



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

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NEWS RELEASE

FOR RELEASE April 21, 2003

Contact: Andy Nielsen
515/281-5515

The Office of Auditor of State today released an audit report on Black Hawk County, Iowa.

The County had local tax revenue of \$122,393,383 for the year ended June 30, 2002, which included \$6,337,137 in tax credits from the state. The County forwarded \$98,742,197 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$23,651,186 of the local tax revenue to finance County operations, a six percent increase from the prior year. Other revenues included \$13,363,939 from the state, including indirect federal funding, \$6,729,801 from direct federal grants and entitlements, \$2,127,468 in local option sales tax and \$946,045 in interest on investments.

Expenditures for County operations totaled \$65,990,767, a nineteen percent increase from the prior year. Expenditures included \$17,645,336 for mental health, \$12,870,143 for public safety and \$11,382,486 for debt service. The increase in expenditures is primarily due to \$9,605,000 of 1993 general obligation refunding notes being called and retired on May 1, 2002.

This report contained recommendations to the Board of Supervisors and other County officials. For example, the County Sheriff should deposit commissary account profits with the County Treasurer and expenditures, other than those for commissary resale items, should be presented to the Board of Supervisors for approval and inclusion in the budget. Expenditures of \$74,708 from the Sheriff's commissary account for two transportation vans, a micro-film reader, video equipment, computers and inmate clothing account were not reflected in the County's accounting system or budget. The County Sheriff responded that the commissary account will remain with the County Sheriff and he will look at setting up a Special Revenue Fund to bring the activity into the County's accounting system.

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

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BLACK HAWK COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

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Black Hawk County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Leon V. Mosley	Board of Supervisors	Jan 2003
Craig White	Board of Supervisors	Jan 2003
Barbara Leestamper	Board of Supervisors	Jan 2005
Brian S. Quirk	Board of Supervisors	Jan 2005
Maggie Stewart	Board of Supervisors	Jan 2005
Grant Veeder	County Auditor	Jan 2005
Barbara Freet	County Treasurer	Jan 2003
Patricia S. Sass	County Recorder	Jan 2003
Michael Kubik	County Sheriff	Jan 2005
Thomas Ferguson	County Attorney	Jan 2003
Vicki S. Atkins	County Assessor	Jan 2004



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Independent Auditor's Report

To the Officials of Black Hawk County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Black Hawk County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Black Hawk County's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Black Hawk County at June 30, 2002 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 17 to the financial statements, Black Hawk County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2003. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated February 20, 2003 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 through 18, 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

February 20, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Financial Statements

Black Hawk County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Cash and pooled investments:				
County Treasurer	\$ 4,254,922	8,023,260	764,668	615,817
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	127,133	42,873	11,889	-
Succeeding year	15,879,000	5,480,000	1,925,000	-
Interest and penalty on property tax Accounts	677,454	-	-	-
Accrued interest	176,065	27,490	-	-
Special assessments	119,648	260	1,231	-
Note receivable (note 7)	-	-	499,531	-
Due from other funds (note 4)	391,765	1,126,000	-	-
Due from other governments	537,602	1,081,496	-	-
Inventories	-	330,327	-	-
Prepaid expenditures	33,755	10,023	-	-
Advances to other funds (note 4)	811,875	1,125	-	-
Property and equipment (note 3)	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available in Debt Service Fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debits	\$ 23,009,219	16,122,854	3,202,319	615,817

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
370,083	780,036	5,432,187	-	-	20,240,973
-	-	762,476	-	-	762,476
-	-	788,731	-	-	970,626
-	-	93,535,000	-	-	116,819,000
-	-	-	-	-	677,454
39,459	19,930	162,136	-	-	425,080
524	432	765	-	-	122,860
-	-	421,659	-	-	421,659
-	-	-	-	-	499,531
-	274,720	-	-	-	1,792,485
-	-	27,940	-	-	1,647,038
-	-	-	-	-	330,327
-	-	-	-	-	43,778
-	-	-	-	-	813,000
5,370,639	-	-	40,263,838	-	45,634,477
(649,722)	-	-	-	-	(649,722)
-	-	-	-	766,550	766,550
-	-	-	-	14,907,933	14,907,933
5,130,983	1,075,118	101,130,894	40,263,838	15,674,483	206,225,525

Black Hawk County

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts payable	\$ 469,961	525,047	300	28,350
Salaries and benefits payable	330,129	181,053	-	-
Due to other funds (note 4)	329,739	1,121,625	-	-
Due to other governments (note 5)	134,547	1,041,296	-	-
Trusts payable	-	-	-	-
Deferred revenue:				
Succeeding year property tax	15,879,000	5,480,000	1,925,000	-
Other	828,035	52,671	510,469	-
Advances from other funds (note 4)	-	-	-	-
Bonds and notes payable (note 6)	-	-	-	-
Capital loan notes payable (note 6)	-	-	-	-
Lease purchase agreement (note 6)	-	-	-	-
Compensated absences	250,856	136,905	-	-
Total liabilities	18,222,267	8,538,597	2,435,769	28,350
Fund equity and other credits:				
Contributed capital	-	-	-	-
Unreserved retained earnings (deficit)	-	-	-	-
Investment in general fixed assets	-	-	-	-
Fund balances:				
Reserved for:				
Inventories	-	330,327	-	-
Prepaid expenditures	33,755	10,023	-	-
Debt service	-	-	766,550	-
Advances to other funds	811,875	1,125	-	-
Supplemental levy purposes	2,584,873	-	-	-
Unreserved:				
Designated for tax stabilization and termination benefit payments	1,124,166	-	-	-
Undesignated	232,283	7,242,782	-	587,467
Total fund equity and other credits	4,786,952	7,584,257	766,550	587,467
Total liabilities, fund equity and other credits	\$ 23,009,219	16,122,854	3,202,319	615,817

See notes to financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)
14,345	580,308	45,808	-	-	1,664,119
-	-	12,447	-	-	523,629
1,654	-	339,467	-	-	1,792,485
-	-	99,926,919	-	-	101,102,762
-	-	715,538	-	-	715,538
-	-	-	-	-	23,284,000
-	-	-	-	-	1,391,175
60,000	703,000	50,000	-	-	813,000
-	-	-	-	10,090,000	10,090,000
1,969,408	-	-	-	2,440,000	4,409,408
-	-	-	-	1,161,728	1,161,728
-	-	8,399	-	1,982,755	2,378,915
2,045,407	1,283,308	101,098,578	-	15,674,483	149,326,759
2,268,637	-	-	-	-	2,268,637
816,939	(208,190)	-	-	-	608,749
-	-	-	40,263,838	-	40,263,838
-	-	-	-	-	330,327
-	-	-	-	-	43,778
-	-	-	-	-	766,550
-	-	-	-	-	813,000
-	-	-	-	-	2,584,873
-	-	-	-	-	1,124,166
-	-	32,316	-	-	8,094,848
3,085,576	(208,190)	32,316	40,263,838	-	56,898,766
5,130,983	1,075,118	101,130,894	40,263,838	15,674,483	206,225,525

Black Hawk County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	Governmental	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 15,403,579	7,573,978
Interest and penalty on property tax	337,709	-
Intergovernmental	9,129,296	14,923,767
Licenses and permits	273,148	71,475
Charges for service	3,365,711	922,415
Use of money and property	957,969	3,272
Fines, forfeitures and defaults	270,079	-
Miscellaneous	486,824	262,395
Total revenues	30,224,315	23,757,302
Expenditures:		
Operating:		
Public safety	11,737,049	1,133,094
Court services	888,975	-
Physical health and education	3,144,479	100,000
Mental health	-	17,645,336
Social services	6,719,943	-
County environment	1,617,423	299,772
Roads and transportation	-	4,069,017
State and local government services	1,395,704	40,500
Interprogram services	4,830,170	-
Debt service	369,214	-
Capital projects	-	463,508
Total expenditures	30,702,957	23,751,227
Excess (deficiency) of revenues over (under) expenditures	(478,642)	6,075

Fund Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
1,441,671	-	-	24,419,228
-	-	-	337,709
162,325	220	-	24,215,608
-	-	-	344,623
-	-	-	4,288,126
63,928	-	-	1,025,169
-	3,835	-	273,914
-	-	26,893	776,112
1,667,924	4,055	26,893	55,680,489
-	-	-	12,870,143
-	-	-	888,975
-	-	-	3,244,479
-	-	-	17,645,336
-	-	-	6,719,943
-	-	15,710	1,932,905
-	-	-	4,069,017
-	-	-	1,436,204
-	-	-	4,830,170
11,013,272	-	-	11,382,486
-	507,601	-	971,109
11,013,272	507,601	15,710	65,990,767
(9,345,348)	(503,546)	11,183	(10,310,278)

Black Hawk County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	<u>Governmental</u>	
	<u>General</u>	<u>Special Revenue</u>
Other financing sources (uses):		
Sale of general fixed assets	1,538	3,639
Operating transfers in	154,189	1,564,187
Operating transfers out	(909,356)	(1,200,985)
General obligation refunding bond proceeds (net of \$39,932 discount)	-	-
Total other financing sources (uses)	<u>(753,629)</u>	<u>366,841</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,232,271)	372,916
Fund balances beginning of year, as restated (note 16)	5,988,103	7,191,353
Increase (decrease) in reserve for:		
Inventories	-	19,911
Prepaid expenditures	(18,880)	77
Advances to other funds	50,000	-
Fund balances end of year	<u>\$ 4,786,952</u>	<u>7,584,257</u>

See notes to financial statements.

Fund Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
-	400	-	5,577
391,965	-	-	2,110,341
-	-	-	(2,110,341)
8,775,068	-	-	8,775,068
9,167,033	400	-	8,780,645
(178,315)	(503,146)	11,183	(1,529,633)
944,865	1,090,613	21,133	15,236,067
-	-	-	19,911
-	-	-	(18,803)
-	-	-	50,000
766,550	587,467	32,316	13,757,542

Black Hawk County

Comparison of Revenues, Expenditures and
Changes in Balance - Actual to Budget -
All Governmental Fund Types and Expendable Trust Fund

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
Revenues:		
Property and other County tax	\$ 24,419,228	-
Interest and penalty on property tax	337,709	-
Intergovernmental	24,215,608	137,840
Licenses and permits	344,623	-
Charges for service	4,288,126	30,344
Use of money and property	1,025,169	(580)
Fines, forfeits and defaults	273,914	-
Miscellaneous	776,112	111,637
Total revenues	<u>55,680,489</u>	<u>279,241</u>
Expenditures:		
Public safety	12,870,143	-
Court services	888,975	-
Physical health and education	3,244,479	-
Mental health	17,645,336	-
Social services	6,719,943	-
County environment	1,932,905	44,504
Roads and transportation	4,069,017	-
State and local government services	1,436,204	-
Interprogram services	4,830,170	-
Debt service	11,382,486	-
Capital projects	971,109	1,311
Total expenditures	<u>65,990,767</u>	<u>45,815</u>
Excess (deficiency) of revenues over (under) expenditures	(10,310,278)	233,426
Other financing sources (uses), net	<u>8,780,645</u>	<u>(154,189)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,529,633)	79,237
Balance beginning of year, as restated (note 16)	15,236,067	230,776
Increase (decrease) in reserve for:		
Inventories	19,911	-
Prepaid expenditures	(18,803)	-
Advances to other funds	50,000	-
Balance end of year	<u>\$ 13,757,542</u>	<u>310,013</u>

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
24,419,228	24,493,857	(74,629)	100%
337,709	242,000	95,709	140%
24,077,768	23,235,687	842,081	104%
344,623	314,780	29,843	109%
4,257,782	3,968,880	288,902	107%
1,025,749	2,004,142	(978,393)	51%
273,914	181,450	92,464	151%
664,475	2,493,877	(1,829,402)	27%
<u>55,401,248</u>	<u>56,934,673</u>	<u>(1,533,425)</u>	<u>97%</u>
12,870,143	12,753,477	(116,666)	101%
888,975	889,442	467	100%
3,244,479	3,280,272	35,793	99%
17,645,336	17,571,023	(74,313)	100%
6,719,943	7,004,916	284,973	96%
1,888,401	2,223,719	335,318	85%
4,069,017	4,501,967	432,950	90%
1,436,204	1,506,843	70,639	95%
4,830,170	5,353,471	523,301	90%
11,382,486	11,383,907	1,421	100%
969,798	2,280,265	1,310,467	43%
<u>65,944,952</u>	<u>68,749,302</u>	<u>2,804,350</u>	<u>96%</u>
(10,543,704)	(11,814,629)		
<u>8,934,834</u>	<u>8,775,068</u>		
(1,608,870)	(3,039,561)		
15,005,291	15,005,292		
19,911	-		
(18,803)	-		
50,000	-		
<u>13,447,529</u>	<u>11,965,731</u>		

Exhibit D

Black Hawk County

Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

Proprietary Fund Types

Year ended June 30, 2002

	Enterprise	Internal Service	Total
Operating revenues:			
Contributions and reimbursements from operating funds and other governmental units	\$ -	3,984,371	3,984,371
Health fees from employees	-	182,466	182,466
Charges for service	252,727	-	252,727
Reimbursements	39,560	24,699	64,259
Total operating revenues	<u>292,287</u>	<u>4,191,536</u>	<u>4,483,823</u>
Operating expenses:			
Medical and health services	-	4,057,515	4,057,515
Claims for damages	-	91,014	91,014
Water collection fees	2,040	-	2,040
Sewer maintenance services	29,792	-	29,792
Depreciation	193,511	-	193,511
Equipment	-	12,275	12,275
Total operating expenses	<u>225,343</u>	<u>4,160,804</u>	<u>4,386,147</u>
Operating income	<u>66,944</u>	<u>30,732</u>	<u>97,676</u>
Non-operating revenues (expenses):			
Interest on investments	8,286	12,725	21,011
Interest paid on capital loan notes	(110,778)	-	(110,778)
Amortization of discount on capital loan notes	(1,672)	-	(1,672)
Other fees	(225)	-	(225)
Total non-operating revenues (expenses)	<u>(104,389)</u>	<u>12,725</u>	<u>(91,664)</u>
Net income (loss)	<u>(37,445)</u>	<u>43,457</u>	<u>6,012</u>
Retained earnings (deficit) beginning of year	<u>854,384</u>	<u>(251,647)</u>	<u>602,737</u>
Retained earnings (deficit) end of year	<u>\$ 816,939</u>	<u>(208,190)</u>	<u>608,749</u>

See notes to financial statements.

Black Hawk County
 Combined Statement of Cash Flows
 Proprietary Fund Types
 Year ended June 30, 2002

	Enterprise	Internal Service	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ -	3,696,085	3,696,085
Cash received from others	293,083	214,330	507,413
Cash payments to health claims and administrative provider	-	(3,964,878)	(3,964,878)
Cash payments to suppliers for services	(26,727)	-	(26,727)
Cash payments for damage claims	-	(45,910)	(45,910)
Cash payments to vendors for miscellaneous	-	(12,275)	(12,275)
Net cash provided (used) by operating activities	<u>266,356</u>	<u>(112,648)</u>	<u>153,708</u>
Cash flows from capital and related financing activities:			
Interest paid on capital loan notes	(110,778)	-	(110,778)
Capital loan notes redeemed	(105,000)	-	(105,000)
Advances from other funds	50,000	-	50,000
Other fees	(225)	-	(225)
Construction of capital assets	(102,396)	-	(102,396)
Net cash used by capital and related financing activities	<u>(268,399)</u>	<u>-</u>	<u>(268,399)</u>
Cash flows from investing activities:			
Interest on investments	9,097	14,220	23,317
Net increase (decrease) in cash and cash equivalents	7,054	(98,428)	(91,374)
Cash and cash equivalents beginning of year	363,029	878,464	1,241,493
Cash and cash equivalents end of year	<u>\$ 370,083</u>	<u>780,036</u>	<u>1,150,119</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 66,944	30,732	97,676
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	193,511	-	193,511
Changes in asset and liabilities: (Increase) decrease in receivables and interfund receivables for operating activities	796	(282,355)	(281,559)
Increase in accounts payable for operating activities	5,105	138,975	144,080
Net cash provided (used) by operating activities	<u>\$ 266,356</u>	<u>(112,648)</u>	<u>153,708</u>

See notes to financial statements.

Black Hawk County

Notes to Financial Statements

June 30, 2002

(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.

A. Reporting Entity

For financial reporting purposes, Black Hawk County has included all funds, organizations, account groups, 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.

Seven 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. These drainage districts are reported as a Special Revenue Fund. Financial information for 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 other staff 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 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 also 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, Black Hawk 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 an Agency Fund 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. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures or expenses. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are 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 expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Funds - The Debt Service Funds are utilized for the payment of interest and principal on the County's general long-term debt.

Capital Projects Funds - The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities.

Proprietary Fund

Enterprise Funds - The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Internal Service Funds - The Internal Service Funds are utilized to account for 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

Expendable Trust Fund - The Expendable Trust Fund is used to account for assets held by the County in a trustee capacity. This fund is accounted for in essentially the same manner as Governmental Funds.

Agency Funds - The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets - This account group is established to account for the general fixed assets of the County.

General Long-Term Debt - This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and the Expendable Trust Fund are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its proprietary funds, the County applies 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.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and the Expendable Trust Fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and expenses are recognized when incurred.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined 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 that 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 and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds became 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, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2001.

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 amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty 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 are due and payable 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 that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

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 consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Advances to and Advances from Other Funds - Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account for governmental funds which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

General Fixed Assets - General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost or estimated historical cost where actual historical cost is not available. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service levies.

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.

Proprietary Fund

Proprietary fund type property and equipment is accounted for at historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations.

Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over a 25-year estimated useful life using the straight-line method.

Interest is capitalized on qualified proprietary fund assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Interest is not capitalized on assets constructed on behalf of proprietary funds and acquired with tax-exempt debt paid for from annual debt service tax levies. During the year ended June 30, 2002, no interest costs were capitalized since there were no qualifying assets.

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

Deferred 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 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, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

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. Accumulated sick leave is generally paid upon termination at 25% for employees with at least 5 years of service and at 50% for employees with at least 10 years of service. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave termination payments expected to be liquidated currently are recorded as liabilities of the Governmental Funds. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

F. Budgets and Budgetary Accounting

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 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area expenditures required to be budgeted include expenditures for the general fund, special revenue funds except for drainage districts, debt service funds, capital projects funds and the expendable trust fund. Although the budget document presents service area expenditures by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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.

Exhibit C is a comparison of revenues, expenditures and changes in balances with the modified accrual budget, which is legally controlled by service area, not fund type.

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2002 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, 2002, the Friends of Hartman Reserve, Inc. (Reserve) utilized a sweep account through US Bank, a mutual fund account that is not covered by federal depository insurance or the State Sinking Fund. Information pertaining to the details of this sweep account were not readily available. The Reserve also held investments during the year and at June 30, 2002 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 that the investments are uninsured or unregistered, with the security held by the counterparty's trust department or agent in the Reserve's name. Investments purchased through the Reserve's sweep account were not categorized since information on the types of investments purchased through this account was not readily available.

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, 2002 are as follows:

Type	Fair Value
Money market funds	\$ 1,327
Mutual funds	47,242
Fixed income securities	34,204
Mutual fund sweep account	<u>158,239</u>
 Total	 <u>\$ 241,012</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$910,306 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and land improvements	\$ 3,350,651	309,522	20,618	3,639,555
Buildings	24,360,129	288,236	19,000	24,629,365
Equipment	<u>11,590,883</u>	<u>881,224</u>	<u>477,189</u>	<u>11,994,918</u>
 Total	 <u>\$ 39,301,663</u>	 <u>1,478,982</u>	 <u>516,807</u>	 <u>40,263,838</u>

Property and equipment includes items valued at an estimated historical cost of \$12,272,092.

A summary of changes in property and equipment for the Enterprise Funds for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Property and equipment	\$ 5,258,167	112,472	-	5,370,639
Less accumulated depreciation				<u>(649,722)</u>
 Total				 <u>\$ 4,720,917</u>

(4) Interfund Assets/Liabilities

The detail of due to/due from other funds and advances from/advances to other funds at June 30, 2002 is as follows:

Due To/Due From Other Funds:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Rural Services	\$ 19,824
	Secondary Roads	1,177
	Mental Health	51,578
	Enterprise:	
	Rural Sewer	1,654
	Agency:	
	County Offices	254,950
	Auto License and Use Tax	55,358
	Medicaid Reimbursement	7,224
Special Revenue:		
Secondary Roads	General	1,057
	Special Revenue:	
	Mental Health	2,250
	Rural Services	1,046,796
Mental Health	General	53,962
	Agency:	
	County Offices	13,513
County Recorder's	Agency:	
Records Management	County Offices	8,422
Internal Service:		
Equipment Revolving	General	<u>274,720</u>
Total		<u>\$ 1,792,485</u>

Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Enterprise:	
	Rural Sewer	\$ 60,000
	Internal Service:	
	Central Purchasing	101,875
	Equipment Revolving	600,000
	Agency:	
	Flexible Spending	50,000
Special Revenue:	Internal Service:	
Secondary Roads	Central Purchasing	<u>1,125</u>
Total		<u>\$ 813,000</u>

(5) 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. The Agency Fund collections also include accruals of property tax for the succeeding year. The 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	\$ 134,547
Special Revenue:		
Rural Services	Services	5,573
Secondary Roads		3,882
Mental Health		1,031,465
County Recorder's Records Management		250
Drainage Districts		126
		<u>1,041,296</u>
Agency:		
E911	Collections	296,404
County Assessor		2,300,939
Schools		45,744,862
Community Colleges		2,436,128
Corporations		45,877,403
City Special Assessments		441,891
Auto License and Use Tax		1,797,381
Emergency Management Services		91,472
Medicaid Reimbursement		455,057
All other		485,382
		<u>99,926,919</u>
Total		<u>\$101,102,762</u>

(6) Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Reported in the General Long-Term Debt Account Group:				
General Obligation Bonds and Notes	\$ 11,030,000	8,815,000	9,755,000	10,090,000
General Obligation Capital Loan Notes	2,900,000	-	460,000	2,440,000
Lease Purchase Agreement	1,455,297	-	293,569	1,161,728
Deferred Payment Contract	145,000	-	145,000	-
Compensated Absences	2,035,350	-	52,595	1,982,755
Total	<u>\$ 17,565,647</u>	<u>8,815,000</u>	<u>10,706,164</u>	<u>15,674,483</u>

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Reported in the Proprietary Fund Type – Enterprise Fund: General Obligation Capital Loan Notes	\$ 2,072,736	-	103,328	1,969,408 (1)

(1) Notes were sold at a discount; unamortized discount at June 30, 2002 amounted to \$20,592.

General Obligation Bonds and Notes

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, with interest rates ranging from 2.00% to 4.00%, to pay the cost of refunding general obligation bonds dated February 1, 1993. The 1993 general obligation bonds were called on May 1, 2002 and were fully redeemed at June 30, 2002. The County refunded the bonds to reduce its total debt service payments by approximately \$856,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$761,000.

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

Year Ending June 30,	1995 Remodeling/Computer			2000 Courthouse/Conservation		
	Interest Rates	Interest	Principal	Interest Rates	Interest	Principal
2003	4.25%	\$ 16,575	90,000	4.90%	\$ 45,385	70,000
2004	4.25	12,750	95,000	4.95	41,955	75,000
2005	4.25	8,713	100,000	5.00	38,243	75,000
2006	4.25	4,462	105,000	5.05	34,492	80,000
2007		-	-	5.10	30,453	85,000
2008		-	-	5.15	26,117	90,000
2009		-	-	5.20	21,483	95,000
2010		-	-	5.20	16,542	100,000
2011		-	-	5.25	11,343	105,000
2012		-	-	5.30	5,830	110,000
Total		\$ 42,500	390,000		\$ 271,843	885,000

Year Ending June 30,	2002 Refunding Bonds			Total		
	Interest Rates	Interest	Principal	Interest	Principal	Total
2003	2.00%	\$ 360,691	935,000	\$ 422,651	1,095,000	1,517,651
2004	2.25	269,853	1,025,000	324,558	1,195,000	1,519,558
2005	3.25	246,790	1,050,000	293,746	1,225,000	1,518,746
2006	3.25	212,665	1,085,000	251,619	1,270,000	1,521,619
2007	3.45	177,403	1,115,000	207,856	1,200,000	1,407,856
2008	3.70	138,935	1,155,000	165,052	1,245,000	1,410,052
2009	3.85	96,200	1,200,000	117,683	1,295,000	1,412,683
2010	4.00	50,000	1,250,000	66,542	1,350,000	1,416,542
2011		-	-	11,343	105,000	116,343
2012		-	-	5,830	110,000	115,830
Total		<u>\$1,552,537</u>	<u>8,815,000</u>	<u>\$1,866,880</u>	<u>10,090,000</u>	<u>11,956,880</u>

During the year ended June 30, 2002, general obligation bonds and notes of \$9,755,000 were retired by the County.

General Obligation Capital Loan Notes

General obligation capital loan notes have been issued for both general government and proprietary activities. The portion of unmatured general obligation capital loan notes accounted for in the General Long-Term Debt Account Group and serviced by the Debt Service Fund totaled \$2,440,000 at June 30, 2002. The portion of unmatured general obligation capital loan notes expected to be repaid from proprietary revenues and therefore accounted for in the Enterprise Funds totaled \$1,990,000 at June 30, 2002.

On August 1, 1995, the County issued \$2,130,000 of general obligation capital loan notes for juvenile detention center renovations, voting machines, a chiller and a building addition.

On November 1, 1995, the County issued \$2,650,000 of general obligation refunding capital loan notes. The notes were used for refunding a portion of the August 1, 1989 general obligation capital loan notes for remodeling the Pinecrest building.

On December 1, 1995, the County issued \$1,100,000 of general obligation capital loan notes for construction of water utility improvements accounted for within the Enterprise Funds.

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 within the Enterprise Funds.

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

Year Ending June 30,	General Obligation Capital Loan Notes - 1995 Voting/Juvenile			General Obligation Capital Loan Notes - 1995 Refunding Notes		
	Interest			Interest		
	Rates	Interest	Principal	Rates	Interest	Principal
2003	5.125%	\$ 68,313	135,000	4.350%	\$ 48,475	350,000
2004	5.125	61,394	145,000	4.375	33,250	370,000
2005	5.125	53,962	150,000	4.375	17,062	390,000
2006	5.125	46,275	160,000		-	-
2007	5.125	38,075	170,000		-	-
2008	5.125	29,363	180,000		-	-
2009	5.125	20,137	190,000		-	-
2010	5.200	10,400	200,000		-	-
2011		-	-		-	-
2012		-	-		-	-
2013		-	-		-	-
2014		-	-		-	-
2015		-	-		-	-
2016		-	-		-	-
2017		-	-		-	-
2018		-	-		-	-
2019		-	-		-	-
Total		\$ 327,919	1,330,000		\$ 98,787	1,110,000

Year Ending June 30,	General Obligation Capital Loan Notes - 1995 Rural Water			General Obligation Capital Loan Notes - 1999 Rural Sewer			Total		
	Interest			Interest			Interest		
	Rates	Interest	Principal	Rates	Interest	Principal	Interest	Principal	Total
2003	4.700%	\$ 40,945	65,000	5.300%	\$ 64,628	45,000	\$ 222,361	595,000	817,361
2004	4.700	37,890	70,000	5.300	62,242	50,000	194,776	635,000	829,776
2005	4.700	34,600	70,000	5.300	59,593	50,000	165,217	660,000	825,217
2006	4.800	31,310	75,000	5.300	56,942	50,000	134,527	285,000	419,527
2007	4.950	27,710	80,000	5.300	54,293	55,000	120,078	305,000	425,078
2008	5.100	23,750	85,000	5.300	51,377	60,000	104,490	325,000	429,490
2009	5.100	19,415	85,000	5.300	48,198	60,000	87,750	335,000	422,750
2010	5.200	15,080	90,000	5.400	45,017	65,000	70,497	355,000	425,497
2011	5.200	10,400	95,000	5.450	41,508	65,000	51,908	160,000	211,908
2012	5.200	5,460	105,000	5.500	37,965	70,000	43,425	175,000	218,425
2013		-	-	5.550	34,115	75,000	34,115	75,000	109,115
2014		-	-	5.600	29,952	75,000	29,952	75,000	104,952
2015		-	-	5.650	25,753	80,000	25,753	80,000	105,753
2016		-	-	5.700	21,232	85,000	21,232	85,000	106,232
2017		-	-	5.750	16,388	90,000	16,388	90,000	106,388
2018		-	-	5.750	11,212	95,000	11,212	95,000	106,212
2019		-	-	5.750	5,750	100,000	5,750	100,000	105,750
Total		\$ 246,560	820,000 (1)		\$ 666,165	1,170,000 (2)	\$ 1,339,431	4,430,000	5,769,431

During the year ended June 30, 2002, \$565,000 in general obligation capital loan notes were retired.

(1) Notes were sold at a discount; unamortized discount at June 30, 2002 was \$7,910.

(2) Notes were sold at a discount; unamortized discount at June 30, 2002 was \$12,682.

Lease Purchase Agreement

The County entered into a lease purchase agreement to lease communications equipment on behalf of the E911 Service Board. The County then entered into a lease agreement with the E911 Service Board. Under the agreement with the E911 Service Board, an E911 service surcharge has been established to provide monthly rental payments to the County General Fund in an amount equal to one-sixth of the amount payable as principal and interest due on each semi-annual payment date. Semi-annual payments of principal and interest are made from the General Fund. The following is a schedule of the future minimum lease payments, including interest of 5.4% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2002:

Year Ending June 30,	Total
2003	\$ 369,214
2004	369,214
2005	369,214
2006	<u>184,606</u>
Total minimum lease payments	1,292,248
Less amount representing interest	<u>(130,520)</u>
Present value of net minimum lease payments	<u>\$ 1,161,728</u>

Payments under this agreement for the year ended June 30, 2002 totaled \$369,214.

(7) Note Receivable

On August 1, 1995, the County issued \$2,130,000 of general obligation capital loan notes, a portion of which was to partially fund juvenile detention center renovations. On August 24, 1995, the County entered into an agreement to loan \$800,000 of the capital loan note proceeds to the North Iowa Juvenile Detention Service Commission. The North Iowa Juvenile Detention Service Commission gave the County a revenue capital loan note 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, 2002, the County received \$48,826 of principal and \$28,147 of interest from the North Iowa Juvenile Detention Service Commission. The balance owed to the County on the note at June 30, 2002 was \$499,531.

(8) Deficit Retained Earnings

The Internal Service, Health Insurance and Central Purchasing Funds had deficit retained earnings of \$231,169 and \$32,400, respectively, at June 30, 2002. The deficits will be eliminated through an increase in contributions from other funds for employee health insurance and by forgiving a portion of the advances from other funds.

(9) Employee Health 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 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 Health Insurance Fund. The County records the plan assets and related liabilities of the Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2002 was \$3,478,827.

Amounts payable from the Internal Service, Health Insurance Fund at June 30, 2002 total \$535,204, 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. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that 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. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2001	\$ 441,333
Incurred claims (including claims incurred but not reported at June 30, 2002)	4,151,386
Payment on claims during the fiscal year	<u>(4,057,515)</u>
Unpaid claims at June 30, 2002	<u>\$ 535,204</u>

(10) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by 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 are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$1,438,524, \$1,403,470, and \$1,411,504, respectively, equal to the required contributions for each year.

(11) Health Care Facility and Industrial Development Revenue Bonds

The County has issued a total of \$14,176,320 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$9,454,207 is outstanding at June 30, 2002. 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.

(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. These risks 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) Segment Information for Enterprise Funds

The County maintains two enterprise funds which provide rural water and rural sewer services. The funds are set up to operate primarily from proceeds of user charges. Segment information for the year ended June 30, 2002 is as follows:

	Rural Water	Rural Sewer	Total
Results of operations:			
Operating revenues	\$ 96,105	196,182	292,287
Operating expenses	68,769	156,574	225,343
Operating income	27,336	39,608	66,944
Non-operating revenue	7,536	750	8,286
Non-operating (expenses)	(44,644)	(68,031)	(112,675)
Net loss	\$ (9,772)	(27,673)	(37,445)
Financial position:			
Total assets	\$ 1,828,402	3,302,581	5,130,983
Property and equipment, net	\$ 1,453,212	3,267,705	4,720,917
Capital loan notes payable	\$ 812,090	1,157,318	1,969,408
Fund equity:			
Contributed capital	\$ 390,287	1,878,350	2,268,637
Retained earnings	626,015	190,924	816,939
Total fund equity	\$ 1,016,302	2,069,274	3,085,576

(14) Budget Overexpenditure

Per the Code of Iowa, expenditures may not exceed the budget at the Service Area level and appropriations by department. During the year ended June 30, 2002, expenditures in the Public Safety and Mental Health Service Areas exceeded the amounts budgeted. Expenditures also exceeded appropriations for the County Sheriff and Central Point Coordinator Department.

(15) Pending Litigation

The County is a defendant in a mandatory arbitration case seeking in excess of \$250,000. The probability and amount of loss, if any, is indeterminable.

(16) Restatement

The beginning fund balance of the Special Revenue Funds was increased by \$202,015 to properly include the Friends of Hartman Reserve, Inc. as a blended component unit in accordance with criteria set by the Governmental Accounting Standards Board.

(17) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the financial activities.

Black Hawk County

Supplemental Information

Schedule 1

Black Hawk County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$14,704,432	
Utility tax replacement excise tax	630,843	
Other	<u>68,304</u>	\$15,403,579

Interest and penalty on property tax

337,709

Intergovernmental:

State shared revenues:

Franchise tax	44,315	
Other	<u>1,787</u>	
	<u>46,102</u>	

State grants and reimbursements including
indirect federal funding:

Health department based HIV prevention activities	62,658	
Human services administrative reimbursement	315,036	
Child support enforcement	603,198	
Maternal and child health services block grant to the states	195,068	
Nursing and homemaker health grants	480,566	
Prisoner care	43,760	
Wildlife habitat stamps program	29,366	
Juvenile justice	14,996	
Human services maintenance reimbursements	401,373	
Hazard mitigation grant	25,616	
Bryne formula grant program	42,078	
Youth shelter programs	401,495	
Childhood lead poisoning prevention project - state and community-based childhood lead poisoning prevention and surveillance of blood levels in children	55,313	
Violence against women formula grants	59,084	
Miscellaneous state grants and reimbursements	311,248	
Other	<u>268,450</u>	
	<u>3,309,305</u>	

State tax replacements:

State tax credits	940,929	
State allocation	<u>370,619</u>	
	<u>1,311,548</u>	

Direct federal grants and entitlements:

Medicare and medicaid	2,107,376	
Prisoner care	17,441	
State crime alien assistance program	27,110	
Other	<u>27,141</u>	
	<u>2,179,068</u>	

Black Hawk County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Intergovernmental:		
Contributions and reimbursements from other governmental units:		
Contract law enforcement	116,391	
Prisoner care	9,480	
Tri-County drug task force	37,878	
E911 Service Commission rent	369,214	
Environmental health reimbursements	423,521	
Election reimbursements	86,815	
Communications Center reimbursements	1,130,104	
Other	109,870	
	<u>2,283,273</u>	9,129,296
Licenses and permits		273,148
Charges for service:		
Office fees and collections	1,055,200	
Auto license, use tax and postage	700,653	
Homemaker health aide service	360,414	
Camping fees	203,812	
Resident care	510,453	
Computer service	179,769	
Prisoner care	156,761	
Sheriff's court fees	92,464	
Other	106,185	
	<u>106,185</u>	3,365,711
Use of money and property:		
Interest on investments	892,693	
Land and building rent	63,015	
Other	2,261	
	<u>2,261</u>	957,969
Fines, forfeitures and defaults		270,079
Miscellaneous:		
Relief reimbursements	172,910	
Contributions	62,785	
Insurance refunds	37,970	
Sale of materials	43,263	
Other	169,896	
	<u>169,896</u>	486,824
Total revenues		<u>30,224,315</u>

Schedule 1

Black Hawk County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Expenditures:		
Operating:		
Public safety		11,737,049
Court services		888,975
Physical health and education		3,144,479
Social services		6,719,943
County environment		1,617,423
State and local government services		1,395,704
Interprogram services		4,830,170
Debt service		369,214
Total expenditures		<u>30,702,957</u>
Deficiency of revenues under expenditures		<u>(478,642)</u>
Other financing sources (uses):		
Sale of general fixed assets		1,538
Operating transfers in (out):		
Special Revenue:		
Secondary Roads	(517,391)	
Friends of Hartman Reserve	154,189	
Debt Service:		
Pinecrest	(391,965)	(755,167)
Total other financing sources (uses)		<u>(753,629)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(1,232,271)
Fund balance beginning of year		5,988,103
Increase (decrease) in reserve for:		
Prepaid expenditures		(18,880)
Advances to other funds		<u>50,000</u>
Fund balance end of year		<u><u>\$ 4,786,952</u></u>

See accompanying independent auditor's report.

Black Hawk County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 375,426	
Investigations	376,368	
Law enforcement communication	1,491,023	
Adult correctional services	6,560,808	
Administration	568,103	
	<u>9,371,728</u>	

Legal services:

Criminal prosecution	1,635,527	
Medical examinations	123,924	
Child support recovery	578,526	
	<u>2,337,977</u>	

Emergency services:

Ambulance services	20,573	
Emergency management	6,771	
	<u>27,344</u>	

\$ 11,737,049

Court Services Service Area:

Assistance to district court system:

Physical operations	1,567	
Research and other assistance	26,233	
	<u>27,800</u>	

Court proceedings:

Juries and witnesses	1,677	
Detention services	64,858	
Court costs	217	
Service of civil papers	667,021	
	<u>733,773</u>	

Juvenile justice administration:

Juvenile victim restitution	11,337	
Court-appointed attorneys and court costs for juveniles	116,065	
	<u>127,402</u>	

888,975

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	1,669,327	
Communicable disease prevention and control services	384,515	
Sanitation	565,394	
Health administration	339,712	
	<u>2,958,948</u>	

Schedule 2

Black Hawk County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Physical Health and Education Service Area (continued):

Educational services:

Fair and 4-H clubs

2,550

Other educational services

182,981185,531

3,144,479

Social Services Service Area:

Services to the indigent:

Administration

892,122

General welfare services

615,083

Care in county care facility

2,622,5324,129,737

Services to military veterans:

Administration

194,680

General services to veterans

166,286360,966

Children and family services:

Youth guidance

1,128,460

Family protective services

79,6081,208,068

Services to other adults:

Services to the elderly

915,913

Chemical dependency:

Treatment services

98,134

Preventive services

7,125105,259

6,719,943

County Environment Service Area:

Environmental quality:

Natural resources conservation

66,022

Conservation and recreation services:

Administration

175,936

Maintenance and operations

612,521

Recreation and environmental education

719,5871,508,044

Animal control:

Animal shelter

23,445

County development:

Land use and building controls

4,412

Economic development

15,50019,912

1,617,423

Black Hawk County

General Fund

Statement of Expenditures

Year ended June 30, 2002

State and Local Government Services Service Area:

Representation services:

Elections administration	202,626	
Local elections	77,695	
	<u>280,321</u>	

State administrative services:

Motor vehicle registrations and licensing	621,168	
Recording of public documents	494,215	
	<u>1,115,383</u>	1,395,704

Interprogram Services Service Area:

Policy and administration:

General County management	960,923	
Administrative management services	650,539	
Treasury management services	613,850	
Other policy and administration	47,582	
	<u>2,272,894</u>	

Central services:

General services	1,565,082	
Data processing services	670,852	
	<u>2,235,934</u>	

Risk management services:

Tort liability	208,669	
Safety of workplace	85,572	
Fidelity of public officials	595	
Unemployment compensation	26,506	
	<u>321,342</u>	4,830,170

Debt Service Service Area:

Principal redeemed	293,569	
Interest paid	75,645	369,214
	<u>75,645</u>	

Total		<u><u>\$ 30,702,957</u></u>
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See accompanying independent auditor's report.

Black Hawk County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Assets			
Cash and pooled investments	\$ 940,722	2,411,769	4,123,959
Receivables:			
Property tax:			
Delinquent	-	-	42,873
Succeeding year	-	-	5,480,000
Accounts	4,779	342	22,304
Accrued interest	-	-	-
Due from other funds	-	1,050,103	67,475
Due from other governments	302,873	260,839	517,784
Inventory	-	330,327	-
Prepaid expenditures	-	-	10,023
Advance to other funds	-	1,125	-
Total assets	\$ 1,248,374	4,054,505	10,264,418
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 570	87,355	437,112
Salaries and benefits payable	19,287	35,191	126,575
Due to other funds	1,066,620	1,177	53,828
Due to other governments	5,573	3,882	1,031,465
Deferred revenue:			
Succeeding year property tax	-	-	5,480,000
Other	-	-	52,671
Compensated absences	27,991	30,064	78,850
Total liabilities	1,120,041	157,669	7,260,501
Fund equity:			
Fund balances:			
Reserved for:			
Inventories	-	330,327	-
Prepaid expenditures	-	-	10,023
Advances to other funds	-	1,125	-
Unreserved	128,333	3,565,384	2,993,894
Total fund equity	128,333	3,896,836	3,003,917
Total liabilities and fund equity	\$ 1,248,374	4,054,505	10,264,418

See accompanying independent auditor's report.

Resource Enhancement and Protection	County Recorder's Records Management	Sheriff's Federal Forfeiture	Drainage Districts	Friends of Hartman Reserve	Total
144,020	90,059	2,582	27,586	282,563	8,023,260
-	-	-	-	-	42,873
-	-	-	-	-	5,480,000
-	65	-	-	-	27,490
148	112	-	-	-	260
-	8,422	-	-	-	1,126,000
-	-	-	-	-	1,081,496
-	-	-	-	-	330,327
-	-	-	-	-	10,023
-	-	-	-	-	1,125
144,168	98,658	2,582	27,586	282,563	16,122,854
-	-	-	10	-	525,047
-	-	-	-	-	181,053
-	-	-	-	-	1,121,625
-	250	-	126	-	1,041,296
-	-	-	-	-	5,480,000
-	-	-	-	-	52,671
-	-	-	-	-	136,905
-	250	-	136	-	8,538,597
-	-	-	-	-	330,327
-	-	-	-	-	10,023
-	-	-	-	-	1,125
144,168	98,408	2,582	27,450	282,563	7,242,782
144,168	98,408	2,582	27,450	282,563	7,584,257
144,168	98,658	2,582	27,586	282,563	16,122,854

Black Hawk County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues:			
Property and other County tax			
Property tax	\$ -	-	5,206,236
Local option sales tax	2,127,468	-	-
Utility tax replacement excise tax	-	-	223,356
Other	-	-	16,918
	<u>2,127,468</u>	<u>-</u>	<u>5,446,510</u>
Intergovernmental:			
State shared revenues			
Road use tax allocation	-	3,098,383	-
State grants and reimbursements including indirect federal funding:			
Social services block grant	-	-	672,376
MH/DD community services fund allocation	-	-	1,392,931
State wildlife habitat stamps	-	-	-
Resource enhancement and protection	-	-	-
Other	-	21,660	6,386
	<u>-</u>	<u>21,660</u>	<u>2,071,693</u>
State tax replacements:			
State tax credits	-	-	333,145
State allocation	151,000	-	-
Mental health property tax relief	-	-	3,440,134
Mental health allowed growth factor adjustment	-	-	637,554
	<u>151,000</u>	<u>-</u>	<u>4,410,833</u>
Direct federal grants and entitlements:			
Medicare and medicaid	-	-	4,550,733
Contributions and reimbursements from other governmental units:			
Project reimbursements	-	275,863	-
Other	5,525	1,236	4,315
	<u>5,525</u>	<u>277,099</u>	<u>4,315</u>
	<u>156,525</u>	<u>3,397,142</u>	<u>11,037,574</u>

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Federal Forfeiture	Drainage Districts	Friends of Hartman Reserve	Total
-	-	-	-	-	5,206,236
-	-	-	-	-	2,127,468
-	-	-	-	-	223,356
-	-	-	-	-	16,918
-	-	-	-	-	7,573,978
-	-	-	-	-	3,098,383
-	-	-	-	-	672,376
-	-	-	-	-	1,392,931
159,831	-	-	-	-	159,831
34,855	-	-	-	-	34,855
-	-	-	-	22,583	50,629
194,686	-	-	-	22,583	2,310,622
-	-	-	-	-	333,145
-	-	-	-	-	151,000
-	-	-	-	-	3,440,134
-	-	-	-	-	637,554
-	-	-	-	-	4,561,833
-	-	-	-	-	4,550,733
-	-	-	-	-	275,863
-	-	-	-	115,257	126,333
-	-	-	-	115,257	402,196
194,686	-	-	-	137,840	14,923,767

Black Hawk County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues (continued):			
Licenses and permits	67,050	4,425	-
Charges for service:			
Resident care	-	-	846,682
Document management fee	-	-	-
Other	10,713	-	51
	10,713	-	846,733
Use of money and property:			
Interest on investment	-	-	-
Net decrease in fair value of investments	-	-	-
	-	-	-
Miscellaneous:			
Other	575	3,053	44,379
Total revenues	2,362,331	3,404,620	17,375,196
Expenditures:			
Operating:			
Public Safety Service Area:			
Law enforcement:			
Uniformed patrol services	1,121,522	-	-
Emergency services:			
Fire protection services	11,572	-	-
	1,133,094	-	-
Physical Health and Education Service Area:			
Educational services:			
Libraries	100,000	-	-
Mental Health Service Area:			
Persons with mental health problems - mental illness:			
Information and education	-	-	9,322
General administration	-	-	11,127
Coordination services	-	-	4,691
Personal and environmental support	-	-	6,971
Treatment services	-	-	653,358
Vocational and day services	-	-	3,474
Licensed or certified living arrangements	-	-	31,844
Institutional, hospital, and commitment services	-	-	170,260
	-	-	891,047

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Federal Forfeiture	Drainage Districts	Friends of Hartman Reserve	Total
-	-	-	-	-	71,475
-	-	-	-	-	846,682
-	34,625	-	-	-	34,625
-	-	-	-	30,344	41,108
-	34,625	-	-	30,344	922,415
1,764	2,088	-	-	7,438	11,290
-	-	-	-	(8,018)	(8,018)
1,764	2,088	-	-	(580)	3,272
102,751	-	-	-	111,637	262,395
299,201	36,713	-	-	279,241	23,757,302
-	-	-	-	-	1,121,522
-	-	-	-	-	11,572
-	-	-	-	-	1,133,094
-	-	-	-	-	100,000
-	-	-	-	-	9,322
-	-	-	-	-	11,127
-	-	-	-	-	4,691
-	-	-	-	-	6,971
-	-	-	-	-	653,358
-	-	-	-	-	3,474
-	-	-	-	-	31,844
-	-	-	-	-	170,260
-	-	-	-	-	891,047

Black Hawk County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Mental Health Service Area:			
Persons with chronic mental illness:			
Information and education	-	-	1,442
General administration	-	-	62,768
Coordination services	-	-	29,062
Personal and environmental support	-	-	42,011
Treatment services	-	-	400,548
Vocational and day services	-	-	60,389
Licensed or certified living arrangements	-	-	2,894,426
Institutional, hospital, and commitment services	-	-	418,121
	-	-	<u>3,908,767</u>
Persons with mental retardation:			
General administration	-	-	137,013
Coordination services	-	-	153,032
Personal and environmental support	-	-	451,801
Treatment services	-	-	8,429
Vocational and day services	-	-	1,341,019
Licensed or certified living arrangements	-	-	9,455,622
Institutional, hospital, and commitment services	-	-	856,619
	-	-	<u>12,403,535</u>
Persons with other developmental disabilities:			
General administration	-	-	7,265
Coordination services	-	-	13,899
Personal and Environmental support	-	-	5,439
Treatment services	-	-	672
Vocational and day services	-	-	62,865
Licensed or certified living arrangements	-	-	351,847
	-	-	<u>441,987</u>
	-	-	<u>17,645,336</u>
County Environment Service Area:			
Environmental quality:			
Natural resources conservation	2,000	-	-

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Federal Forfeiture	Drainage Districts	Friends of Hartman Reserve	Total
-	-	-	-	-	1,442
-	-	-	-	-	62,768
-	-	-	-	-	29,062
-	-	-	-	-	42,011
-	-	-	-	-	400,548
-	-	-	-	-	60,389
-	-	-	-	-	2,894,426
-	-	-	-	-	418,121
-	-	-	-	-	3,908,767
-	-	-	-	-	137,013
-	-	-	-	-	153,032
-	-	-	-	-	451,801
-	-	-	-	-	8,429
-	-	-	-	-	1,341,019
-	-	-	-	-	9,455,622
-	-	-	-	-	856,619
-	-	-	-	-	12,403,535
-	-	-	-	-	7,265
-	-	-	-	-	13,899
-	-	-	-	-	5,439
-	-	-	-	-	672
-	-	-	-	-	62,865
-	-	-	-	-	351,847
-	-	-	-	-	441,987
-	-	-	-	-	17,645,336
-	-	-	-	-	2,000

Black Hawk County
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
County Environment Service Area:			
Conservation and recreation services:			
Recreation and environment education	-	-	-
County development:			
Land use and building controls	77,734	-	-
	<u>79,734</u>	-	-
Roads and Transportation Service Area:			
Secondary roads administration and engineering:			
Administration	-	168,643	-
Engineering	-	563,621	-
	-	<u>732,264</u>	-
Roadway maintenance:			
Bridges and culverts	-	358,870	-
Roads	-	1,502,554	-
Snow and ice control	-	97,456	-
Traffic controls	-	165,765	-
Road clearing	-	189,918	-
	-	<u>2,314,563</u>	-
General roadway:			
Equipment	-	392,058	-
Equipment operations	-	572,660	-
Tools, materials, and supplies	-	14,185	-
Real estate and buildings	-	43,287	-
	-	<u>1,022,190</u>	-
	-	<u>4,069,017</u>	-

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Federal Forfeiture	Drainage Districts	Friends of Hartman Reserve	Total
175,534	-	-	-	44,504	220,038
-	-	-	-	-	77,734
175,534	-	-	-	44,504	299,772
-	-	-	-	-	168,643
-	-	-	-	-	563,621
-	-	-	-	-	732,264
-	-	-	-	-	358,870
-	-	-	-	-	1,502,554
-	-	-	-	-	97,456
-	-	-	-	-	165,765
-	-	-	-	-	189,918
-	-	-	-	-	2,314,563
-	-	-	-	-	392,058
-	-	-	-	-	572,660
-	-	-	-	-	14,185
-	-	-	-	-	43,287
-	-	-	-	-	1,022,190
-	-	-	-	-	4,069,017

Black Hawk County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
State and Local Government Services Service Area:			
Representation services:			
Township officials	1,103	-	-
State administrative services:			
Recording of public documents	-	-	-
	<u>1,103</u>	<u>-</u>	<u>-</u>
Capital Projects Service Area:			
Roadway construction	-	462,197	-
Drainage district construction and repair	-	-	-
	<u>-</u>	<u>462,197</u>	<u>-</u>
Total expenditures	<u>1,313,931</u>	<u>4,531,214</u>	<u>17,645,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,048,400</u>	<u>(1,126,594)</u>	<u>(270,140)</u>
Other financing sources (uses):			
Sale of general fixed assets	-	32	127
Operating transfers in (out):			
General	-	517,391	-
Special Revenue:			
Rural Services	-	1,046,796	-
Secondary Roads	(1,046,796)	-	-
Total other financing sources (uses)	<u>(1,046,796)</u>	<u>1,564,219</u>	<u>127</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,604	437,625	(270,013)
Fund balances beginning of year, as restated (note 16)	126,729	3,439,300	3,273,853
Increase in reserve for:			
Inventories	-	19,911	-
Prepaid expenditures	-	-	77
Fund balances end of year	<u>\$ 128,333</u>	<u>3,896,836</u>	<u>3,003,917</u>

See accompanying independent auditor's report.

Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Federal Forfeiture	Drainage Districts	Friends of Hartman Reserve	Total
-	-	-	-	-	1,103
-	39,397	-	-	-	39,397
-	39,397	-	-	-	40,500
-	-	-	-	-	462,197
-	-	-	1,311	-	1,311
-	-	-	1,311	-	463,508
175,534	39,397	-	1,311	44,504	23,751,227
123,667	(2,684)	-	(1,311)	234,737	6,075
3,480	-	-	-	-	3,639
-	-	-	-	(154,189)	363,202
-	-	-	-	-	1,046,796
-	-	-	-	-	(1,046,796)
3,480	-	-	-	(154,189)	366,841
127,147	(2,684)	-	(1,311)	80,548	372,916
17,021	101,092	2,582	28,761	202,015	7,191,353
-	-	-	-	-	19,911
-	-	-	-	-	77
144,168	98,408	2,582	27,450	282,563	7,584,257

Black Hawk County
Debt Service Funds
Combining Balance Sheet
June 30, 2002

	Tech Upgrade/ 4th Floor PC	Voting Equipment/ Juvenile Court Building
Assets		
Cash and pooled investments	\$ 12,104	139,466
Receivables:		
Property tax:		
Delinquent	755	783
Succeeding year	98,000	102,000
Accrued interest	18	183
Note receivable	-	499,531
	\$ 110,877	741,963
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ -	-
Deferred revenue:		
Succeeding year property tax	98,000	102,000
Other	692	500,247
Total liabilities	98,692	602,247
Fund equity:		
Fund balances reserved for debt service	12,185	139,716
	\$ 110,877	741,963

See accompanying independent auditor's report.

Pinecrest	Jail	Capital Improve- ments	Total
735	567,660	44,703	764,668
-	8,593	1,758	11,889
378,000	1,118,000	229,000	1,925,000
334	590	106	1,231
-	-	-	499,531
379,069	1,694,843	275,567	3,202,319
-	300	-	300
378,000	1,118,000	229,000	1,925,000
-	7,843	1,687	510,469
378,000	1,126,143	230,687	2,435,769
1,069	568,700	44,880	766,550
379,069	1,694,843	275,567	3,202,319

Black Hawk County

Debt Service Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Tech Upgrade/ 4th Floor PC	Voting Equipment/ Juvenile Court Building
Revenues:		
Property and other County tax:		
Property tax	\$ 92,191	97,835
Utility tax replacement excise tax	3,794	4,026
Other	287	305
	<u>96,272</u>	<u>102,166</u>
Intergovernmental:		
State tax replacements:		
State tax credits	5,700	6,049
Contributions and reimbursements from other governmental units:		
Reimbursement from North Iowa Juvenile Detention Services Commission	-	76,973
	<u>5,700</u>	<u>83,022</u>
Use of money and property:		
Interest on investments	893	4,597
Other	-	-
	<u>893</u>	<u>4,597</u>
Total revenues	<u>102,865</u>	<u>189,785</u>
Expenditures:		
Debt Service Service Area:		
Bonds and notes redeemed	85,000	130,000
Interest paid	20,188	74,943
Other fees	300	-
Total expenditures	<u>105,488</u>	<u>204,943</u>
Deficiency of revenues under expenditures	<u>(2,623)</u>	<u>(15,158)</u>
Other financing sources:		
Operating transfers in:		
General	-	-
General obligation refunding bond proceeds (net of \$39,932 discount)	-	-
Total other financing sources	<u>-</u>	<u>-</u>
Deficiency of revenues and other financing sources under expenditures	<u>(2,623)</u>	<u>(15,158)</u>
Fund balances beginning of year	<u>14,808</u>	<u>154,874</u>
Fund balances end of year	<u>\$ 12,185</u>	<u>139,716</u>

See accompanying independent auditor's report.

Pinecrest	Jail	Capital Improve- ments	Total
-	1,098,476	92,049	1,380,551
-	45,204	3,788	56,812
-	3,422	294	4,308
-	1,147,102	96,131	1,441,671
-	67,912	5,691	85,352
-	-	-	76,973
-	67,912	5,691	162,325
454	38,936	4,620	49,500
-	14,428	-	14,428
454	53,364	4,620	63,928
454	1,268,378	106,442	1,667,924
330,000	9,605,000	65,000	10,215,000
62,665	550,859	48,537	757,192
300	40,480	-	41,080
392,965	10,196,339	113,537	11,013,272
(392,511)	(8,927,961)	(7,095)	(9,345,348)
391,965	-	-	391,965
-	8,775,068	-	8,775,068
391,965	8,775,068	-	9,167,033
(546)	(152,893)	(7,095)	(178,315)
1,615	721,593	51,975	944,865
1,069	568,700	44,880	766,550

Schedule 7

Black Hawk County
Capital Projects Funds
Combining Balance Sheet
June 30, 2002

	Voting Equipment/ Juvenile Court Building	Capital Improve- ments	Total
Assets			
Cash and pooled investments	\$ 41,417	574,400	615,817
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	28,350	28,350
Fund equity:			
Unreserved fund balances	41,417	546,050	587,467
Total liabilities and fund equity	\$ 41,417	574,400	615,817

See accompanying independent auditor's report.

Black Hawk County

Capital Projects Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Voting Equipment/ Juvenile Court Building	Capital Improve- ments	Total
Revenues:			
Intergovernmental:			
State grants and reimbursements including indirect federal funding:			
Sales tax refunds	\$ -	220	220
Fines, forfeitures and defaults:			
Other	-	3,835	3,835
Total revenues	-	4,055	4,055
Expenditures:			
Capital Projects Service Area:			
Voting equipment/juvenile court building	1,264	-	1,264
Capital improvements to courthouse	-	506,337	506,337
Total expenditures	1,264	506,337	507,601
Deficiency of revenues under expenditures	(1,264)	(502,282)	(503,546)
Other financing sources:			
Sale of general fixed assets	-	400	400
Deficiency of revenues and other financing sources under expenditures	(1,264)	(501,882)	(503,146)
Fund balances beginning of year	42,681	1,047,932	1,090,613
Fund balances end of year	\$ 41,417	546,050	587,467

See accompanying independent auditor's report.

Schedule 9

Black Hawk County
Combining Balance Sheet
Enterprise Funds
June 30, 2002

	Rural Water	Rural Sewer	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 361,141	8,942	370,083
Accounts receivable	13,605	25,854	39,459
Accrued interest receivable	444	80	524
Total current assets	375,190	34,876	410,066
Property and equipment:			
Property and equipment	1,853,587	3,517,052	5,370,639
Accumulated depreciation	(400,375)	(249,347)	(649,722)
Property and equipment (net of accumulated depreciation)	1,453,212	3,267,705	4,720,917
Total assets	\$ 1,828,402	3,302,581	5,130,983
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 10	14,335	14,345
Due to other funds	-	1,654	1,654
Advances from other funds	-	60,000	60,000
Capital loan notes payable	812,090	1,157,318	1,969,408
Total liabilities	812,100	1,233,307	2,045,407
Fund equity:			
Contributed capital	390,287	1,878,350	2,268,637
Unreserved retained earnings	626,015	190,924	816,939
Total fund equity	1,016,302	2,069,274	3,085,576
Total liabilities and fund equity	\$ 1,828,402	3,302,581	5,130,983

See accompanying independent auditor's report.

Black Hawk County

Enterprise Funds

Combining Statement of Revenues, Expenses
and Changes in Retained Earnings

Year ended June 30, 2002

	Rural Water	Rural Sewer	Total
Operating revenues:			
Charges for service	\$ 96,105	156,622	252,727
Miscellaneous	-	39,560	39,560
Total operating revenues	96,105	196,182	292,287
Operating expenses:			
Water collection services	2,040	-	2,040
Sewer maintenance services	-	29,792	29,792
Depreciation	66,729	126,782	193,511
Total operating expenses	68,769	156,574	225,343
Operating income	27,336	39,608	66,944
Non-operating revenues (expenses):			
Interest on investments	7,536	750	8,286
Interest on capital loan notes	(43,765)	(67,013)	(110,778)
Amortization of discount on capital loan notes	(879)	(793)	(1,672)
Other fees	-	(225)	(225)
Net non-operating expenses	(37,108)	(67,281)	(104,389)
Net loss	(9,772)	(27,673)	(37,445)
Retained earnings beginning of year	635,787	218,597	854,384
Retained earnings end of year	\$ 626,015	190,924	816,939

See accompanying independent auditor's report.

Schedule 11

Black Hawk County

Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2002

	<u>Rural Water</u>	<u>Rural Sewer</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 96,349	196,734	293,083
Cash payments to suppliers for services	(2,040)	(24,687)	(26,727)
Net cash provided by operating activities	<u>94,309</u>	<u>172,047</u>	<u>266,356</u>
Cash flows from capital and related financing activities:			
Interest paid on capital loan notes	(43,765)	(67,013)	(110,778)
Capital loan notes redeemed	(60,000)	(45,000)	(105,000)
Advances from other funds	-	50,000	50,000
Other fees	-	(225)	(225)
Construction of capital assets	-	(102,396)	(102,396)
Net cash used by capital and related financing activities	<u>(103,765)</u>	<u>(164,634)</u>	<u>(268,399)</u>
Cash flows from investing activities:			
Interest on investments	8,251	846	9,097
Net increase (decrease) in cash and cash equivalents	<u>(1,205)</u>	<u>8,259</u>	<u>7,054</u>
Cash and cash equivalents beginning of year	<u>362,346</u>	<u>683</u>	<u>363,029</u>
Cash and cash equivalents end of year	<u>\$ 361,141</u>	<u>8,942</u>	<u>370,083</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 27,336	39,608	66,944
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	66,729	126,782	193,511
Changes in asset and liabilities:			
Decrease in receivables for operating activities	244	552	796
Increase in accounts payable for operating activities	-	5,105	5,105
Net cash provided by operating activities	<u>\$ 94,309</u>	<u>172,047</u>	<u>266,356</u>

See accompanying independent auditor's report.

Black Hawk County
Internal Service Funds
Combining Balance Sheet
June 30, 2002

	Health Insurance	Self Insurance	Central Purchasing	Equipment Revolving	Total
Assets					
Cash and pooled investments	\$ 302,285	81,871	70,600	325,280	780,036
Accounts receivable	1,403	18,527	-	-	19,930
Accrued interest receivable	347	85	-	-	432
Due from other funds	-	-	-	274,720	274,720
Total assets	\$ 304,035	100,483	70,600	600,000	1,075,118
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 535,204	45,104	-	-	580,308
Advances from other funds	-	-	103,000	600,000	703,000
Total liabilities	535,204	45,104	103,000	600,000	1,283,308
Fund equity					
Unreserved retained earnings (deficit)	(231,169)	55,379	(32,400)	-	(208,190)
Total liabilities and fund equity	\$ 304,035	100,483	70,600	600,000	1,075,118

See accompanying independent auditor's report.

Schedule 13

Black Hawk County

Internal Service Funds

Combining Statement of Revenues, Expenses and
Changes in Retained Earnings (Deficit)

Year ended June 30, 2002

	Health Insurance	Self Insurance	Central Purchasing	Equipment Revolving	Total
Operating revenues:					
Contributions and reimbursements from operating funds and other governmental units	\$3,478,827	125,000	-	380,544	3,984,371
Health fees from employees	182,466	-	-	-	182,466
Reimbursements	4,935	19,764	-	-	24,699
Total operating revenues	<u>3,666,228</u>	<u>144,764</u>	-	<u>380,544</u>	<u>4,191,536</u>
Operating expenses:					
Medical and health services	4,057,515	-	-	-	4,057,515
Claims for damages	-	91,014	-	-	91,014
Equipment	-	-	-	12,275	12,275
Total operating expenses	<u>4,057,515</u>	<u>91,014</u>	-	<u>12,275</u>	<u>4,160,804</u>
Operating income (loss)	(391,287)	53,750	-	368,269	30,732
Non-operating revenues:					
Interest on investments	11,096	1,629	-	-	12,725
Net income (loss)	(380,191)	55,379	-	368,269	43,457
Retained earnings (deficit) beginning of year	149,022	-	(32,400)	(368,269)	(251,647)
Retained earnings (deficit) end of year	<u>\$ (231,169)</u>	<u>55,379</u>	<u>(32,400)</u>	<u>-</u>	<u>(208,190)</u>

See accompanying independent auditor's report.

Black Hawk County
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2002

	Health Insurance	Self Insurance	Central Purchasing	Equipment Revolving	Total
Cash flows from operating activities:					
Cash received from operating funds	\$3,465,261	125,000	-	105,824	3,696,085
Cash received from others	213,093	1,237	-	-	214,330
Cash payments to health claims and administrative provider	(3,964,878)	-	-	-	(3,964,878)
Cash payments for damage claims	-	(45,910)	-	-	(45,910)
Cash payments to vendors for equipment	-	-	-	(12,275)	(12,275)
Net cash provided (used) by operating activities	(286,524)	80,327	-	93,549	(112,648)
Cash flows from investing activities:					
Interest on investments	12,676	1,544	-	-	14,220
Net increase (decrease) in cash and cash equivalents	(273,848)	81,871	-	93,549	(98,428)
Cash and cash equivalents beginning of year	576,133	-	70,600	231,731	878,464
Cash and cash equivalents end of year	\$ 302,285	81,871	70,600	325,280	780,036
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (391,287)	53,750	-	368,269	30,732
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in asset and liabilities:					
Decrease (increase) in receivables and interfund receivables for operating activities	10,892	(18,527)	-	(274,720)	(282,355)
Increase in accounts payable for operating activities	93,871	45,104	-	-	138,975
Net cash provided (used) by operating activities	\$ (286,524)	80,327	-	93,549	(112,648)

See accompanying independent auditor's report.

Black Hawk County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	County						
	Expendable Trust Fund Conservation Trust	County Board of Supervisors					County Auditor
		Communi- cations Center	County Conser- vation	Local Board of Health	Youth Shelter	Care Facility	
Assets							
Cash and pooled investments:							
County Treasurer	\$ 32,316	-	-	-	-	-	-
Other County officials	-	200	50	150	4,848	57,972	50
Receivables:							
Property tax:							
Delinquent	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	\$ 32,316	200	50	150	4,848	57,972	50
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ -	-	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-	-
Due to other funds	-	200	50	150	4,848	13,513	50
Due to other governments	-	-	-	-	-	-	-
Trusts payable	-	-	-	-	-	44,459	-
Advances from other funds	-	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-	-
Total liabilities	-	200	50	150	4,848	57,972	50
Fund equity:							
Unreserved fund balance	32,316	-	-	-	-	-	-
Total liabilities and fund equity	\$ 32,316	200	50	150	4,848	57,972	50

Agency Funds							
Offices							
County Recorder	County Sheriff	County Conservator	Agricultural Extension Education	E911	County Assessor	Schools	Community Colleges
-	-	-	1,982	155,554	1,281,921	584,186	28,440
262,177	140,685	296,344	-	-	-	-	-
-	-	-	1,113	-	8,208	360,676	18,688
-	-	-	142,000	-	1,049,000	44,800,000	2,389,000
713	-	-	-	156,336	445	-	-
-	-	-	-	199	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
262,890	140,685	296,344	145,095	312,089	2,339,574	45,744,862	2,436,128
-	-	-	-	15,685	20,100	-	-
-	-	-	-	-	10,136	-	-
211,596	46,478	-	-	-	-	-	-
51,163	-	-	145,095	296,404	2,300,939	45,744,862	2,436,128
131	94,207	296,344	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	8,399	-	-
262,890	140,685	296,344	145,095	312,089	2,339,574	45,744,862	2,436,128
-	-	-	-	-	-	-	-
262,890	140,685	296,344	145,095	312,089	2,339,574	45,744,862	2,436,128

Black Hawk County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Corpor- ations	Town- ships	City Special Assess- ments	Auto License and Use Tax	Advance Taxes	Tax Sale Redemp- tions	Emergency Management Services
Assets							
Cash and pooled investments:							
County Treasurer	591,776	3,181	20,232	1,852,739	30,955	216,932	94,103
Other County officials	-	-	-	-	-	-	-
Receivables:							
Property tax:							
Delinquent	398,627	1,324	-	-	-	-	-
Succeeding year	44,887,000	256,000	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Special assessments	-	-	421,659	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	45,877,403	260,505	441,891	1,852,739	30,955	216,932	94,103
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	-	-	-	-	-	-	1,616
Salaries and benefits payable	-	-	-	-	-	-	1,015
Due to other funds	-	-	-	55,358	-	-	-
Due to other governments	45,877,403	260,505	441,891	1,797,381	-	-	91,472
Trusts payable	-	-	-	-	30,955	216,932	-
Advances from other funds	-	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-	-
Total liabilities	45,877,403	260,505	441,891	1,852,739	30,955	216,932	94,103
Fund equity:							
Unreserved fund balance	-	-	-	-	-	-	-
Total liabilities and fund equity	45,877,403	260,505	441,891	1,852,739	30,955	216,932	94,103

See accompanying independent auditor's report.

Condemnations	Unclaimed Property	Brucellosis and Tuberculosis Eradication	Solid Waste Administration	Medicaid Reimbursement	Flexible Spending	Total
32,510	14,659	203	2,958	448,274	39,266	5,432,187
-	-	-	-	-	-	762,476
-	-	95	-	-	-	788,731
-	-	12,000	-	-	-	93,535,000
-	-	-	-	-	4,642	162,136
-	-	-	-	566	-	765
-	-	-	-	-	-	421,659
-	-	-	-	13,441	14,499	27,940
32,510	14,659	12,298	2,958	462,281	58,407	101,130,894
-	-	-	-	-	8,407	45,808
-	-	-	1,296	-	-	12,447
-	-	-	-	7,224	-	339,467
-	14,659	12,298	1,662	455,057	-	99,926,919
32,510	-	-	-	-	-	715,538
-	-	-	-	-	50,000	50,000
-	-	-	-	-	-	8,399
32,510	14,659	12,298	2,958	462,281	58,407	101,098,578
-	-	-	-	-	-	32,316
32,510	14,659	12,298	2,958	462,281	58,407	101,130,894

Black Hawk County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices						
	Communi- cation Center	County Conserv- ation	Local Board of Health	Youth Shelter	Care Facility	County Auditor	County Recorder
Assets and Liabilities							
Balances beginning of year	\$ 200	50	150	5,412	63,623	50	285,324
Additions:							
Property and other County tax	-	-	-	-	-	-	-
E911 surcharge	-	-	-	-	-	-	-
State tax credits	-	-	-	-	-	-	-
Office fees and collections	-	-	-	-	-	1,417	1,468,617
Auto licenses, use tax and postage	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Trusts	-	-	-	1,047	1,512,226	-	17,746
Miscellaneous	-	-	-	-	-	-	-
Total additions	-	-	-	1,047	1,512,226	1,417	1,486,363
Deductions:							
Agency Remittances:							
To other funds	-	-	-	-	-	1,417	875,451
To other governments	-	-	-	-	-	-	615,691
Trusts paid out	-	-	-	1,611	1,517,877	-	17,655
Total deductions	-	-	-	1,611	1,517,877	1,417	1,508,797
Balances end of year	\$ 200	50	150	4,848	57,972	50	262,890

County Sheriff	County Conser- vator	Agricultural Extension Education	E911	County Assessor	Schools	Community Colleges	Corpor- ations	Town- ships
132,921	280,626	144,110	351,768	2,040,575	42,127,328	2,075,727	43,209,661	225,068
-	-	142,388	-	1,051,522	44,887,024	2,394,905	45,019,279	256,935
-	-	-	733,674	-	-	-	-	-
-	-	8,645	-	67,726	2,512,317	123,716	2,248,751	15,672
233,903	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,958,468	1,072,166	-	-	-	-	-	-	-
-	-	-	67,446	5,082	-	-	91,013	-
3,192,371	1,072,166	151,033	801,120	1,124,330	47,399,341	2,518,621	47,359,043	272,607
228,670	-	-	-	-	-	-	-	-
1,913	-	150,048	840,799	825,331	43,781,807	2,158,220	44,691,301	237,170
2,954,024	1,056,448	-	-	-	-	-	-	-
3,184,607	1,056,448	150,048	840,799	825,331	43,781,807	2,158,220	44,691,301	237,170
140,685	296,344	145,095	312,089	2,339,574	45,744,862	2,436,128	45,877,403	260,505

Black Hawk County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	City Special Assess- ments	Auto License and Use Tax	Advance Taxes	Tax Sale Redemp- tions	Emergency Management Services	Condemn- ations
Assets and Liabilities						
Balances beginning of year	477,547	2,015,162	23,988	252,707	74,874	32,510
Additions:						
Property and other County tax	-	-	-	-	-	-
E911 surcharge	-	-	-	-	-	-
State tax credits	-	-	-	-	-	-
Office fees and collections	-	-	-	-	-	-
Auto licenses, use tax and postage	-	23,897,149	-	-	-	-
Assessments	74,729	-	-	-	-	-
Trusts	-	-	40,402	1,422,729	-	-
Miscellaneous	-	-	-	-	104,678	-
Total additions	74,729	23,897,149	40,402	1,422,729	104,678	-
Deductions:						
Agency Remittances:						
To other funds	-	701,805	-	-	-	-
To other governments	110,385	23,357,767	-	-	85,449	-
Trusts paid out	-	-	33,435	1,458,504	-	-
Total deductions	110,385	24,059,572	33,435	1,458,504	85,449	-
Balances end of year	441,891	1,852,739	30,955	216,932	94,103	32,510

See accompanying independent auditor's report.

Unclaimed Property	Payroll Clearing	State General Monies and Credits	Brucellosis and Tuberculosis Eradication	Solid Waste Adminis- tration	Medicaid Reimburse- ment	Flexible Spending	Total
14,659	-	-	14,313	2,605	595,076	56,125	94,502,159
-	-	-	12,433	-	-	-	93,764,486
-	-	-	-	-	-	-	733,674
-	-	-	884	-	-	-	4,977,711
-	-	-	-	-	-	-	1,703,937
-	-	-	-	-	-	-	23,897,149
-	-	-	-	-	-	-	74,729
-	14,706,438	-	-	-	-	-	21,731,222
-	-	51,207	-	75,245	52,132	106,202	553,005
-	14,706,438	51,207	13,317	75,245	52,132	106,202	147,435,913
-	-	-	-	-	-	-	1,807,343
-	-	51,207	15,332	74,892	184,927	103,920	117,286,159
-	14,706,438	-	-	-	-	-	21,745,992
-	14,706,438	51,207	15,332	74,892	184,927	103,920	140,839,494
14,659	-	-	12,298	2,958	462,281	58,407	101,098,578

Black Hawk County

Comparison of Taxes and Intergovernmental Revenue

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$21,291,219	19,790,822	19,450,266	19,542,430
Local option sales tax	2,127,468	2,098,833	1,999,899	2,128,049
Utility tax replacement exise tax	911,011	870,154	-	-
Other	89,530	88,389	85,156	86,464
	<u>24,419,228</u>	<u>22,848,198</u>	<u>21,535,321</u>	<u>21,756,943</u>
Intergovernmental:				
State shared revenues:				
Road use tax allocation	3,098,383	2,971,246	3,014,459	2,908,469
Franchise tax	44,315	44,282	41,564	71,610
Other	1,787	2,957	2,622	2,752
State grants and reimbursements including indirect federal funding:				
Social services block grant	672,376	671,929	698,298	731,928
Human services administrative reimbursement	315,036	341,573	358,145	328,730
Child support enforcement	603,198	557,989	532,996	492,944
Nursing and homemaker health grants	480,566	471,677	451,364	456,857
Maternal and child health services block grant to the states	195,068	222,802	159,954	202,873
Prisoner care	43,760	95,340	124,615	163,020
State reimbursements	-	-	-	139,800
Human services maintenance reimbursements	401,373	355,703	-	376,050
Public assistance grant	-	107,535	665,382	-
Secondary roads project grants and reimbursements	-	-	-	66,402
Court fees	-	-	-	243,457
MH/DD community service fund allocation	1,392,931	974,718	974,719	888,713
Resource enhancement and protection	34,855	37,635	35,881	32,949
Childhood lead poisoning prevention projects - state and community-based childhood lead poisoning prevention and surveillance of blood levels in children	55,313	55,313	55,313	59,000
Health department based HIV prevention activities	62,658	79,023	82,624	79,147
Highway planning and construction	-	51,062	157,631	157,631
Youth shelter program	401,495	433,227	324,102	320,336
Other	961,518	700,697	629,412	475,189
State tax replacements:				
State tax credits	1,359,426	1,590,490	1,414,746	1,348,507
State allocation	521,619	544,771	546,341	545,693
Mental health property tax relief	3,440,134	3,440,135	3,440,135	3,440,135
Mental health allowed growth factor adjustment	637,554	1,068,495	802,918	530,953

Black Hawk County

Comparison of Taxes and Intergovernmental Revenue

	Years ended June 30,			
	2002	2001	2000	1999
Intergovernmental (continued):				
Direct federal grants and entitlements:				
Medicare and medicaid	6,658,109	6,318,823	6,376,635	5,931,602
Prisoner care	17,441	69,540	169,355	337,960
Other	54,251	58,605	74,111	1,980
Contributions and reimbursements from other governmental units:				
Prisoner care	9,480	228,071	307,669	451,518
Environmental health reimbursement	423,521	453,786	377,766	449,805
Contract law enforcement	116,391	55,306	119,358	54,042
Communications Center reimbursements	1,130,104	1,121,839	970,240	1,127,886
Health services - jail	-	-	483,655	-
E911 services commission	369,214	369,214	369,214	-
Project reimbursements	275,863	33,544	434,852	-
Other	437,869	183,563	244,019	473,063
	<u>24,215,608</u>	<u>23,710,890</u>	<u>24,440,095</u>	<u>22,891,001</u>
 Total	 <u>\$48,634,836</u>	 <u>46,559,088</u>	 <u>45,975,416</u>	 <u>44,647,944</u>

See accompanying independent auditor's report.

Schedule 18

Black Hawk County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expendi- tures
Direct:			
U.S. Department of Justice:			
State Criminal Alien Assistance Program	16.606		27,110
Bulletproof Vest Partnership Program	16.607		875
Planning, Implementing, and Enhancing Strategies in Community Prosecution - Gun Violence Prosecution	16.609		17,340
Environmental Protection Agency:			
Surveys, Studies, Investigations and Special Purpose Grants	66.606		9,627
Total direct			54,952
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program (Youth Shelter)	10.553		5,695
National School Lunch Program (Youth Shelter)	10.555		7,037
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		51,592
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-02-49	23,500
Governor's Office of Drug Control Policy:			
City of Waterloo:			
Byrne Formula Grant Program	16.579	00A-0207	45,875
Violence Against Women Formula Grants	16.588	01V-0202	59,084
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Alcohol Traffic and Drunk Driving Prevention Incentive	20.601	01-410, Task 04	895
Alcohol Traffic and Drunk Driving Prevention Incentive	20.601	PAP-02-410, Task 04	627
Alcohol Traffic and Drunk Driving Prevention Incentive	20.601	01-410, Task 05	2,180
Alcohol Traffic and Drunk Driving Prevention Incentive	20.601	PAP 02-410, Task 03	202
			3,904
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 02-157, Task 12	5,968
Safety and Community Highway Safety	20.600	PAP 01-12, Task 01	8,124
Safety and Community Highway Safety	20.600	PAP 02-12, Task 01	1,280
			9,404

Black Hawk County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expendi- tures
Indirect (continued):			
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Emergency Management Performance Grants	83.552		<u>25,692</u>
Public Assistance Grants	83.544	FEMA-DR-1282-IA	<u>3,310</u>
Hazard Mitigation Grant	83.548	1282-0001	1,637
Hazard Mitigation Grant	83.548	1277UN-0011	1,520
Hazard Mitigation Grant	83.548	0996-0139	<u>4,875</u>
			<u>8,032</u>
U.S. Department of Education:			
Iowa Department of Education:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126		<u>33,161</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Maternal and Child Health Federal BConsolidated Programs	93.110	5882DH02	<u>25,000</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5881TB03	9,836
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5882TB03	<u>4,536</u>
			<u>14,372</u>
Childhood Lead Poisoning prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5882LP02	<u>55,313</u>
Immunization Grants	93.268	5881I413	<u>6,278</u>
Immunization Grants	93.268	5882I413	<u>7,545</u>
			<u>13,823</u>
Center for Disease Control and Prevention Investigations and Technical Assistance	93.283		<u>21,826</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5881NB02	2,220
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs B	93.919	58823NB02	<u>33,980</u>
			<u>36,200</u>
HIV Prevention Activities - Health Department Based	93.940	5881AP06	20,027
HIV Prevention Activities - Health Department Based	93.940	5882AP06	<u>21,808</u>
			<u>41,835</u>

Schedule 18

Black Hawk County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expendi- tures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Preventive Health and Health Services Block Grant	93.991	5881AS09	6,450
Maternal and Child Health Services Block Grant to the States	93.994	5881CH01	51,916
Maternal and Child Health Services Block Grant to the States	93.994	5882CH01	80,978
			132,894
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance to Needy Families Refugee and Entrant Assistance - State Administered Programs	93.558		81,066
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.566		395
Foster Care - Title IV-E	93.596		10,523
Adoption Assistance	93.658		27,031
Medical Assistance Program	93.659		9,124
Social Services Block Grant	93.778		82,054
Social Services Block Grant	93.667		53,250
Social Services Block Grant	93.667		672,376
			725,626
State Children's Insurance Program	93.767		14,470
Total indirect			1,580,256
Total			\$ 1,635,208

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Black Hawk County and is presented in conformity with the accrual or 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 general purpose financial statements.

See accompanying independent auditor's report.



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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 general purpose financial statements of Black Hawk County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated February 20, 2003. 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 general purpose 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, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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-02 and IV-J-02.

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 items II-A-02, II-B-02 and II-D-02.

This report, a public record by law, is intended 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.

February 20, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State



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**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 the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Black Hawk County's major federal programs are 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 each of its major federal programs 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 that 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 each of its major federal programs for the year ended June 30, 2002.

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.

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. Our consideration of the internal control over compliance 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. We noted no matters involving the internal control over compliance and its operation that we consider to be a 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.

February 20, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Black Hawk County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses in internal control over financial reporting were identified.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each 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) Major programs were as follows:
 - CFDA Number 93.994 – Maternal and Child Health Services Block Grant to the States
 - 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, 2002

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 County Sheriff - The County Sheriff's commissary account included expenditures of \$74,708 for equipment and clothing purchases, including two transportation vans, a micro-film reader, video equipment, computers and inmate clothing. A listing of equipment purchases is filed with the County Auditor's Office each month and included in the fixed asset records. However, the above expenditures and commissary profits were not reflected in the County's accounting system and have not been included in the County's annual budget or financial report.

Recommendation - Commissary account profits should be deposited with the County Treasurer and expenditures, other than those for commissary resale items, should be presented to the Board of Supervisors for approval and charged against the budget.

Response - Currently the commissary account will remain with the County Sheriff. However, we are looking at setting up a Special Revenue Fund to bring it into the County's accounting system.

Conclusion - Response acknowledged. Commissary account profits should be deposited with the County Treasurer and expenditures, other than those for commissary resale items, should be presented to the Board of Supervisors for approval and charged against the budget.

II-B-02 Secondary Roads Department Inventory - There is a lack of segregation of duties in the receiving, issuing, accounting and storage of inventory. Additionally, inventory counts are not reconciled with the records by an independent person.

Recommendation - Duties relating to receiving, issuing, accounting and storage of inventory should be segregated. Inventory counts should be reconciled with the records by a person independent of the inventory activities.

Response - The Department will assign a person to perform a random check on inventory. We will do this when an employee is on light duty due to injury or some other reason in which the employee cannot perform their regular duties. We will assign someone not directly involved in the receiving, issuing, accounting and storage of inventory.

Conclusion - Response accepted.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

II-C-02 County Treasurer - A list of cash and checks received is not prepared by the mail opener.

Recommendation - All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received at least on a test basis. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Response - We will do this on a test basis in the future.

Conclusion - Response accepted.

II-D-02 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 - Black Hawk County is proceeding with plans for developing a written disaster recovery plan. It will be all encompassing to include a business contingency plan. We have contacted a company for providing us with an assessment of our current systems and recommending the process to develop our disaster recovery plan. The Board of Supervisors have this agreement, but have not taken action. Our time table has not been established yet, but we have a need to have something started in the fourth quarter of this calendar year and completed by April 2005.

Conclusion - Response accepted.

II-E-02 County Conservation Board - The Black Hawk County Conservation Board has entered into a three-year agreement with the Black Hawk County Solid Waste Management Commission to reimburse the County for the salary costs of its recycling education naturalists. The naturalists work through the offices of Hartman Reserve Nature Center. The Friends of Hartman Reserve, Inc., a separate not-for-profit organization and a component unit of the County, receives the reimbursement from Black Hawk County Solid Waste Management Commission and remits the funds to the County at the end of the fiscal year.

Recommendation - The reimbursement agreement is between the Black Hawk County Conservation Board and the Black Hawk County Solid Waste Management Commission and, accordingly, all reimbursements should be deposited directly with the County Treasurer and included in the County's financial statements.

Response - Payments from the Black Hawk County Solid Waste Management Commission will be issued to the Black Hawk County Conservation Board, deposited directly to the Black Hawk County Treasurer and included in County financial statements as such.

Conclusion - Response accepted.

Black Hawk County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over major programs were identified.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002 except as follows:

<u>Office</u>	<u>Depository</u>	<u>Maximum Authorized Deposit</u>
County Treasurer	Community National Bank	\$35,000,000
County Recorder	U.S. Bank	250,000

A new resolution for Community National Bank was made in the amount of \$45,000,000 on September 3, 2002 and \$80,000,000 on September 10, 2002.

Recommendation - A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board in a timely manner.

Response - A resolution has been sent to the Board of Supervisors increasing the depository amounts.

Conclusion - Response accepted.

IV-B-02 Certified Budget - Expenditures exceeded the amount budgeted in the Public Safety and Mental Health Service Areas.

Expenditures in the Central Point of Coordination and the County Sheriff's Departments exceeded the appropriations.

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 decreasing or increasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before expenditures are allowed to exceed the appropriation.

Response - Audit requirements to report purchases made through the Internal Service, Equipment Revolving Fund caused the Public Safety Service Area to exceed the budget. The mental health office has been addressing the situation with an improved analysis of available computer data for the Mental Health Service Area. Sufficient appropriations were not available in other departments to cover the expenditures that exceeded the Central Point of Coordination Department budget. Unforeseen expenditures in the Sheriff's Department caused the Sheriff to exceed appropriations.

Conclusion - Response acknowledged. However, budgets and appropriations should be amended as required before expenditures are allowed to exceed the budgeted and appropriated amounts.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

- IV-C-02 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-02 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-E-02 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
John Myer, Sheriff's Office employee, wife owns Monica's Embroidery Shop	Sheriff's uniforms	\$ <u>1,498</u>

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions do not appear to represent a conflict of interest since total cumulative transactions by the employee were less than \$1,500 during the fiscal year. Additionally, the County Attorney has indicated that Monica's Embroidery Shop is not subject to the provisions of Chapter 331.342 of the Code of Iowa as Monica's Embroidery Shop has a recognized governmental contract established by the Iowa State Sheriff's and Deputy's Association (ISSDA) through competitive bidding. This is a state recognized vendor for Sheriff's uniforms that have been approved for wear by the ISSDA.

- IV-F-02 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 that the coverage is adequate for current operations.
- IV-G-02 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-02 Deposits and Investments - Except as noted, no instances of non-compliance with the deposits and investments provision of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.

At June 30, 2002 and throughout the fiscal year, the County had deposits in a credit union in excess of the amount federally insured. The credit union had securities assigned to the County through letters of credit. However, the letters of credit were not maintained at a level of 110% of total deposits as required by Chapter 12C.16 of the Code of Iowa.

Recommendation - The County should comply with statutes pertaining to the deposit of public funds with a credit union.

Response - We did not consider the ramifications of the reinvested interest as it related to this code section. In the future, we will comply.

Conclusion - Response accepted.

Black Hawk County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-I-02 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).

IV-J-02 Deficit Fund Balances - The Special Revenue, Rural Services Fund had a deficit balance during the year ended June 30, 2002. This appears to violate Chapter 331.476 of the Code of Iowa.

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.

Response - We will ensure resources are available prior to making payments.

Conclusion - Response accepted.

IV-K-02 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the County, including County offices, to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County Recorder and County Sheriff retain cancelled checks through electronic image, but do not obtain an image of the back of each cancelled check as required.

Recommendation - The County Recorder and County Sheriff should obtain and retain an image of both the front and back of each cancelled check as required.

Response - The banks will be contacted and will be asked to provide both sides of checks as required by Chapter 554D.114 of the Code of Iowa.

Conclusion - Response accepted.

IV-L-02 Financial Condition - The Internal Service, Health Insurance and Central Purchasing Funds had deficit balances at June 30, 2002 of \$231,169 and \$32,400, respectively.

Recommendation - The County should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response - The Health Insurance Fund deficit will be eliminated through an increase in contributions from other funds for employee health insurance. The Central Purchasing Fund deficit will be eliminated by forgiving a portion of advances from other funds.

Conclusion - Response accepted.

IV-M-02 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, 2002 for the County Extension Office did not exceed the amount budgeted.

Black Hawk County

Staff

This audit was performed by:

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