

WRIGHT COUNTY
Clarion, Iowa

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2005

WRIGHT COUNTY, IOWA
Clarion, Iowa

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**WRIGHT COUNTY
Clarion, Iowa**

OFFICIALS

(Before January 2005)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rodney Toftey.....	Board of Supervisors	January 2007
Conrad Kleppe	Board of Supervisors	January 2007
Larry E. Olson.....	Board of Supervisors	January 2005
Caye Chelesvig	Board of Supervisors	January 2005
Stan Watne	Board of Supervisors	January 2005
Betty Ellis	County Auditor.....	January 2005
Karen Hobbie	County Treasurer	January 2007
Dwight N. Reiland.....	County Recorder.....	January 2007
Paul J. Schultz.....	County Sheriff	January 2005
Eric Simonson	County Attorney.....	Appointed
Kathy Waddell	County Assessor.....	January 2007

(After January 2005)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rodney Toftey.....	Board of Supervisors	January 2007
Conrad Kleppe	Board of Supervisors	January 2007
Larry E. Olson.....	Board of Supervisors	January 2009
Caye Chelesvig	Board of Supervisors	January 2009
Stan Watne	Board of Supervisors	January 2009
Betty Ellis	County Auditor.....	January 2009
Karen Hobbie	County Treasurer	January 2007
Dwight N. Reiland.....	County Recorder.....	January 2007
Paul J. Schultz.....	County Sheriff	January 2009
Eric Simonson	County Attorney.....	Appointed
Kathy Waddell	County Assessor.....	January 2007



Gardiner Thomsen
Certified Public Accountants

Independent Auditors' Report

To the Officials of Wright County
Clarion, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents. These basic financial statements are the responsibility of Wright County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2006 on our consideration of Wright County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditors' Report (Continued)

Management's Discussion and Analysis and budgetary comparison information on pages 4 - 9 and 36 - 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Wright County's basic financial statements. The financial statements for the year ended June 30, 2002 (which are not presented herein) were audited by other auditors, qualified opinions were given on those financial statements for the effects of the omission of general fixed assets and the materials and supplies inventories, pertaining primarily to the Special Revenue Funds. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on these financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

February 10, 2006

Gardiner Thomsen, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wright County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- Governmental funds revenue decreased approximately \$1,812,765 from fiscal year 2004. Approximately \$963,137 was due to a decrease in property tax revenues.
- Program expenses increased from \$12.2 million in fiscal year 2004 to \$12.5 million in fiscal year 2005.
- Net assets increased approximately \$800,000 from fiscal year 2004.

USING THIS ANNUAL REPORT

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

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The *Government-wide Financial Statement* consists of a statement of net assets and a statement of activities. These provide information about the activities of Wright County as a whole and present an overall view of the County's finances.
- The *Fund Financial Statements* tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wright County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Wright County acts solely as an agent or custodian for the benefit of those outside of the government.
- *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- *Required Supplementary Information other than MD&A* provides detailed information about the non-major governmental and the individual fiduciary funds, as well as the required budgetary comparison information.
- *Other Supplementary Information* provides detailed information about the non-major special revenue and the individual agency funds.

REPORTING THE COUNTY AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about activities in a way

that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administrative services, interest on long-term debt and other non-program activities. Property tax and state and federal grants finance most of these activities.

REPORTING THE COUNTY BY FUNDS:

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds; not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The County has three kinds of funds:

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

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

2) Proprietary funds account for the County's employee group health insurance, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Wright County's net assets for fiscal year 2005 totaled approximately \$18.2 million. This compares to fiscal year 2004 at \$17.4 million. The analysis that follows focuses on the net assets for our governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)

	2005	2004
Current and Other Assets	\$12,361	\$12,663
Capital Assets	14,081	13,404
Total Assets	26,442	26,067
Long-term Debt Outstanding	2,551	3,025
Other Liabilities	5,635	5,620
Total Liabilities	8,186	8,645
Net Assets:		
Invested in Capital Assets, Net of Debt	12,971	12,179
Restricted	2,950	4,429
Unrestricted	2,335	814
Total Net Assets	\$18,256	\$17,422

Net assets of Wright County's governmental activities increased by approximately \$800,000 from fiscal year 2004. The largest portion of the County's net assets is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements - is \$0.8 million.

Net Assets of Governmental Activities
(Expressed in Thousands)

	2005	2004
Revenues:		
Program Revenue:		
Charges for Service	\$824	\$1,435
Operating Grants and Contributions	5,535	4,930
Capital Grants and Contributions	1,308	1,930
General Revenues:		
Property Taxes	3,923	4,884
Penalty and Interest on Property Taxes	23	37
State Tax Credits	250	278
Local Option Sales Tax	412	310
Unrestricted Investment Earnings	136	107
Gain on Sale of General Fixed Assets	0	38
Other General Revenues	886	1,160
Total Revenues	<u>13,297</u>	<u>15,109</u>
Program Expenses:		
Public Safety and Legal Services	1,445	1,367
Physical Health and Social Services	2,742	2,708
Mental Health	1,288	1,458
County Environment and Education	841	771
Roads and Transportation	4,438	3,969
Government Services to Residents	372	327
Administrative Services	1,003	888
Non-Program	295	672
Interest on Long-term Debt	57	58
Total Expenses	<u>12,481</u>	<u>12,218</u>
Increase in Net Assets	816	2,891
Net Assets Beginning of Year, as restated	<u>17,440</u>	<u>14,531</u>
Net Assets End of Year	<u><u>\$18,256</u></u>	<u><u>\$17,422</u></u>

The property tax rate in the county-wide levy increased \$0.1149 per \$1,000 of valuation yet this generated \$971,070 less dollars than in the prior year. Taxable values and total dollars levied are as follows:

	2005	2004
Countywide taxable value	\$535,987,221	\$638,585,795
Countywide levy rate without debt	5.29541	5.6923
Dollars levied without debt	2,744,542	3,523,027
County taxable debt service value	551,464,793	652,775,838
County debt service levy rate	0.30633	0.25795
Dollars levied debt service	163,508	163,308
Total countywide rate	5.60174	5.95025
Total dollars levied countywide	2,908,050	3,686,335
Rural taxable value	337,799,498	439,576,730
Rural tax levy rate	3.46	3.10000
Dollars levied rural area only	1,135,848	1,328,633
Total dollars levied	\$4,043,898	\$5,014,968

INDIVIDUAL MAJOR FUND ANALYSIS

As Wright County completed the year, its governmental funds reported a combined fund balance of \$6,607,503, which is less than the \$6,893,174 combined fund balance of fiscal year 2004.

The General Fund, the operating fund for Wright County, ended fiscal year 2005 with an unreserved ending balance totaling \$2,467,677, an increase of \$11,046. The Board of Supervisors aim to maintain an ending fund balance of about 25% of expenditures. In fiscal year 2005, ending fund balance was about 46% of expenditures.

Wright County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. Fiscal year 2005 ended with a \$525,479 balance, whereas fiscal year 2004 ended with \$608,620.

The Rural Service Fund ended fiscal year 2005 with a \$301,330 balance compared to the prior year balance of \$248,757. Property tax revenue for the Rural Services Fund tax decreased by \$184,393 in fiscal year 2005, includes local option sales tax revenue and was due to a slight decrease in valuation. The other revenues and expenditures within the rural services fund remained virtually unchanged.

The Secondary Roads Fund ended fiscal year 2005 with a \$2.0 million balance compared to the prior year balance of \$2.1 million.

The Debt Service Fund ended fiscal year 2005 with a \$4,350 balance compared to the prior year balance of \$4,073.

The Capital Projects Fund ended fiscal year 2005 with a \$3 balance compared to the prior year balance of \$5,597.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, Wright County amended the General budget once. The amendment was made in May 2005. The amendments created an increase in revenues and expenditures of \$485,711 and \$311,254, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2005, Wright County had approximately \$29.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This amount is an increase of approximately \$1.9 million from fiscal year 2004 including infrastructure.

Wright County had depreciation expense of \$1.2 million in fiscal year 2005 and total accumulated depreciation of \$15.3 million on the capital assets. This is an increase in fiscal year 2004's total accumulated depreciation of \$14.4 million.

Debt

At the end of fiscal year 2005, Wright County had \$1,110,000 in general obligation bond outstanding compared to \$1,225,000 at the end of fiscal year 2004.

Outstanding debt decreased as a result of the general obligation bond payments for the Jail. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county's corporate limits. Wright County's outstanding general obligation debt is significantly below its constitutional debt limit of \$36 million.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Wright County's finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Wright County Auditor's Office, 115 North Main Street, Clarion, IA 50525.

**WRIGHT COUNTY
Clarion, Iowa**

**STATEMENT OF NET ASSETS
June 30, 2005**

	Governmental Activities
ASSETS	
Cash & Pooled Investments	\$5,870,101
Receivables	
Property Tax	
Delinquent	6,528
Succeeding Year	3,949,694
Interest & Penalty On Property Tax	178
Accounts	95,309
Accrued Interest	11,128
Drainage Assessments	833,876
Due From Other Governments	665,117
Loans Receivable	277,508
Inventories	548,037
Prepaid Insurance	103,176
Capital Assets (Net of Accumulated Depreciation)	14,081,496
TOTAL ASSETS	26,442,148
LIABILITIES	
Accounts Payable	342,991
Salaries & Benefits Payable	98,894
Due To Other Governments	131,976
Deferred Revenue	
Succeeding Year Property Tax	3,949,694
Other	1,111,384
Accrued Interest Payable	6,888
Long Term Liabilities	
Portion Due Or Payable Within One Year	
General Obligation Notes	120,000
USDA Promissory Note	13,917
Compensated Absences	225,682
Portion Due Or Payable After One Year	
General Obligation Notes	990,000
USDA Promissory Note	292,448
Drainage Warrants/Improvement Certificates	902,248
TOTAL LIABILITIES	8,186,122
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	12,971,496
Restricted For:	
Mental Health Purposes	540,478
Secondary Roads Purposes	1,875,244
Debt Service	596
Capital Projects	3
Internal Service	96,928
Other Purposes	1,065,578
Drainage Warrants/Improvement Certificates	(629,412)
Unrestricted	2,335,115
TOTAL NET ASSETS	\$18,256,026

See Notes To Financial Statements

**WRIGHT COUNTY
Clarion, Iowa**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2005**

FUNCTIONS/PROGRAMS:	Expenses	Charges for Service	Program Revenues		Net (Expense) Revenue & Changes in Net Assets
			Operating Grants, Contributions & Restricted Interest	Capital Grants, Contributions & Restricted Interest	
GOVERNMENTAL ACTIVITIES:					
Public Safety & Legal Services	\$1,444,796	\$83,671	\$36,239	\$0	\$(1,324,886)
Physical Health & Social Servies	2,742,414	149,664	2,327,578	0	(265,172)
Mental Health	1,287,933	0	640,731	0	(647,202)
County Environment & Education	840,500	156,547	15,490	21,816	(646,647)
Roads & Transportation	4,438,100	22,582	2,514,526	1,285,864	(615,128)
Governmental Services to Residents	372,247	237,920	0	0	(134,327)
Administration	1,003,486	26,487	0	0	(976,999)
Nonprogram	295,301	147,236	0	0	(148,065)
Interest on Long-Term Debt	56,093	0	0	0	(56,093)
TOTAL	\$12,480,870	\$824,107	\$5,534,564	\$1,307,680	\$(4,814,519)
GENERAL REVENUES:					
Property & Other County Tax Levied For:					
General Purposes					3,764,424
Debt Service					158,740
Penalties & Interest on Property Tax					22,917
State Tax Credits					250,470
Local Option Sales Tax					412,199
Unrestricted Investment Earnings					135,762
Miscellaneous					886,102
TOTAL GENERAL REVENUES					5,630,614
CHANGE IN NET ASSETS					816,095
NET ASSETS, BEGINNING OF YEAR					17,439,931
NET ASSETS END OF YEAR					\$18,256,026

See Notes To Financial Statements

WRIGHT COUNTY
Clarion, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General	Special Revenue	
		Mental Health	Rural Services
ASSETS			
Cash & Pooled Investments	\$2,057,824	\$687,991	\$247,150
Receivables			
Property Tax			
Delinquent	4,758	1,146	287
Succeeding Year	2,108,873	507,802	1,179,744
Interest and Penalty on Property Tax	178	0	0
Accounts	89,616	1,759	0
Assessments	0	0	0
Accrued Interest	10,171	0	0
Due From Other Funds	11,076	0	0
Due From Other Governments	420,460	0	54,147
Note Receivable	0	0	0
Inventories	0	0	0
Prepaid Insurance	61,721	0	0
TOTAL ASSETS	\$4,764,677	\$1,198,698	\$1,481,328
LIABILITIES & FUND BALANCES			
Liabilities			
Accounts Payable	\$112,416	\$27,057	\$0
Salaries and Benefits Payable	57,677	3,577	0
Due To Other Governments	0	131,976	0
Deferred Revenue			
Succeeding Year Property Tax	2,108,873	507,802	1,179,744
Other	17,895	2,807	254
Total Liabilities	2,296,861	673,219	1,179,998
Fund Balances			
Reserved For:			
Inventories	0	0	0
Drainage	0	0	0
Unreserved, Reported In:			
General Fund	2,467,816	0	0
Special Revenue Funds	0	525,479	301,330
Debt Service	0	0	0
Capital Projects Fund	0	0	0
Total Fund Balances	2,467,816	525,479	301,330
TOTAL LIABILITIES & FUND BALANCES	\$4,764,677	\$1,198,698	\$1,481,328

See Notes To Financial Statements

Exhibit C

Special Revenue		Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Secondary Roads	Drainage				
\$1,400,476	\$292,473	\$4,339	\$0	\$1,066,859	\$5,757,112
0	0	337	0	0	6,528
0	0	153,275	0	0	3,949,694
0	0	0	0	0	178
1,615	0	0	0	2,319	95,309
0	833,876	0	0	0	833,876
0	0	0	3	812	10,986
0	0	0	0	0	11,076
185,479	0	0	0	5,031	665,117
0	0	0	0	277,508	277,508
548,037	0	0	0	0	548,037
41,455	0	0	0	0	103,176
\$2,177,062	\$1,126,349	\$157,951	\$3	\$1,352,529	\$12,258,597
\$177,154	\$19,637	\$0	\$0	\$1,600	\$337,864
37,640	0	0	0	0	98,894
0	0	0	0	0	131,976
0	0	153,275	0	0	3,949,694
0	833,876	326	0	277,508	1,132,666
214,794	853,513	153,601	0	279,108	5,651,094
548,037	0	0	0	0	548,037
0	11,515	0	0	0	11,515
0	0	0	0	0	2,467,816
1,414,231	261,321	0	0	1,073,421	3,575,782
0	0	4,350	0	0	4,350
0	0	0	3	0	3
1,962,268	272,836	4,350	3	1,073,421	6,607,503
\$2,177,062	\$1,126,349	\$157,951	\$3	\$1,352,529	\$12,258,597

**WRIGHT COUNTY
Clarion, Iowa**

**RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2005**

Total Governmental Fund Balances (page 12-13) \$6,607,503

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

Capital assets used in governmental activities are not current financial
resources and, therefore, are not reported in the funds. 14,081,496

Other long-term assets are not available to pay current period expenditures
and, therefore, are deferred in the funds. 21,282

The Internal Service Fund is used by management to charge the costs
of self funding of the County's health insurance benefit plan to individual funds.
The assets and liabilities of the Internal Service Fund are included
in Governmental Activities in the Statement of Net Assets. 96,928

Long-term liabilities, including bonds payable, compensated absences
payable, and accrued interest payable are not due and payable in the
current period and, therefore, are not reported in the funds. (2,551,183)

Net Assets of Governmental Activities (page 11) \$18,256,026

See notes to financial statements.

WRIGHT COUNTY
Clarion, Iowa

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	General	Special Revenue	
		Mental Health	Rural Services
REVENUES			
Property & Other County Tax	\$2,142,298	\$520,689	\$1,513,843
Interest & Penalty on Property Tax	37,128	0	0
Intergovernmental	2,513,893	675,103	70,132
Licenses & Permits	4,835	0	0
Charges for Service	505,031	0	0
Use of Money & Property	154,432	0	0
Miscellaneous	161,709	8,228	12
Nonprogram	0	0	0
Total Revenues	<u>5,519,326</u>	<u>1,204,020</u>	<u>1,583,987</u>
EXPENDITURES			
Current:			
Public Safety & Legal Services	1,011,389	0	341,509
Physical Health & Social Services	2,728,069	0	0
Mental Health	0	1,287,161	0
County Environment & Education	428,791	0	174,685
Roads and Transportation	0	0	0
Governmental Services to Residents	340,993	0	1,236
Administrative Services	867,901	0	0
Nonprogram	46,320	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Total Expenditures	<u>5,423,463</u>	<u>1,287,161</u>	<u>517,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	95,863	(83,141)	1,066,557
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	(84,817)	0	(1,013,984)
Proceeds from Issuance of Stamped Warrants	0	0	0
Total Other Financing Sources (Uses)	<u>(84,817)</u>	<u>0</u>	<u>(1,013,984)</u>
Excess (Deficiency) of Revenues & Other Financing Sources over (Under) Expenditures & Other Financing Uses	11,046	(83,141)	52,573
Fund Balances – Beginning of Year, As Restated (Note 12)	2,456,770	608,620	248,757
Decrease in Reserve for Inventories	0	0	0
Fund Balances End of Year	<u>\$2,467,816</u>	<u>\$525,479</u>	<u>\$301,330</u>

See Notes To Financial Statements

Exhibit E

Special Revenue		Debt Service	Capital Projects	Non-major Special Revenue	Total
Secondary Roads	Drainage				
\$0	\$0	\$158,730	\$0	\$0	\$4,335,560
0	0	0	0	0	37,128
2,547,768	0	10,225	0	54,951	5,872,072
4,585	0	0	0	0	9,420
0	0	0	0	17,534	522,565
0	0	0	36	101,924	256,392
101,121	0	0	0	41,876	312,946
0	587,925	0	0	0	587,925
2,653,474	587,925	168,955	36	216,285	11,934,008
0	0	0	0	37,549	1,390,447
0	0	0	0	10,175	2,738,244
0	0	0	0	0	1,287,161
0	0	0	0	209,191	812,667
3,261,860	0	0	0	0	3,261,860
0	0	0	0	27,512	369,741
0	0	0	0	0	867,901
0	670,268	0	0	0	716,588
0	0	168,678	0	0	168,678
260,605	0	0	0	10,485	271,090
3,522,465	670,268	168,678	0	294,912	11,884,377
(868,991)	(82,343)	277	36	(78,627)	49,631
1,104,431	0	0	0	0	1,104,431
0	0	0	(5,630)	0	(1,104,431)
0	76,254	0	0	0	76,254
1,104,431	76,254	0	(5,630)	0	76,254
235,440	(6,089)	277	(5,594)	(78,627)	125,885
2,138,384	278,925	4,073	5,597	1,152,048	6,893,174
(411,556)	0	0	0	0	(411,556)
\$1,962,268	\$272,836	\$4,350	\$3	\$1,073,421	\$6,607,503

**WRIGHT COUNTY
Clarion, Iowa**

**RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2005**

Net change in fund balances - Total governmental funds (page 15-16) \$125,885

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

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

Expenditures for capital assets	\$671,876	
Capital assets contributed by the Iowa Department of Transportation	1,252,622	
Depreciation Expense	<u>(1,264,709)</u>	659,789

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

Property Tax	(14,408)	
Other	<u>4,331</u>	(10,077)

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

Repaid		115,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds as follows:

USDA Promissory Note	13,780	
Drainage Warrants	349,033	
Compensated Absences	(1,144)	
Interest on Long-Term Debt	<u>(2,415)</u>	359,254

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted. (411,556)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (22,200)

Change in Net Assets of Governmental Activities (page 11) \$816,095

See Notes to Financial Statements

**WRIGHT COUNTY
Clarion, Iowa**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2005**

	<u>Internal Service Employee Group Health</u>
ASSETS	
Cash and Cash Equivalents	\$101,913
Accrued Interest	<u>142</u>
TOTAL ASSETS	<u>\$102,055</u>
LIABILITIES	
Accounts Payable	<u>5,127</u>
NET ASSETS	
Unrestricted	<u>\$96,928</u>

See Notes To Financial Statements

**WRIGHT COUNTY
Clarion, Iowa**

**STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2005**

	Internal Service Employee Group Health
<hr/>	
OPERATING REVENUES	
Reimbursements From Operating Funds	\$1,266,417
Reimbursements From Employees	130,564
Miscellaneous	22,566
Total Operating Revenues	<hr/> 1,419,547 <hr/>
OPERATING EXPENSES	
Medical Claims	90,552
Insurance Premiums	1,298,184
Administrative Fees	8,430
Miscellaneous	46,315
Total Operating Expenses	<hr/> 1,443,481 <hr/>
Operating Loss	(23,934)
NON-OPERATING REVENUES	
Interest on Investments	<hr/> 1,734
Net Loss	(22,200)
Net Assets Beginning of Year	<hr/> 119,128
Net Assets End of Year	<hr/> \$96,928 <hr/>

See Notes To Financial Statements

WRIGHT COUNTY
Clarion, Iowa

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2005

	Internal Service Employee Group Health
<hr/> CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Operating Fund Reimbursements	\$1,268,098
Cash Received From Employees & Others	151,449
Cash Payments To Suppliers For Services	(1,447,381)
Net Cash Used In Operating Activities	<hr/> (27,834)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<hr/> 1,714
Net Decrease in Cash & Cash Equivalents	(26,120)
Cash & Cash Equivalents at Beginning of Year	<hr/> 128,033
Cash & Cash Equivalents at End of Year	<hr/> <hr/> \$101,913
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	\$(23,934)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities	
Increase (Decrease) In Accounts Payable	<hr/> (3,900)
Net Cash Used In Operating Activities	<hr/> <hr/> \$(27,834)

See Notes To Financial Statements

**WRIGHT COUNTY
Clarion, Iowa**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2005**

ASSETS

Cash & Pooled Investments	
County Treasurer	\$1,099,983
Other County Officials	14,174
Receivables	
Property Tax	
Delinquent	1,107
Succeeding Year	11,456,920
Accounts	43,015
Accrued Interest	212
Assessments	209,049
Due from Other Governments	2,423
TOTAL ASSETS	<u>12,826,883</u>

LIABILITIES

Accounts Payable	26,118
Salaries & Benefits Payable	7,628
Due To Other Governments	12,773,004
Trusts Payable	4,337
Compensated Absences	15,796
TOTAL LIABILITIES	<u>12,826,883</u>

NET ASSETS	<u><u>\$0</u></u>
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See Notes To Financial Statements

WRIGHT COUNTY

Clarion, Iowa

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

A. REPORTING ENTITY

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

These financial statements present Wright 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.

Two hundred forty-seven major 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. Though these districts are legally separate from the County, they are controlled, managed and supervised by the Wright County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Wright County Auditor's office.

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIS OF PRESENTATION

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the County and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other non-exchange transactions.

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

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other 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:

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

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

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

The Drainage Fund is used to account for special assessments against benefited properties and the payment of drainage warrants and drainage improvement certificates.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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

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

Additionally the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the county and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Fund - Agency funds are used to account for assets held by the county as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units, and/or other funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operative expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. ASSETS, LIABILITIES AND FUND EQUITY

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for 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, they 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 in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2004.

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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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, 2005, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. 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.

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

Infrastructure	\$50,000
Land, buildings	25,000
Equipment	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-65
Infrastructure	10-65
Equipment	2-20

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

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

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

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

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements in the Nonprogram function exceeded the amounts budgeted and disbursements in certain departments exceeded the amounts appropriated.

Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2005 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.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Notes to Financial Statements (Continued)

Note 3: Due from and Due to Other Funds

The detail of inter-fund receivables and payables at June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency: Auto License and Use Tax	\$11,076

These balances resulted from the time lag between the dates that inter-fund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 4: Loans Receivable

Wright County Revolving Loan Fund Wright County has one economic development loan receivable totaling \$510 at June 30, 2005 due from a business located in Wright County. The loans were made to the businesses to promote economic development.

The loans are to be repaid to Wright County in monthly installments over periods ranging from three to ten years, with interest at rates ranging from five to nine percent per annum. The loan repayments from the businesses remain in the Wright County Revolving Loan Fund for future loans to other businesses.

Wright County Revolving Housing Assistance Fund – Wright County was the recipient of a grant from the Iowa Finance Authority (Authority) in the amount not to exceed \$100,000 under the Housing Assistance Fund Program. The Housing Assistance Fund Program was created by the Authority to provide a flexible program of financial assistance for housing projects. Funds are received by the County from the Authority as requested and are then disbursed as loans directly to qualifying lenders to lower the purchaser’s mortgage amount or pay for rehabilitation costs.

The loans are repaid to Wright County over a five-year period with interest at five percent per annum. The loan repayments remain in the Special Revenue, Wright County Revolving Housing Assistance Fund for future loans to other borrowers. The balance of the loans receivable at June 30, 2005 totaled \$49,738. During the year ended June 30, 2005, \$13,175 was disbursed to homeowners.

Note 5: Inter-fund Transfers

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General Basic	\$90,447
Secondary Roads	Rural Services	1,013,984
General	Jail Capital Project	<u>5,630</u>
 Total		 <u><u>\$1,110,061</u></u>

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

Notes to Financial Statements (Continued)

Note 6: Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$782,805	\$0	\$0	\$782,805
Total capital assets not being depreciated	782,805	0	0	782,805
Capital assets being depreciated:				
Buildings	4,234,754	0	0	4,234,754
Machinery and equipment	5,087,615	471,467	377,487	5,181,595
Infrastructure, road network	17,769,700	1,453,031	0	19,222,731
Total capital assets being depreciated	27,092,069	1,924,498	377,487	28,639,080
Less accumulated depreciation for:				
Buildings	2,055,780	71,486	0	2,127,266
Machinery and equipment	3,119,631	371,807	377,487	3,113,951
Infrastructure, road network	9,277,756	821,415	0	10,099,171
Total accumulated depreciation	14,453,167	1,264,708	377,487	15,340,388
Total capital assets being depreciated, net	12,638,902	659,790	0	13,298,692
Governmental activities capital assets, net	\$13,421,707	\$659,790	\$0	\$14,081,497

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

Governmental activities:	
Public safety and legal services	\$73,154
Physical health and social services	3,734
Mental health	27,983
County environment and education	1,129,766
Roads and transportation	26,071
Administrative services	4,000
Total depreciation expense – governmental activities	\$1,264,708

Notes to Financial Statements (Continued)

Note 7 : Due to Other Governments

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

Fund	Description	Amount
Special Revenue:		
Mental Health	Services	\$131,976
Total for governmental funds		
Trust & Agency:		
Agricultural Extension	Collections	\$130,044
Assessor		182,674
Schools		7,127,204
Community Colleges		403,552
Corporations		3,512,685
Auto License & Use Tax		286,021
All Others		1,130,824
Total for agency funds		\$12,773,004

Note 8: Changes in Long-Term Liabilities

A summary of changes in long-term debt for the year ended June 30, 2005, is as follows:

	Capital Loan Notes	Drainage Warrants	Drainage Improvements Certificates	Intermediary Relending Loan	Compensated Absences	Total
Balance – Beginning of Year	\$1,225,000	\$312,049	\$939,232	\$320,145	\$224,538	\$3,020,964
Additions	0	58,269	17,985	0	17,740	93,994
Reductions	115,000	289,086	136,201	13,780	0	554,067
Balance – End of Year	\$1,110,000	\$81,232	\$821,016	\$306,365	\$242,278	\$2,560,891
Due within one year	\$120,000	\$0	\$0	\$13,917	\$242,278	\$376,195

Notes Financial Statements (Continued)

Note 8: Changes in Long-Term Liabilities (Continued)

Capital Loan Notes

A summary of the County's June 30, 2005 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2006	4.15%	\$120,000	\$48,962	\$168,962
2007	4.20	125,000	43,982	168,982
2008	4.25	130,000	38,732	168,732
2009	4.35	135,000	33,208	168,208
2010	4.40	140,000	27,336	167,336
2011	4.50	145,000	21,176	166,176
2012	4.60	155,000	14,650	169,650
2013	4.70	160,000	7,520	167,520
Total		<u>\$1,110,000</u>	<u>\$235,566</u>	<u>\$1,345,566</u>

During the year ended June 30, 2005, the County retired \$115,000 of the general obligation capital loan notes.

Drainage Warrants/Drainage Improvements Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented.

Drainage improvement certificates payable represent amounts due to purchases of drainage improvement certificates. Drainage improvements certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowners.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from special assessments against benefited properties.

Wright County Intermediary Relending Loan Program

The County entered into an intermediary relending loan program agreement with the Farmers Home Administration (FmHA) dated July 25, 1994, pursuant to the provisions of Chapter 331.402 of the Code of Iowa. The loan agreement is for the purpose of borrowing funds in order to make loans to private persons for economic development through the Wright County Economic Development Corporation. FmHA loaned the County \$400,000 with interest at the fixed rate of one percent per annum. Principal and interest will be paid in 27 equal annual amortized installments beginning on July 25, 1998, with any remaining balance due and payable 30 years from the date of the note. In addition, the County has contributed \$100,000 to the intermediary relending loan program.

Notes to Financial Statements (Continued)

Note 8: Changes in Long-Term Liabilities (Continued)

Details of the loan repayment requirements are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2006	1.00%	\$13,917	\$3,063	\$16,980
2007	1.00	14,055	2,925	16,980
2008	1.00	14,196	2,784	16,980
2009	1.00	14,338	2,642	16,980
2010	1.00	14,481	2,499	16,980
2011	1.00	14,626	2,354	16,980
2012	1.00	14,772	2,208	16,980
2013	1.00	14,920	2,060	16,980
2014	1.00	15,069	1,911	16,980
2015	1.00	15,220	1,760	16,980
2016	1.00	15,372	1,608	16,980
2017	1.00	15,526	1,454	16,980
2018	1.00	15,681	1,299	16,980
2019	1.00	15,838	1,142	16,980
2020	1.00	15,996	984	16,980
2021	1.00	16,156	824	16,980
2022	1.00	16,318	662	16,980
2023	1.00	16,481	499	16,980
2024	1.00	16,646	334	16,980
2025	1.00	16,757	168	16,925
Total		\$306,365	\$33,180	\$339,545

During the year ended June 30, 2005, the County received loan principal repayments of \$57,856 and loaned \$154,000, leaving a balance of loans receivable at June 30, 2005 of \$227,260.

Contingent Liabilities

General Obligation Capital Loan Notes

The County entered into an agreement with the Wright County Area Landfill Authority to assist in financing the cost of acquiring and constructing works and facilities useful for the collection and disposal of solid waste, certain landfill closure costs, equipment, transfer station improvements and composting facilities. The agreement provided for Wright County to sell general obligation capital loan notes on behalf of the Authority for the purpose outlined above. The notes are to be repaid from revenues generated by operation of the landfill.

The County is contingently liable on \$164,958 of general obligation capital loan note indebtedness outstanding at June 30, 2005. Since the interest and bond principal is currently paid out of Wright County Area Landfill Authority revenues, this liability has not been recorded in the Long-Term Liabilities on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the Authority in future years are not adequate, a tax may be levied on all taxable property in the County.

Notes to Financial Statements (Continued)

Note 8: Changes in Long-Term Liabilities (Continued)

Details of this note indebtedness at June 30, 2005, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2006	5.75%	\$37,635	\$8,965	\$46,600
2007	5.75	39,831	6,769	46,600
2008	5.75	42,154	4,446	46,600
2009	5.75	45,338	1,988	47,326
Total		\$164,958	\$22,168	\$187,126

During the year ended June 30, 2005, the Wright County Area Landfill Authority retired \$35,481 of notes.

General Obligation Work Activity Center Notes

During the year ended June 30, 1994, the County received a \$371,800 Farmer's Home Administration (FmHA) community facilities loan on behalf of Unlimited Opportunities, Inc. to assist in the construction of a work activity center. The County issued general obligation work activity center notes to evidence its obligation under the loan agreement. The notes are to be repaid from revenues generated by operation of the work activity center.

The County is contingently liable on \$157,146 of general obligation work activity center note indebtedness outstanding at June 30, 2005. Since the interest and bond principal is currently paid out of Unlimited Opportunities, Inc. revenues, this liability has not been recorded in the General Long-Term Debt Account Group on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the work activity center in future years are not adequate, the notes may be payable from the County's General Fund. The transactions for this note issue are accounted for in an Agency Fund.

Details of this note indebtedness at June 30, 2005 are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2006	5.00%	\$22,092	\$7,356	\$29,448
2007	5.00	23,223	6,225	29,448
2008	5.00	24,411	5,037	29,448
2009	5.00	25,660	3,788	29,448
2010	5.00	26,973	2,475	29,448
2011	5.00	28,353	1,095	29,448
2012	5.00	6,434	50	6,484
Total		\$157,146	\$26,006	\$183,172

During the year ended June 30, 2005, Unlimited Opportunities, Inc. retired \$21,017 of notes. The above schedule of note indebtedness provides for an anticipated pay-off date of October 1, 2011 even though the notes have a stated maturity date of June 29, 2014.

Notes to Financial Statements (Continued)

Note 9: Pension and Retirement Benefits

Wright County is a member in 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, IA 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 and conservation employees, in which case the percentages for the year ended June 30, 2005 are 8.535% and 8.535%, respectively, for law enforcement and 6.16% and 9.23% respectively, for conservation. For the year ended June 30, 2004, the contribution rates for law enforcement employees and the County were 4.99% and 7.48%, respectively, and for the year ended June 30, 2003, the contribution rates for law enforcements employees and the County were 5.37% and 8.05%, respectively. For the year ended June 30, 2004 the contribution rate for conservation employees and the County were 5.93% and 8.90%, respectively and for the year ended June 30, 2003, the contribution rates for conservation employees and the County were 6.04% and 9.07%, respectively. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$256,679, \$245,147, and \$242,074, respectively, equal to the required contributions for each year.

Note 10: Risk Management

Wright County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund expenses and reinsurance expenses due and payable in the current year, plus all of any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of a deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if sufficient, by the subsequent year's member contributions.

The County's property and casualty contribution to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005 were \$115,088.

The Pool uses reinsurance and excess risk sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual member basis.

Notes to Financial Statements (Continued)

Note 10: Risk Management (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk sharing protection provided by the member's risk sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of their capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers compensation claims in excess of \$1,000,000 and employee blanket bond claims in excess \$50,000 (\$450,000 for the County Treasurer), respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11: Employee Group Health Fund

The Internal Service, Employee Group Health Fund, which is held by the County Treasurer, was established to account for the partial self-funding of the County's health insurance benefit plan and to purchase health insurance. Wright County purchases health insurance from Wellmark Blue Cross/Blue Shield. In addition to the benefits provided by that policy, Wright County also reimburses employees directly for their portion of certain deductibles and co-insurance.

Monthly payments of service fees and plan contributions to the Internal Service, Employee Group Health 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 Bradford Financial Center from the Internal Service, Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2005 was \$1,266,417.

The amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2005, for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County's actuarial opinion is dated December 31, 2004. The June 30, 2005 amounts are not available, but are not deemed to be material to the financial statements.

Note 12: Restatement of Beginning Net Assets

The beginning net assets at June 30, 2005 have been restated to reflect the inclusion of capital assets acquired prior to fiscal year 2005.

The net effect of the misstatements are:

Increase capital assets net of accumulated depreciation by \$17,524.

WRIGHT COUNTY
Clarion, Iowa

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN BALANCES
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2005

	Actual	Less Funds Not Required to Be Budgeted	Net	Budgeted Amounts		Final to Net Variance
				Original	Final	
RECEIPTS						
Property & Other County Tax	\$4,305,176	\$0	\$4,305,176	\$4,182,205	\$4,182,205	\$122,971
Interest & Penalty on Property Tax	37,396	0	37,396	5,405	5,405	31,991
Intergovernmental	5,961,941	0	5,961,941	6,292,489	6,611,027	(649,086)
Licenses and Permits	9,030	0	9,030	2,475	2,475	6,555
Charges for Services	507,804	0	507,804	419,690	465,526	42,278
Use of Money & Property	259,141	0	259,141	225,374	267,692	(8,551)
Miscellaneous	913,512	587,925	325,587	179,131	258,150	67,437
Total Receipts	11,994,000	587,925	11,406,075	11,306,769	11,792,480	(386,405)
DISBURSEMENTS						
Public Safety & Legal Services	1,384,470	0	1,384,470	1,440,207	1,456,910	72,440
Physical Health & Social Services	2,731,988	0	2,731,988	2,669,859	3,027,355	295,367
Mental Health	1,267,087	0	1,267,087	1,436,851	1,436,851	169,764
County Environment & Education	816,367	0	816,367	935,281	944,063	127,696
Roads and Transportation	3,272,592	0	3,272,592	3,750,000	3,585,000	312,408
Governmental Services to Residents	370,564	0	370,564	556,548	573,401	202,837
Administrative Services	922,508	0	922,508	999,619	1,053,509	131,001
Nonprogram	733,412	687,854	45,558	28,370	50,900	5,342
Debt Service	168,678	0	168,678	168,678	168,678	0
Capital Projects	414,864	0	414,864	880,000	880,000	465,136
Total Disbursements	12,082,530	687,854	11,394,676	12,865,413	13,176,667	1,781,991
Excess (Deficiency) of Receipts Under Disbursements	(88,530)	(99,929)	11,399	(1,558,644)	(1,384,187)	1,395,586
Other Financing Sources, Net	76,255	76,255	0	600	600	(600)
Excess (Deficiency) of Receipts & Other Financing Sources Under Disbursements and Other Financing Uses	(12,275)	(23,674)	11,399	(1,558,044)	(1,383,587)	1,394,986
Balance Beginning of Year	5,769,387	316,147	5,453,240	4,641,272	4,641,272	811,968
Balance End of Year	\$5,757,112	\$292,473	\$5,464,639	\$3,083,228	\$3,257,685	\$2,206,954

See Accompanying Independent Auditors' Report

WRIGHT COUNTY
Clarion, Iowa

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$11,994,000	\$(59,992)	\$11,934,008
Expenditures	12,082,530	(198,153)	11,884,377
Net	(88,530)	138,161	49,631
Other Financing Sources (Uses)	76,255	(1)	76,254
Beginning Fund Balances	5,769,387	1,123,787	6,893,174
Increase (Decrease) in Reserve For: Inventories	0	(411,556)	(411,556)
Ending Fund Balances	\$5,757,112	\$850,391	\$6,607,503

See Accompanying Independent Auditors' Report

**Wright County
Clarion, Iowa**

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units 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 prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriation lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and expendable trust funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$311,254. This budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2005, disbursements in the Nonprogram Function exceeded the amounts budgeted and certain departments exceeded the amounts appropriated.

WRIGHT COUNTY
Clarion, Iowa

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2005

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Attorney Share Forfeiture	Federal Forfeiture	State Forfeiture	Resource Enhancement & Protection
ASSETS						
Cash & Pooled Investments	\$42,045	\$11,002	\$1,358	\$249,583	\$6,033	\$80,655
Receivables						
Accounts	829	0	0	0	0	0
Accrued Interest	18	7	0	147	3	65
Loans	0	0	0	0	0	0
Due From Other Governments	0	0	0	0	0	0
TOTAL ASSETS	\$42,892	\$11,009	\$1,358	\$249,730	\$6,036	\$80,720
LIABILITIES & FUND EQUITY						
Liabilities						
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Revenue	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0
Fund Equity						
Fund Balance						
Unreserved	42,892	11,009	1,358	249,730	6,036	80,720
TOTAL LIABILITIES & FUND EQUITY	\$42,892	\$11,009	\$1,358	\$249,730	\$6,036	\$80,720

See Accompanying Independent Auditors' Report

Schedule 1

Economic Development Marketing	Public Health Resource	Intermediary Relending Loan Program	Revolving Loan	Emergency Medical Services	Revolving Housing Assistance	Drainage Administration	Conservation Land Acquisition Trust	Total
\$35,919	\$88,857	\$257,168	\$26,693	\$7,446	\$98,179	\$28,458	\$133,463	\$1,066,859
0	408	0	1,082	0	0	0	0	2,319
21	74	280	14	0	19	0	164	812
0	0	227,260	510	0	49,738	0	0	277,508
0	0	0	0	5,031	0	0	0	5,031
\$35,940	\$89,339	\$484,708	\$28,299	\$12,477	\$147,936	\$28,458	\$133,627	\$1,352,529
\$1,257	\$343	\$0	\$0	\$0	\$0	\$0	\$0	\$1,600
0	0	227,260	510	0	49,738	0	0	277,508
1,257	343	227,260	510	0	49,738	0	0	279,108
34,683	88,996	257,448	27,789	12,477	98,198	28,458	133,627	1,073,421
\$35,940	\$89,339	\$484,708	\$28,299	\$12,477	\$147,936	\$28,458	\$133,627	\$1,352,529

WRIGHT COUNTY
Clarion, Iowa

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2005**

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Attorney Share Forfeiture	Federal Forfeiture	State Forfeiture	Resource Enhancement & Protection
REVENUES						
Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$10,189
Charges for Services	3,338	14,196	0	0	0	0
Use of Money & Property	209	127	0	1,718	38	658
Miscellaneous	0	0	397	0	0	0
Total Revenues	3,547	14,323	397	1,718	38	10,847
EXPENDITURES						
Operating:						
Public Safety & Legal Services	0	0	200	24,452	0	0
Physical Health & Social Services	0	0	0	0	0	0
County Environment & Education	0	0	0	0	0	0
Governmental Services to Residents	1,471	26,041	0	0	0	0
Capital Projects	0	0	0	0	0	10,485
Total Expenditures	1,471	26,041	200	24,452	0	10,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,076	(11,718)	197	(22,734)	38	362
Fund Balances – Beginning of Year	40,816	22,727	1,161	272,464	5,998	80,358
Fund Balances – End of Year	\$42,892	\$11,009	\$1,358	\$249,730	\$6,036	\$80,720

See Accompanying Independent Auditors' Report

Schedule 2

Economic Development Marketing	Public Health Resource	Intermediary			Emergency Medical Services	Revolving Housing Assistance	Drainage Administration	Conservatio n Land Acquisition Trust	Total
		Relending Loan Program	Revolving Loan						
\$0	\$0	\$0	\$0	\$11,204	\$0	\$28,558	\$5,000	\$54,951	
0	0	0	0	0	0	0	0	17,534	
247	736	68,811	3,056	0	24,589	0	1,735	101,924	
16,559	18,304	0	0	0	0	0	6,616	41,876	
16,806	19,040	68,811	3,056	11,204	24,589	28,558	13,351	216,285	
0	0	0	0	12,897	0	0	0	37,549	
0	10,175	0	0	0	0	0	0	10,175	
24,829	0	170,980	0	0	13,282	100	0	209,191	
0	0	0	0	0	0	0	0	27,512	
0	0	0	0	0	0	0	0	10,485	
24,829	10,175	170,980	0	12,897	13,282	100	0	294,912	
(8,023)	8,865	(102,169)	3,056	(1,693)	11,307	28,458	13,351	(78,627)	
42,706	80,131	359,617	24,733	14,170	86,891	0	120,276	1,152,048	
\$34,683	\$88,996	\$257,448	\$27,789	\$12,477	\$98,198	\$28,458	\$133,627	\$1,073,421	

WRIGHT COUNTY
Clarion, Iowa

COMBINING SCHEDULE OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash & Pooled Investments				
County Treasurer	\$0	\$1,930	\$41,747	\$112,423
Other County Officials	14,174	0	0	0
Receivables				
Property Tax				
Delinquent	0	10	12	541
Succeeding Year	0	128,104	149,359	7,014,240
Accounts	0	0	0	0
Accrued Interest	0	0	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	335	0
TOTAL ASSETS	\$14,714	\$130,044	\$191,453	\$7,127,204
LIABILITIES				
Liabilities				
Accounts Payable	\$0	\$0	\$409	\$0
Salaries & Benefits Payable	0	0	1,961	0
Due to Other Governments	11,870	130,044	182,674	7,127,204
Trusts Payable	2,304	0	0	0
Compensated Absences	0	0	6,409	0
TOTAL LIABILITIES	\$14,174	\$130,044	\$191,453	\$7,127,204

See Accompanying Independent Auditor's Report

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Total
\$5,690	\$58,982	\$2,546	\$6,363	\$286,021	\$584,281	\$1,099,983
0	0	0	0	0	0	14,174
33	498	4	0	0	9	1,107
397,829	3,453,205	188,420	0	0	125,763	11,456,920
0	0	0	0	0	43,015	43,015
0	0	0	0	0	212	212
0	0	0	209,049	0	0	209,049
0	0	0	0	0	2,088	2,423
\$403,552	\$3,512,685	\$190,970	\$215,412	\$286,021	\$755,368	\$12,826,883
\$0	\$0	\$0	\$0	\$0	\$25,709	\$26,118
0	0	0	0	0	5,667	7,628
403,552	3,512,685	190,970	215,412	286,021	712,572	12,773,004
0	0	0	0	0	2,033	4,337
0	0	0	0	0	9,387	15,796
\$403,552	\$3,512,685	\$190,970	\$215,412	\$286,021	\$755,368	\$12,826,883

WRIGHT COUNTY
Clarion, Iowa

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES – AGENCY FUNDS

Year Ended June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS AND LIABILITIES				
Balances – Beginning of Year	\$8,668	\$119,409	\$204,471	\$6,927,390
Additions				
Property & Other County Tax	0	132,179	154,396	7,248,626
E911 Surcharge	0	0	0	0
State Tax Credits	0	7,965	9,848	463,174
Driver License Fees	0	0	0	0
Office Fees & Collections	256,166	0	0	0
Electronic Transaction Fees	0	0	0	0
Auto Licenses, Use Tax & Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	137,581	0	0	0
Miscellaneous	0	86	8,539	5,195
Total Additions	393,747	140,230	172,783	7,716,995
Deductions				
Agency Remittances				
To Other Funds	134,454	0	0	0
To Other Governments	116,573	129,595	185,801	7,517,181
Trusts Paid Out	137,214	0	0	0
Total Deductions	388,241	129,595	185,801	7,517,181
Balances – End of Year	\$14,174	\$130,044	\$191,453	\$7,127,204

See Accompanying Independent Auditors' Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Total
\$354,172	\$3,487,539	\$168,898	\$274,077	\$292,156	\$718,649	\$12,555,429
409,997	3,584,651	193,951	0	0	128,189	11,851,989
0	0	0	0	0	61,054	61,054
23,488	229,741	10,717	0	0	4,560	749,493
0	0	0	0	59,533	0	59,533
0	0	0	0	0	0	256,166
0	0	0	0	0	4,184	4,184
0	0	0	0	3,108,884	0	3,108,884
0	0	0	20,063	0	0	20,063
0	0	0	0	0	121,176	258,757
223	0	220	0	0	302,890	317,153
433,708	3,814,392	204,888	20,063	3,168,417	622,053	16,687,276
0	0	0	0	123,973	0	258,427
384,328	3,789,246	182,816	78,728	3,050,579	466,191	15,901,038
0	0	0	0	0	119,143	256,357
384,328	3,789,246	182,816	78,728	3,174,552	585,334	16,415,822
\$403,552	\$3,512,685	\$190,970	\$215,412	\$286,021	\$755,368	\$12,826,883

Schedule 5**WRIGHT COUNTY
Clarion, Iowa****SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

For the Last Five Years

	Modified Accrual Basis				
	2005	2004	2003	2002	2001
Revenues:					
Property & Other County Tax	\$4,335,560	\$5,192,685	\$5,000,118	\$4,659,659	\$4,495,161
Interest & Penalty On					
Property Tax	37,128	34,793	37,416	40,131	27,939
Intergovernmental	5,872,072	5,850,284	5,258,406	5,591,001	5,246,699
Licenses & Permits	9,420	9,567	4,065	2,865	3,890
Charges For Service	522,565	479,889	435,710	446,533	398,854
Use of Money & Property	256,392	204,246	222,420	197,165	395,702
Miscellaneous	312,946	558,401	2,476,337	2,384,660	574,105
Nonprogram	587,925	728,481	0	0	0
Total	<u>\$11,934,008</u>	<u>\$13,058,346</u>	<u>\$13,434,472</u>	<u>\$13,322,014</u>	<u>\$11,142,350</u>
Expenditures:					
Operating:					
Public Safety & Legal Services	\$1,390,447	\$1,331,130	\$1,208,316	\$1,191,521	\$1,041,035
Physical Health &					
Social Services	2,738,244	2,696,302	2,522,677	2,558,332	2,586,528
Mental Health	1,287,161	1,448,386	1,425,804	1,724,234	1,554,172
County Environment					
& Education	812,667	797,332	680,120	644,835	869,800
Roads & Transportation	3,261,860	2,921,667	3,024,214	3,567,732	3,296,541
Governmental Services To					
Residents	369,741	321,153	298,828	320,335	280,434
Administrative Services	867,901	859,642	936,506	845,521	780,956
Nonprogram	716,588	1,312,576	3,613,795	1,452,410	1,436,142
Debt Services	168,678	168,433	167,332	2,411,238	421,327
Capital Projects	271,090	215,223	469,047	452,690	1,336,711
Total	<u>\$11,884,377</u>	<u>\$12,071,844</u>	<u>\$14,346,639</u>	<u>\$15,168,848</u>	<u>\$13,603,646</u>

See Accompanying Independent Auditors' Report



Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Wright County:

We have audited the financial statements of Wright County, Iowa, as of and for the year ended June 30, 2005, and have issued our report thereon dated February 10, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wright County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions 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 Wright 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 the accompanying Schedule of Findings.

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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item (A) is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wright County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 the accompanying Schedule of Findings.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wright County and other parties to whom Wright 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 Wright 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 10, 2006

Gardiner Thomsen, P.C.

WRIGHT COUNTY
Clarion, Iowa

SCHEDULE OF FINDINGS
Year Ended June 30, 2005

Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were reported.

REPORTABLE CONDITIONS

- (A) **Segregation of Duties** – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Officials should review the operating procedures of each office to obtain the maximum internal control possible under the circumstances.

Response – We have reviewed procedures and plan to make the necessary changes to improve internal control.

Conclusion – Response accepted.

- (B) **Information Systems** – During our review of internal control, the existing control activities in the County’s computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County’s computer based systems were noted:

The County does not have written policies for:

- Password Privacy and confidentiality
- Requiring user profiles to help limit access to programs to those who have a legitimate need.

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems.

Response – The County will comply in the future with these recommendations. County officials have discussed and agree that these policies are needed. A disaster recovery plan is in process.

Conclusion – Response accepted.

Other Findings Related to Required Statutory Reporting:

- 1 **Official Depositories** – A resolution naming official depositories for the Treasurer and Recorder has been adopted by the Board of Supervisors. However, we noted no resolution for the Sheriff.

Recommendation – Resolutions in amounts sufficient to cover anticipated balance for the Sheriff should be adopted by the Board.

Response – We will adopt the required resolutions.

Conclusion – Response accepted.

- 2 **Certified Budget** – Disbursements during the year ended June 30, 2005 exceeded the amounts budgeted in the Nonprogram Function. Disbursements in certain departments exceeded the amounts appropriated. It was noted the publications for the budget and budget amendment hearings were not in accordance with Chapter 331.434 of the Code of Iowa.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation. In addition, public hearings for budgets and amendments should be published not less than 10, nor more than 20 days prior to the hearing.

Response – We will amend the budget when required and appropriations will be watched more closely by the departments. The publications for budget and amendments were an oversight on our part. We will publish the notice of public hearing as required in the future.

Conclusion – Response accepted.

- 3 **Questionable Expenditures** – Certain expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows :

<u>Paid To</u>	<u>Purpose</u>	<u>Amount</u>
Pizza Ranch	Meals and Snacks for Advisory Council Meetings and Public Health Meetings	\$962
Lasting Impressions Tea Room	Meals and Snacks for Safety Meetings	\$1,498

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – The Board of Supervisors will continue to work with the departments and Boards involved to determine and document public purpose before authorizing further payments.

Conclusion – Response accepted.

Other Findings Related to Required Statutory Reporting (Continued)

- 4 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 5 **Business Transaction** - Business transactions between the County and County officials of employees were noted.

<u>Name, Title, and Business Connection</u>	<u>Transaction</u>	<u>Amount</u>
Fred Meeder, Deputy Sheriff	Locksmith	\$1,169
James Ahrends, Secondary Road Employee	Beaver Dam Removal	\$160
Merle Weidemann, Owner of STN Repair, Secondary Road Employee	Repair Work	\$1,489
Jim Lester Deputy Sheriff	Drug Testing	\$90
William Kem Deputy Sheriff	Drug Testing	\$30
Paul Schultz Sheriff	Drug Testing	\$780
Denise Schumacher Public Health Employee	Drug Testing	\$920

Recommendation – The business transactions with these County employees do not appear to represent conflicts of interest since the amounts for each individual do not exceed \$1,500 during the fiscal year. However, the County should refrain from business transaction with County officials or employees whenever possible.

Response – We will refrain from business transactions with officials or employees whenever possible.

Conclusion – Response accepted.

- 6 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- 7 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not. It was noted that a roll call vote was not held (or documented) to close a session.

Recommendation – Chapter 21.5 of the Code of Iowa requires that a roll call vote be held and documented to go into and come out of closed sessions.

Response – We will document the roll call vote for closed sessions.

Conclusion – Response accepted.

Other Findings Related to Required Stautory Reporting (Continued)

- 8 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- 9 **Resource Enhancement and Protection Certification** - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 10 **Economic Development** – During the year ended June 30, 2005, the County spent \$272,287 for economic development purposes, which appears to be an appropriate expenditure of public funds since benefits to be derived have been clearly documented.
- 11 **County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B. Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.
- 12 **Disbursements** – Claims submitted to the Auditor’s office for payment were not always supported by an invoice. The Auditor does not receive invoices for several departments, instead the departments turn in a spreadsheet with a list of claims to be paid. Invoices were not cancelled to prevent reuse. Credit card disbursements were not accompanied by detailed receipts.

Recommendation – Claims should be accompanied by an invoice, showing the basis of the claim and whether for property sold or furnished for services rendered or for another purpose according to Chapter 331.504 of the Code of Iowa.

Response – The departments will supply supporting documentation for each claim submitted. We will cancel all invoices in the future. The department heads will comply with the requirements for credit card statements.

Conclusion – Response accepted.

- 13 **E911 and Emergency Management Budgets** – It was noted the E911 budget was not adopted or certified on or before March 15, 2004. The Emergency Management disbursements were in excess of the amounts budgeted at the end of the year.

Recommendation – Budgets should be adopted and certified by March 15 for the following fiscal year in accordance with the Code of Iowa. Budgets should be amended before disbursements were allowed to exceed the amount budgeted.

Response – We will monitor the budgets more closely and will attempt to have the budgets prepared and adopted on a timely basis in the future.

Conclusion – Response accepted.

News Release

Gardiner Thomsen today released an audit report on Wright County, Iowa.

The County had local tax revenue of \$17,210,232 for the year ended June 30, 2005, which included \$999,963 in tax credits from the state. The County forwarded \$12,323,227 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,887,005 of the local tax revenue to finance County operations, a 3% decrease from the prior year. Other revenues included charges for service of \$824,107, operating grants, contributions and restricted interest of \$5,534,564, unrestricted investment earnings of \$135,762 and other general revenues of \$886,102.

Expenses for County operations totaled \$12,480,870, a 2% increase from the prior year. Expenses included \$4,438,100 for Roads and Transportation, \$2,742,414 for Physical Health and Social Services, and \$1,444,796 for Public Safety and Legal Services.

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

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