$5,926,797. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2004, expenditures exceeded the amount budgeted in the mental health function and expenditures in certain departments exceeded the amounts appropriated

Other Supplementary Information

Black Hawk County
 Combining Balance Sheet
 Nonmajor Special Revenue Funds

June 30, 2004

	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Assets			
Cash and pooled investments:			
County Treasurer	\$ 135,273	104,349	22,715
Friends of Hartman Reserve	-	-	-
Receivables:			
Accounts	-	29	-
Accrued interest	34	28	6
Total assets	\$ 135,307	104,406	22,721
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 9	-	-
Due to other governments	-	-	-
Total liabilities	9	-	-
Fund equity:			
Unreserved fund balances	135,298	104,406	22,721
Total liabilities and fund equity	\$ 135,307	104,406	22,721

See accompanying independent auditor's report.

Sheriff's Federal Forfeiture	Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
2,582	30,716	26,944	13,262	-	335,841
-	-	-	-	297,415	297,415
-	18,485	-	-	-	18,514
-	-	-	-	-	68
2,582	49,201	26,944	13,262	297,415	651,838
-	1,651	10	2,487	-	4,157
-	773	-	-	-	773
-	2,424	10	2,487	-	4,930
2,582	46,777	26,934	10,775	297,415	646,908
2,582	49,201	26,944	13,262	297,415	651,838

Black Hawk County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds

Year ended June 30, 2004

	Resource			
	Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Sheriff's Federal Forfeiture
Revenues:				
Intergovernmental	\$ 37,050	-	-	-
Charges for service	-	37,636	22,689	-
Use of money and property	461	394	32	-
Miscellaneous	-	-	-	-
Total revenues	<u>37,511</u>	<u>38,030</u>	<u>22,721</u>	<u>-</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	57,443	-	-	-
Governmental services to residents	-	28,230	-	-
Capital projects	-	-	-	-
Total expenditures	<u>57,443</u>	<u>28,230</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,932)</u>	<u>9,800</u>	<u>22,721</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	10,000	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(9,932)</u>	<u>9,800</u>	<u>22,721</u>	<u>-</u>
Fund balances beginning of year	<u>145,230</u>	<u>94,606</u>	<u>-</u>	<u>2,582</u>
Fund balances end of year	<u>\$ 135,298</u>	<u>104,406</u>	<u>22,721</u>	<u>2,582</u>

See accompanying independent auditor's report.

Sheriff's Commissary	Drainage Districts	Conservation Land Acquisition	Friends of Hartman Reserve	Total
-	-	-	39,737	76,787
-	-	-	37,311	97,636
119,928	-	-	21,485	142,300
1,618	-	-	100,831	102,449
121,546	-	-	199,364	419,172
117,381	-	-	-	117,381
-	-	2,836	51,645	111,924
-	-	-	-	28,230
-	120	-	-	120
117,381	120	2,836	51,645	257,655
4,165	(120)	(2,836)	147,719	161,517
-	-	-	-	10,000
-	-	-	(110,516)	(110,516)
-	-	-	(110,516)	(100,516)
4,165	(120)	(2,836)	37,203	61,001
42,612	27,054	13,611	260,212	585,907
46,777	26,934	10,775	297,415	646,908

Schedule 3

Black Hawk County
Combining Schedule of Net Assets
Internal Service Funds

June 30, 2004

	Health Insurance	Self Insurance	Office Equipment	Central Purchasing	Total
Assets					
Cash and pooled investments	\$ 703,232	125,345	18,483	-	847,060
Receivables:					
Accounts	4,202	125,000	-	-	129,202
Accrued interest	183	31	5	-	219
Total assets	707,617	250,376	18,488	-	976,481
Liabilities					
Accounts payable	663,673	940	1,289	-	665,902
Advances from other funds	-	-	-	32,400	32,400
Total liabilities	663,673	940	1,289	32,400	698,302
Net Assets					
Unrestricted	\$ 43,944	249,436	17,199	(32,400)	278,179

See accompanying independent auditor's report.

Black Hawk County
 Combining Schedule of Revenues, Expenses and
 Changes in Fund Net Assets
 Internal Service Funds

Year ended June 30, 2004

	Health Insurance	Self Insurance	Office Equipment	Central Purchasing	Total
Operating revenues:					
Contributions and reimbursements from operating funds and other governmental units	\$ 4,340,519	125,000	50,000	-	4,515,519
Reimbursements from employees	320,661	-	-	-	320,661
Insurance reimbursements	5,258	5,785	-	-	11,043
Total operating revenues	<u>4,666,438</u>	<u>130,785</u>	<u>50,000</u>	<u>-</u>	<u>4,847,223</u>
Operating expenses:					
Medical and health services	4,782,259	-	-	-	4,782,259
Claims for damages	-	-	32,924	-	32,924
Equipment	-	12,313	-	-	12,313
Total operating expenses	<u>4,782,259</u>	<u>12,313</u>	<u>32,924</u>	<u>-</u>	<u>4,827,496</u>
Operating income (loss)	(115,821)	118,472	17,076	-	19,727
Non-operating revenues:					
Interest income	3,503	466	123	-	4,092
Change in net assets	(112,318)	118,938	17,199	-	23,819
Net assets beginning of year	156,262	130,498	-	(32,400)	254,360
Net assets end of year	<u>\$ 43,944</u>	<u>249,436</u>	<u>17,199</u>	<u>(32,400)</u>	<u>278,179</u>

See accompanying independent auditor's report.

Schedule 5

Black Hawk County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2004

	Health Insurance	Self Insurance	Office Equipment	Central Purchasing	Total
Cash flows from operating activities:					
Cash received from operating funds	\$ 4,339,383	125,000	50,000	-	4,514,383
Cash received from employees and others	326,014	5,785	-	-	331,799
Cash paid for damage claims	-	(41,473)	-	-	(41,473)
Cash paid to health claims and administrative provider	(4,723,998)	-	-	-	(4,723,998)
Cash paid to suppliers for services	-	-	(31,635)	-	(31,635)
Net cash provided (used) by operating activities	(58,601)	89,312	18,365	-	49,076
Cash flows from capital and related financing activities:					
Repayment of advance from other funds	-	-	-	(70,600)	(70,600)
Cash flows from investing activities:					
Interest on investments	3,663	450	118	-	4,231
Net increase (decrease) in cash and cash equivalents	(54,938)	89,762	18,483	(70,600)	(17,293)
Cash and cash equivalents beginning of year	758,170	35,583	-	70,600	864,353
Cash and cash equivalents end of year	\$ 703,232	125,345	18,483	-	847,060
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (115,821)	118,472	17,076	-	19,727
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
(Increase) in accounts receivable	(1,042)	-	-	-	(1,042)
Increase (decrease) in accounts payable	58,262	(29,160)	1,289	-	30,391
Net cash provided (used) by operating activities	\$ (58,601)	89,312	18,365	-	49,076

See accompanying independent auditor's report.

Black Hawk County

Black Hawk County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,647	885,246	534,405
Other County officials	513,277	-	-	-
Receivables:				
Property tax:				
Delinquent	-	915	8,078	297,630
Succeeding year	-	143,000	1,076,000	48,345,000
Accounts	770	-	-	-
Special assessments	-	-	-	-
Accrued interest	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	81	1,763	27,476
Total assets	\$ 514,047	145,643	1,971,087	49,204,511
Liabilities				
Accounts payable	\$ -	-	2,087	-
Salaries and benefits payable	-	-	18,646	-
Due to other funds	14,685	-	-	-
Due to other governments	65,480	145,643	1,908,367	49,204,511
Trusts payable	433,882	-	-	-
Compensated absences	-	-	41,987	-
Total liabilities	\$ 514,047	145,643	1,971,087	49,204,511

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	City Special Assessments	Auto License and Use Tax	Other	Total
26,678	536,390	23,759	2,032,703	955,400	4,996,228
-	-	-	-	-	513,277
14,822	289,056	-	-	2,247	612,748
3,370,000	53,056,000	-	-	287,000	106,277,000
-	-	-	-	122,231	123,001
-	-	307,186	-	-	307,186
-	-	-	-	115	115
-	-	-	-	14,685	14,685
1,861	27,511	-	-	22,808	81,500
<u>3,413,361</u>	<u>53,908,957</u>	<u>330,945</u>	<u>2,032,703</u>	<u>1,404,486</u>	<u>112,925,740</u>
-	-	-	-	11,318	13,405
-	-	-	-	3,826	22,472
-	-	-	-	-	14,685
3,413,361	53,908,957	330,945	2,032,703	1,026,694	112,036,661
-	-	-	-	311,928	745,810
-	-	-	-	50,720	92,707
<u>3,413,361</u>	<u>53,908,957</u>	<u>330,945</u>	<u>2,032,703</u>	<u>1,404,486</u>	<u>112,925,740</u>

Black Hawk County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 483,015	144,810	2,194,272	46,920,300
Additions:				
Property and other county tax	-	144,058	1,081,080	48,427,815
E911 surcharge	-	-	-	-
State tax credits	-	7,199	53,342	2,315,425
Office fees and collections	2,247,438	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	5,861,367	-	-	-
Miscellaneous	-	-	13,263	-
Total additions	8,108,805	151,257	1,147,685	50,743,240
Deductions:				
Agency remittances:				
To other funds	1,506,579	-	-	-
To other governments	741,047	150,424	1,370,870	48,459,029
Trusts paid out	5,830,147	-	-	-
Total deductions	8,077,773	150,424	1,370,870	48,459,029
Balances end of year	\$ 514,047	145,643	1,971,087	49,204,511

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	City Special Assess- ments	Auto License and Use Tax	Payroll Clearing	Other	Total
2,360,201	48,438,363	362,828	1,970,572	-	1,355,205	104,229,566
3,373,188	53,139,896	-	-	-	287,048	106,453,085
-	-	-	-	-	583,627	583,627
117,148	2,080,887	-	-	-	16,935	4,590,936
-	-	-	-	-	-	2,247,438
-	-	-	-	-	188,105	188,105
-	-	-	23,752,382	-	-	23,752,382
-	-	93,010	-	-	-	93,010
-	-	-	-	14,877,754	2,402,433	23,141,554
-	106,454	-	-	-	490,896	610,613
3,490,336	55,327,237	93,010	23,752,382	14,877,754	3,969,044	161,660,750
-	-	-	768,629	-	-	2,275,208
2,437,176	49,856,643	124,893	22,921,622	14,877,754	3,919,763	144,859,221
-	-	-	-	-	-	5,830,147
2,437,176	49,856,643	124,893	23,690,251	14,877,754	3,919,763	152,964,576
3,413,361	53,908,957	330,945	2,032,703	-	1,404,486	112,925,740

Schedule 8

Black Hawk County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Five Years

	Modified Accrual Basis				
	2004	2003	2002	2001	2000
Revenues:					
Property and other county tax	\$ 26,515,030	25,555,766	24,419,228	22,848,198	21,535,321
Interest and penalty on property tax	311,147	339,343	337,709	305,557	249,076
Intergovernmental	23,937,462	24,073,274	24,215,608	23,710,890	24,440,095
Licenses and permits	355,781	342,815	344,623	312,803	333,573
Charges for service	4,843,972	4,624,478	4,288,126	3,930,837	3,623,166
Use of money and property	774,123	905,556	1,025,169	1,561,485	2,335,800
Miscellaneous	1,103,945	1,126,149	1,050,026	1,030,062	1,526,876
Total	\$ 57,841,460	56,967,381	55,680,489	53,699,832	54,043,907
Expenditures:					
Operating:					
Public safety and legal services	\$ 14,477,334	14,250,874	13,759,118	12,744,201	12,278,021
Physical health and social services	9,430,765	9,742,599	9,964,422	9,175,627	10,244,458
Mental health	18,883,439	18,218,133	17,645,336	17,855,463	16,204,385
County environment and education	1,890,308	1,979,881	1,932,905	1,869,824	1,875,236
Roads and transportation	3,757,121	3,937,977	4,069,017	3,843,090	4,431,820
Governmental services to residents	1,383,953	1,493,129	1,436,204	1,313,347	1,263,535
Administration	4,914,851	5,028,006	4,830,170	4,696,934	5,139,958
Debt service	2,923,274	3,699,996	11,382,486	2,603,108	12,839,028
Capital projects	4,214,097	1,308,079	971,109	1,450,891	2,257,166
Total	\$ 61,875,142	59,658,674	65,990,767	55,552,485	66,533,607

See accompanying independent auditor's report.

Black Hawk County

Schedule 9

Black Hawk County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Community Prosecution and Project Safe Neighborhoods	16.609	2001-GP-CX-0081	\$ 53,711
Public Safety Partnership and Community Policing Grants	16.710	2003-OM-WX-0208	104,203
Total direct			<u>157,914</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553		5,820
National School Lunch Program	10.555		<u>7,609</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>58,175</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-04-4754	<u>22,607</u>
Governor's Office of Drug Control Policy City of Waterloo:			
Byrne Formula Grant Program	16.579	03A-0236	<u>54,838</u>
Violence Against Women Formula Grants	16.588	VW-04-4755	<u>10,000</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C007(66)-8J-07	45,998
Highway Planning and Construction	20.205	UYC-04-001	3,707
Highway Planning and Construction	20.205	UYC-03-001	6,868
			<u>56,573</u>

Black Hawk County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 03-02 Task 13	5,088
State and Community Highway Safety	20.600	PAP 04-02 Task 13	7,359
State and Community Highway Safety	20.600	PAP 04-03 Task 10	4,293
			<u>16,740</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 04-410 Task 04	471
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 03-410 Task 03	106
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 04-410 Task 05	5,252
			<u>5,829</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 04-163 Task 05	7,175
U.S. Department of Education:			
Iowa Department of Education:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126		4,230
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health and Social Services Emergency Fund Maternal and Child Health Federal Consolidated Programs	93.003	5884EM07	10,101
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.110	5884DH08	3,000
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5884TB03	6,969
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5883TB03	21,595
			<u>28,564</u>
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	5884LP01	47,559
Immunization Grants	93.268	5883I413	13,116
Immunization Grants	93.268	5884I413	10,384
			<u>23,500</u>

Schedule 9

Black Hawk County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	5883BT09	5,156
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	0704	64,078
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	5884EHC1	6,300
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	5883EHC	1,000
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.283	5884WW02	13,061
			89,595
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5884NB02	49,512
HIV Prevention Activities-Health Department Based	93.940	5884AP06	35,767
HIV Prevention Activities-Health Department Based	93.940	5883AP06	51,693
			87,460
Maternal and Child Health Services Block Grant to the States	93.994	5884CH01	60,635
Maternal and Child Health Services Block Grant to the States	93.994	5883CH01	42,121
Maternal and Child Health Services Block Grant to the States	93.994	5884DH02	16,400
			119,156
Refugee and Entrant Assistance-State Administered Programs	93.566	REF-03-013	38,564
Iowa Department of Human Services:			
Human Services Administrative Reimbursement:			
Refugee and Entrant Assistance-State Administered Programs	93.566		268
			38,832

Black Hawk County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558		75,014
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		13,599
Foster Care - Title IV-E	93.658		34,574
Adoption Assistance	93.659		9,142
Medical Assistance Program	93.778		75,515
Social Services Block Grant	93.667		49,341
Social Services Block Grant	93.667		760,149
			<u>809,490</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004	ODP-2003-006	15,864
Public Assistance Grants	97.036	FEMA-DR-1518-IA	108,003
Emergency Management Performance Grants	97.042	FY04 EMPG	26,667
Emergency Management Performance Grants	97.042	FY03 EMPG	1,335
			<u>28,002</u>
Emergency Operations Centers	97.052		8,815
Citizen Corps	97.053		2,062
Citizen Corps	97.053	EMK-2003-GR-2535	3,622
			<u>5,684</u>
Total indirect			<u>1,930,577</u>
Total			<u>\$ 2,088,491</u>

See accompanying independent auditor's report.

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Black Hawk County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Black Hawk County



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Black Hawk County:

We have audited the financial statements of Black Hawk County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated February 18, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Black Hawk County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance 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, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the 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 interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-B-04 and IV-J-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Black Hawk County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Black Hawk County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for item II-D-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Black Hawk County and other parties to whom Black Hawk County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Black Hawk County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 18, 2005

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

Black Hawk County



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

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Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Black Hawk County:

Compliance

We have audited the compliance of Black Hawk County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2004. Black Hawk County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Black Hawk County's management. Our responsibility is to express an opinion on Black Hawk County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, 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 provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Black Hawk County's compliance with those requirements.

In our opinion, Black Hawk County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Black Hawk County and other parties to whom Black Hawk County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 18, 2005

Black Hawk County
Schedule of Findings and Questioned Costs
Year ended June 30, 2004

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Black Hawk County qualified as a low-risk auditee.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- II-A-04 Credit Cards – The County has credit/store cards for use by the Sheriff's Office, Attorney's Office, Communications, Health Department, Community Services, Youth Shelter, Country View (Care Facility), Engineer's Office, and Conservation employees while on County business. The County has not adopted a formal policy to regulate the use of credit/store cards or to establish procedures for the proper accounting of credit/store card charges.

Recommendation – The County should adopt a formal written policy regulating the use of County credit/store cards. The policy, at a minimum, should address who controls credit/store cards, who is authorized to use credit/store cards and for what purpose. The policy should also require an itemized vendor receipt to support each charge on the credit/store card statement.

Response – The County is in the process of writing a policy regulating the use of County credit/store cards. Our completion date is set for May 2005.

Conclusion – Response accepted.

- II-B-04 Sheriff Fuel Purchases – Fuel receipts are not always obtained and reconciled to each vehicle's mileage log and the monthly billing statement.

Recommendation – Gas receipts should be obtained and submitted so they can be reconciled against both the mileage log and the monthly billing statement. Once the billing statement has been reconciled to the mileage logs and gas receipts, evidence of that review should be placed on the billing statement.

Response – The main source of gas supply for the Sheriff's Office is a card reader that does not produce a receipt. However, if fuel is purchased at an alternative site, and a receipt is produced, the receipt is attached to the monthly mileage sheet and reconciled with the monthly billing statement by the appropriate Sheriff's Office staff.

Conclusion – Response accepted.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

- II-C-04 Conservator Disbursements – The County’s Conservator Office provides guardianship, conservatorship and representative payee services to low income disabled individuals who cannot obtain those services elsewhere.

The person who signs checks also records receipts, approves disbursements and prepares the checks. On an infrequent basis, checks are made out to cash. Also, in some cases weekly checks that go out for a client in the next month are printed and signed at the end of the current month and then disbursed once a week during the next month.

Recommendation – The person who reviews and signs the checks should not be involved in recording receipts, approving disbursements or preparing checks for that client. Checks should not be made out to cash and checks should not be printed and signed in advance.

Response – The Conservator’s Office will be transferred from the County Auditor’s Office to the Central Point of Coordination (CPC) Office in May of 2005. The CPC Administrator will implement procedures to assure that the person who reviews and signs the checks is not the same person who records receipts, approves disbursements or prepares checks for that client, and that checks are not printed and signed in advance.

Conclusion – Response accepted.

- II-D-04 Electronic Data Processing Systems – The County does not have a written disaster recovery plan.

Recommendation – The County should establish a written disaster recovery plan.

Response – The County is in the process of writing procedures for disaster recovery. Some of the security policies have been established in draft form. Our completion draft has been moved to December 2005.

Conclusion – Response accepted.

Black Hawk County
Schedule of Findings and Questioned Costs
Year ended June 30, 2004

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over the major program were noted.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-04 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

IV-B-04 Certified Budget – Expenditures during the year ended June 30, 2004 exceeded the amount budgeted in the mental health function. Expenditures in certain departments exceeded the amounts appropriated.

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

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function level budget is not increased. Such increases or decreases should be made before expenditures are allowed to exceed the appropriation.

Response – Sufficient appropriations were not available in other departments to cover the expenditures exceeded in the Central Point of Coordination Department budget for the mental health function. The County will monitor the accrual expenditures more closely in the future.

Conclusion – Response accepted.

IV-C-04 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-D-04 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-04 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Roger Lugwig, MIS Department employee	Computer supplies	\$ 30
Leon Mosley, supervisor, wife is Kathy Mosley, owner of rental property	Property rental	135
Brian Davis, Secondary Roads Department employee	Equipment rental	550

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

In accordance with Chapter 331.342(10) of the Code of Iowa, these transactions do not appear to represent conflicts of interest since the cumulative amount for each individual was less than \$1,500 during the fiscal year.

- IV-F-04 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.
- IV-G-04 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-04 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-I-04 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).
- IV-J-04 Deficit Balances – The Special Revenue, Rural Services Fund and the Agency, E911 and Solid Waste Administration Funds had deficit cash balances during the year ended June 30, 2004. This appears to violate Chapter 331.476 of the Code of Iowa.

Also, the Internal Service, Central Purchasing Fund had a deficit fund balance of \$32,400 at June 30, 2004.

Recommendation – Claims should not be approved for payment when funds are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other County funds or other formal short-term debt instruments or obligations in accordance with Chapter 331.477 of the Code of Iowa.

Also, the County should investigate alternatives to eliminate the deficit in the Internal Service, Central Purchasing Fund to return this fund to a sound financial position.

Response – The County will continue to improve the coordination of expenditures to receipts in those funds. The Special Revenue, Rural Services Fund is dependent on local option sales tax, part of which the state withholds until after the end of the fiscal year. The Agency, E911 and Solid Waste Administration Funds are dependent on receipts from those agencies, which are not always timely received.

The County will act to make the necessary interfund transfer to remove the deficit in the Internal Service, Central Purchasing Fund, which is now closed.

Conclusion – Response accepted.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

IV-K-04 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 and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.

Black Hawk County

Staff

This audit was performed by:

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Billie Jo Heth, Senior Auditor
John G. Vanis, CGFM, Senior Auditor
Brad T. Holtan, Staff Auditor
Cynthia R. Ellingson, Assistant Auditor
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Andrew E. Nielsen, CPA
Deputy Auditor of State