

**WRIGHT COUNTY**  
**Clarion, Iowa**

INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
June 30, 2011

**WRIGHT COUNTY, IOWA**  
**Clarion, Iowa**

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**WRIGHT COUNTY  
Clarion, Iowa**

**OFFICIALS**

(Before January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rodney Toftey.....	Board of Supervisors .....	January 2011
Myron Amdahl.....	Board of Supervisors .....	January 2011
Stan Watne.....	Board of Supervisors .....	January 2013
Lucas Beenken .....	Board of Supervisors .....	January 2013
Larry Maasdam .....	Board of Supervisors .....	January 2013
Betty Ellis .....	County Auditor.....	January 2013
Peggy Schluttenhofer .....	County Treasurer .....	January 2011
Dwight N. Reiland .....	County Recorder .....	January 2011
Paul J. Schultz.....	County Sheriff .....	January 2013
Eric Simonson.....	County Attorney.....	January 2011
Denise Baker .....	County Assessor.....	Appointed

(After January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Stan Watne.....	Board of Supervisors .....	January 2013
Lucas Beenken .....	Board of Supervisors .....	January 2013
Larry Maasdam .....	Board of Supervisors .....	January 2013
Myron Amdahl.....	Board of Supervisors .....	January 2015
Karl Helgevold.....	Board of Supervisors .....	January 2015
Betty Ellis .....	County Auditor.....	January 2013
Peggy Schluttenhofer .....	County Treasurer .....	January 2015
Dwight N. Reiland .....	County Recorder .....	January 2015
Paul J. Schultz.....	County Sheriff .....	January 2013
Eric Simonson.....	County Attorney.....	January 2015
Shari Plagge.....	County Assessor.....	Appointed



**Gardiner Thomsen**  
Certified Public Accountants

## **Independent Auditors' Report**

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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, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These 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, 2011, 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 March 27, 2012 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 - 10 and 40 - 43 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Wright County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on these financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, 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.

March 27, 2012

*Gardiner Thomsen, P.C.*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

- Government wide funds revenue decreased 17% or approximately \$3,048,336 from fiscal year 2010. Capital grants, contributions and restricted interest decreased approximately \$2,659,688 while property taxes increased approximately \$613,221.
- Program expenses of the governmental activities were 4% or approximately \$610,037 more in fiscal year 2011 than in fiscal year 2010. Non Program expenses increased approximately \$637,405.
- Net assets decreased approximately \$721,518 from June 30, 2010 to June 30, 2011.

### **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 Statements* consist 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 (Agency Funds).
- *Notes to the Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.
- *Required Supplementary Information* further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- *Other Supplementary Information* provides detailed information about the nonmajor special revenue and the individual agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the County.

### **REPORTING THE COUNTY AS A WHOLE:**

#### *Government-Wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the

economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the 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.

#### *Fund Financial Statements*

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 current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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 2011 totaled approximately \$20.65 million. This compares to fiscal year 2010 at \$21.37 million. The analysis that follows focuses on the net assets for our governmental activities.

Net Assets of Governmental Activities  
(Expressed in Thousands)

	2011	2010
Current and Other Assets	\$17,213	\$13,884
Capital Assets	16,969	17,010
Total Assets	34,182	30,894
Long-term Debt Outstanding	6,268	2,557
Other Liabilities	7,265	6,966
Total Liabilities	13,533	9,523
Net Assets:		
Invested in Capital Assets, Net of Debt	16,068	16,154
Restricted	3,543	3,446
Unrestricted	1,038	1,771
Total Net Assets	\$20,649	\$21,371

Net assets of Wright County’s governmental activities decreased by approximately \$721,518 from fiscal year 2010. 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 \$1.038 million.

Changes in Net Assets of Governmental Activities  
(Expressed in Thousands)

	2011	2010
Revenues:		
Program Revenue:		
Charges for Service	\$3,696	\$4,486
Operating Grants and Contributions	3,669	4,424
Capital Grants and Contributions	221	2,880
General Revenues:		
Property Taxes	5,731	5,118
Penalty and Interest on Property Taxes	57	43
State Tax Credits	215	227
Local Option Sales Tax	398	307
Unrestricted Investment Earnings	78	62
Gain (Loss) on Sale of Capital Assets	121	12
Other General Revenues	622	298
Total Revenues	14,808	17,857
Program Expenses:		
Public Safety and Legal Services	1,883	1,768
Physical Health and Social Services	3,119	3,202
Mental Health	1,557	1,511
County Environment and Education	746	910
Roads and Transportation	5,085	5,067
Government Services to Residents	439	439
Administration	1,335	1,277
Non-Program	1,321	684
Interest on Long-term Debt	45	62
Total Expenses	15,530	14,920
Increase (Decrease) in Net Assets	(722)	2,937
Net Assets Beginning of Year	21,371	18,434
Net Assets End of Year	\$20,649	\$21,371

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Wright County completed the year, its governmental funds reported a combined fund balance of \$8,786,097, which is more than the \$5,851,370 combined fund balance of fiscal year 2010.

The General Fund, the operating fund for Wright County, ended fiscal year 2011 with an ending balance totaling \$2,625,183, an increase of \$196,451. The Board of Supervisors aim to maintain an ending fund balance of about 25% of expenditures. In fiscal year 2011, ending fund balance was about 39% of expenditures, however, some of this increase is due to the additional funds reported in the General Fund due to the implementation of GASB 54.

Wright County has continued to look for ways to effectively manage the cost of mental health services in the Mental Health Fund. Fiscal year 2011 ended with a \$515,857 balance, whereas fiscal year 2010 ended with \$808,423.

The Rural Service Fund ended fiscal year 2011 with a \$223,213 balance compared to the prior year balance of \$217,203. Property tax revenue for the Rural Services Fund increased slightly in fiscal year 2011. The other revenues and expenditures within the rural services fund also increased slightly.

The Secondary Roads Fund ended fiscal year 2011 with a \$1,450,944 balance compared to the prior year balance of \$1,027,650.

The Drainage Fund Balance decreased by \$342,545, partially due to the redemption of stamped warrants.

The County established the Wind Farm Urban Renewal Capital Projects Fund during the fiscal year to account for the roadway construction projects to be completed with tax increment debt funding.

## **BUDGETARY HIGHLIGHTS**

During the year, Wright County amended its budget two times. The first amendment was made on April 25, 2011 and in addition to increasing budgeted revenues and expenditures by \$3,480,185 and \$917,574 respectively, this amendment also resulted in an increase in budgeted general long term debt proceeds as the County had decided to utilize Tax Increment Financing for financing of road and bridge projects for enhancing economic development. The second budget amendment was made on June 6, 2011 which resulted in an increase in Mental Health expenditures of \$287,446.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year 2011, Wright County had approximately \$38.5 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 \$875,083 from fiscal year 2010 including infrastructure.

Wright County had depreciation expense of \$1,155,469 in fiscal year 2011 and total accumulated depreciation of \$16.969 million on the capital assets. This is an increase in fiscal year 2011's total accumulated depreciation of \$915,373.

### **Debt**

At the end of fiscal year 2011, Wright County had \$5,724,240 in general obligation notes, bonds, and other outstanding debt compared to \$2,074,432 end of fiscal year 2010.

Outstanding debt increased as a result of the general obligation bonds issued during fiscal 2011. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue up 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 \$55.4 million.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Wright County's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates, and fees charged for various County activities.

The assessed taxable value increased against this year by \$25,879,855. Of this increase, \$20,031,044 was rural ag land.

In 2010-2011 the County decided to utilize Tax Increment Financing on the Wind Towers in the South part of the county. The TIF monies will be used to replace several bridges and resurface some blacktops. The county borrowed \$3,500,000 general obligation bonds to be paid back over 19 years. Revenues from the TIF area will allow the county to pay this debt off faster.

2012 budget shows expenses of \$17,401,506 which is up \$2,428,837. Most of this increase is in Capital Projects. Projects for the TIF area will be bid in late April 2011 and paid in the 2012 fiscal year. The cost of health insurance on the average increased about 4.56% which was considerably less than the prior year. The county has put in the budget for the employees to receive a 1.5% increase in salary.

## **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, 2011

	Governmental Activities
<b>ASSETS</b>	
Cash & Pooled Investments	\$9,002,134
Receivables:	
Property Tax:	
Delinquent	10,166
Succeeding Year	5,939,474
Interest and Penalty on Property Tax	149
Accounts	86,511
Accrued Interest	24,927
Drainage Assessments	473,948
Due From Other Governments	840,278
Loans Receivable	298,070
Inventories	289,580
Prepaid Insurance	246,755
Capital Assets (Net of Accumulated Depreciation)	16,969,282
<b>TOTAL ASSETS</b>	<b>34,181,274</b>
<b>LIABILITIES</b>	
Accounts Payable	823,133
Accrued Interest Payable	44,493
Salaries & Benefits Payable	228,235
Due To Other Governments	228,169
Deferred Revenue:	
Succeeding Year Property Tax	5,939,474
Long Term Liabilities:	
Portion Due or Payable Within One Year:	
General Obligation Notes	200,000
USDA Promissory Notes	14,772
Compensated Absences	355,014
Portion Due or Payable After One Year:	
General Obligation Bonds	3,500,000
General Obligation Notes	570,000
USDA Promissory Notes	205,980
Drainage Warrants/Improvement Certificates	1,233,487
Net OPEB Liability	189,496
<b>TOTAL LIABILITIES</b>	<b>13,532,253</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	16,068,391
Restricted For:	
Supplemental Levy Purposes	147,182
Mental Health Purposes	548,784
Rural Services Purposes	223,238
Secondary Roads Purposes	1,356,707
Other Purposes	1,266,450
Unrestricted	1,038,269
<b>TOTAL NET ASSETS</b>	<b>\$20,649,021</b>

See Notes to Financial Statements.

**WRIGHT COUNTY  
Clarion, Iowa**

**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011**

	Expenses	Program Revenues		Net (Expense) Revenue & Changes in Net Assets	
		Charges for Service	Operating Grants, Contributions & Restricted Interest		Capital Grants, Contributions & Restricted Interest
<b>FUNCTIONS/PROGRAMS:</b>					
Governmental Activities:					
Public Safety & Legal Services	\$1,883,041	\$123,656	\$4,452	\$0	\$(1,754,933)
Physical Health & Social Services	3,118,900	2,092,635	580,449	0	(445,816)
Mental Health	1,556,505	193,957	73,209	0	(1,289,339)
County Environment & Education	745,883	106,557	13,934	0	(625,392)
Roads & Transportation	5,085,209	33,803	2,997,367	220,678	(1,833,361)
Governmental Services to Residents	439,334	226,943	0	0	(212,391)
Administration	1,334,806	39,621	0	0	(1,295,185)
Non-Program	1,320,710	878,867	0	0	(441,843)
Interest on Long-Term Debt	45,264	0	0	0	(45,264)
<b>TOTAL</b>	<b>\$15,529,652</b>	<b>\$3,696,039</b>	<b>\$3,669,411</b>	<b>\$220,678</b>	<b>(7,943,524)</b>
<b>GENERAL REVENUES:</b>					
Property & Other County Tax Levied For:					
General Purposes					5,492,894
Debt Service					238,582
Penalties & Interest on Property Tax					57,070
State Tax Credits					215,284
Local Option Sales Tax					398,020
Unrestricted Investment Earnings					77,744
Miscellaneous					621,406
Gain on Disposal of Capital Assets					121,006
<b>TOTAL GENERAL REVENUES</b>					<b>7,222,006</b>
<b>CHANGE IN NET ASSETS</b>					<b>(721,518)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>					<b>21,370,539</b>
<b>NET ASSETS, END OF YEAR</b>					<b>\$20,649,021</b>

See Notes to Financial Statements.

**WRIGHT COUNTY**  
**Clarion, Iowa**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2011

	General	Special Revenue	
		Mental Health	Rural Services
<b>ASSETS</b>			
Cash & Pooled Investments	\$2,260,771	\$770,403	\$168,382
Receivables:			
Property Tax:			
Delinquent	8,410	1,246	25
Succeeding Year	3,484,527	516,400	1,625,289
Interest and Penalty on Property Tax	149	0	0
Accounts	82,731	89	0
Assessments	0	0	0
Accrued Interest	23,001	0	0
Due From Other Funds	700	0	0
Due From Other Governments	409,773	31,604	65,372
Note Receivable	0	0	0
Inventories	0	0	0
Prepaid Insurance	134,021	0	0
<b>TOTAL ASSETS</b>	<b>\$6,404,083</b>	<b>\$1,319,742</b>	<b>\$1,859,068</b>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$103,892	\$26,929	\$0
Salaries & Benefits Payable	136,798	11,125	10,541
Accrued Interest	0	0	0
Due To Other Funds	2,094	700	0
Due To Other Governments	5,982	215,804	0
Deferred Revenue:			
Succeeding Year Property Tax	3,484,527	516,400	1,625,289
Other	45,607	32,927	25
Total Liabilities	3,778,900	803,885	1,635,855
Fund Balances:			
Nonspendable:			
Inventories	0	0	0
Prepaid Insurance	134,021	0	0
Restricted For:			
Supplemental Levy Purposes	144,461	0	0
Mental Health Purposes	0	515,857	0
Rural Services Purposes	0	0	223,213
Secondary Roads Purposes	0	0	0
Drainage Warrants/Drainage Improvement			
Certificates	0	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
Other Purposes	232,412	0	0
Assigned	266,051	0	0
Unassigned	1,848,238	0	0
Total Fund Balances	2,625,183	515,857	223,213
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$6,404,083</b>	<b>\$1,319,742</b>	<b>\$1,859,068</b>

See Notes to Financial Statements.

**Exhibit C**

Special Revenue		Capital Project		
Secondary Roads	Drainage	Wind Farm Urban Renewal	Nonmajor	Total
\$1,268,518	\$269,014	\$3,459,235	\$573,489	\$8,769,812
0	0	0	485	10,166
0	0	104,216	209,042	5,939,474
0	0	0	0	149
1,300	0	0	2,391	86,511
0	473,948	0	0	473,948
0	0	1,422	412	24,835
2,094	0	0	0	2,794
200,144	133,385	0	0	840,278
0	0	0	298,070	298,070
289,580	0	0	0	289,580
112,734	0	0	0	246,755
<b>\$1,874,370</b>	<b>\$876,347</b>	<b>\$3,564,873</b>	<b>\$1,083,889</b>	<b>\$16,982,372</b>
\$347,262	\$175,746	\$130,891	\$5,952	\$790,672
69,771	0	0	0	228,235
0	21,613	0	0	21,613
0	0	0	0	2,794
6,383	0	0	0	228,169
0	0	104,216	209,042	5,939,474
10	607,333	0	299,416	985,318
423,426	804,692	235,107	514,410	8,196,275
289,580	0	0	0	289,580
112,734	0	0	0	246,755
0	0	0	0	144,461
0	0	0	0	515,857
0	0	0	0	223,213
1,048,630	0	0	0	1,048,630
0	71,655	0	0	71,655
0	0	0	5,667	5,667
0	0	3,329,766	5,872	3,335,638
0	0	0	557,940	790,352
0	0	0	0	266,051
0	0	0	0	1,848,238
1,450,944	71,655	3,329,766	569,479	8,786,097
<b>\$1,874,370</b>	<b>\$876,347</b>	<b>\$3,564,873</b>	<b>\$1,083,889</b>	<b>\$16,982,372</b>

**WRIGHT COUNTY**  
**Clarion, Iowa**

**RECONCILIATION OF THE BALANCE SHEET**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
June 30, 2011

**Total Governmental Fund Balances (Page 14)** \$8,786,097

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$38,492,453 and the accumulated depreciation/amortization is \$21,523,171. 16,969,282

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 985,318

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. 199,953

Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable, and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. (6,291,629)

**Net Assets of Governmental Activities (Page 11-12)** \$20,649,021

See Notes to Financial Statements.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2011**

	General	Special Revenue	
		Mental Health	Rural Services
<b>REVENUES:</b>			
Property & Other County Tax	\$3,336,708	\$528,024	\$1,627,510
Local Option Sales Tax	0	0	398,020
Interest & Penalty on Property Tax	57,070	0	0
Intergovernmental	2,730,664	731,622	59,510
Licenses & Permits	7,900	0	0
Charges for Service	502,504	0	0
Use of Money & Property	123,199	0	0
Miscellaneous	131,934	8,860	0
Non – Program	0	0	0
<b>Total Revenues</b>	<b>6,889,979</b>	<b>1,268,506</b>	<b>2,085,040</b>
<b>EXPENDITURES:</b>			
Operating:			
Public Safety & Legal Services	1,365,280	0	432,275
Physical Health & Social Services	3,143,205	0	0
Mental Health	0	1,561,072	0
County Environment & Education	566,790	0	206,853
Roads and Transportation	0	0	0
Governmental Services to Residents	432,515	0	3,210
Administrative Services	1,054,528	0	0
Non – Program	17,644	0	0
Debt Service	0	0	0
Capital Projects	0	0	0
<b>Total Expenditures</b>	<b>6,579,962</b>	<b>1,561,072</b>	<b>642,338</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	310,017	(292,566)	1,442,702
Other Financing Sources (Uses):			
Sales of Capital Assets	2,222	0	0
Transfers In	0	0	0
Transfers Out	(115,788)	0	(1,436,692)
General Obligation Capital Loan Bonds Issued	0	0	0
Drainage Warrants/Drainage Improvement Certificates Issued	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(113,566)</b>	<b>0</b>	<b>(1,436,692)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	196,451	(292,566)	6,010
Fund Balances – Beginning of Year, As Restated	2,428,732	808,423	217,203
Decrease in Reserve for Inventories	0	0	0
<b>Fund Balances – End of Year</b>	<b>\$2,625,183</b>	<b>\$515,857</b>	<b>\$223,213</b>

See Notes to Financial Statements.

**Exhibit E**

Special Revenue		Capital Project		Nonmajor	Total
Secondary Roads	Drainage	Wind Farm	Urban Renewal		
\$0	\$0	\$0		\$238,635	\$5,730,877
0	0	0		0	398,020
0	0	0		0	57,070
3,218,045	0	0		22,865	6,762,706
4,490	0	0		0	12,390
0	0	0		11,132	513,636
0	0	8,407		88,274	219,880
35,248	0	0		36,100	212,142
0	620,555	0		0	620,555
<u>3,257,783</u>	<u>620,555</u>	<u>8,407</u>		<u>397,006</u>	<u>14,527,276</u>
0	0	0		37,546	1,835,101
0	0	0		0	3,143,205
0	0	0		0	1,561,072
0	0	0		20,976	794,619
3,931,085	0	0		0	3,931,085
0	0	0		2,739	438,464
0	0	0		33,542	1,088,070
0	1,904,235	0		0	1,921,879
0	0	0		251,743	251,743
403,370	0	178,641		546,927	1,128,938
<u>4,334,455</u>	<u>1,904,235</u>	<u>178,641</u>		<u>893,473</u>	<u>16,094,176</u>
(1,076,672)	(1,283,680)	(170,234)		(496,467)	(1,566,900)
0	0	0		110,784	113,006
1,552,480	0	0		0	1,552,480
0	0	0		0	(1,552,480)
0	0	3,500,000		0	3,500,000
0	941,135	0		0	941,135
<u>1,552,480</u>	<u>941,135</u>	<u>3,500,000</u>		<u>110,784</u>	<u>4,554,141</u>
475,808	(342,545)	3,329,766		(385,683)	2,987,241
1,027,650	414,200	0		955,162	5,851,370
(52,514)	0	0		0	(52,514)
<u>\$1,450,944</u>	<u>\$71,655</u>	<u>\$3,329,766</u>		<u>\$569,479</u>	<u>\$8,786,097</u>

**WRIGHT COUNTY  
Clarion, Iowa**

**RECONCILIATION OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011**

**Net Change in Fund Balances - Total Governmental Funds (Page 17)** **\$2,987,241**

*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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets as follows:

Expenditures for Capital Assets	\$1,115,181	
Depreciation Expense	(1,155,469)	(40,288)

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

Property Tax	599	
Other	26,748	27,347

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 issuances exceeded repayments as follows:

Issued	(4,460,602)	
Repaid	810,795	(3,649,807)

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

Compensated Absences	(170)	
Other Postemployment Benefits	(62,159)	
Interest on Long-Term Debt	(18,521)	(80,850)

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. (52,514)

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. 87,353

**Change in Net Assets of Governmental Activities (Page 12)** **\$(721,518)**

See Notes to Financial Statements.

**WRIGHT COUNTY  
Clarion, Iowa**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2011**

	<u>Internal Service Employee Group Health</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$232,322
Receivables	
Accrued Interest	<u>92</u>
<b>TOTAL ASSETS</b>	<u><u>\$232,414</u></u>
<b>LIABILITIES</b>	
Accounts Payable	<u>\$32,461</u>
<b>NET ASSETS</b>	
Unrestricted	<u><u>\$199,953</u></u>

See Notes to Financial Statements.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2011

	Internal Service Employee Group Health
<hr/>	
<b>Operating Revenues:</b>	
Reimbursements From Operating Funds	\$1,582,431
Reimbursements From Employees	144,888
Miscellaneous	46,507
Total Operating Revenues	<hr/> 1,773,826 <hr/>
<b>Operating Expenses:</b>	
Medical Claims	181,751
Insurance Premiums	1,397,160
Administrative Fees	11,567
Miscellaneous	96,910
Total Operating Expenses	<hr/> 1,687,388 <hr/>
Operating Income	86,438
<b>Non-Operating Revenues:</b>	
Interest on Investments	<hr/> 915 <hr/>
Net Income	87,353
Net Assets Beginning of Year	<hr/> 112,600 <hr/>
Net Assets End of Year	<hr/> <u>\$199,953</u> <hr/>

See Notes to Financial Statements.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2011

	Internal Service Employee Group Health
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Operating Fund Reimbursements	\$1,582,431
Cash Received from Employees & Others	191,395
Cash Payments to Suppliers for Services	<u>(1,673,430)</u>
Net Cash Provided by Operating Activities	<u>100,396</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on Investments	<u>867</u>
Net Increase in Cash & Cash Equivalents	101,263
Cash & Cash Equivalents at Beginning of Year	<u>131,059</u>
Cash & Cash Equivalents at End of Year	<u>\$232,322</u>
<b>RECONCILIATION OF INCOME TO NET</b>	
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Income	\$86,438
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Accounts Payable	<u>13,958</u>
Net Cash Provided By Operating Activities	<u>\$100,396</u>

See Notes to Financial Statements.

**WRIGHT COUNTY  
Clarion, Iowa**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2011**

**ASSETS**

Cash & Pooled Investments:	
County Treasurer	\$1,297,881
Other County Officials	10,507
Receivables:	
Property Tax:	
Delinquent	589
Succeeding Year	16,006,108
Accounts	12,158
Accrued Interest	118
Assessments	66,386
<b>TOTAL ASSETS</b>	<u>17,393,747</u>

**LIABILITIES**

Accounts Payable	23,742
Salaries & Benefits Payable	14,901
Due to Other Governments	17,326,360
Trusts Payable	12,803
Compensated Absences	15,941
<b>TOTAL LIABILITIES</b>	<u>17,393,747</u>

<b>NET ASSETS</b>	<u><u>\$0</u></u>
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See Notes to Financial Statements.

**WRIGHT COUNTY**  
**Clarion, Iowa**

## **Notes to Financial Statements**

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### **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)

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### 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 nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation/amortization 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, contributions and interest 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 nonmajor governmental funds.

The County reports the following major governmental funds:

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

## Notes to Financial Statements (Continued)

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### B. BASIS OF PRESENTATION (Continued)

The Drainage Fund is used to account for drainage assessments, drainage repair and issuance of stamped warrants.

The Wind Farm Urban Renewal Capital Projects Fund is used to account for the roadway projects completed with tax increment debt funds.

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long term debt, claims, 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications-committed, assigned and then unassigned fund balances.

## Notes to Financial Statements (Continued)

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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.

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. Operating 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 the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, 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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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.

## Notes to Financial Statements (Continued)

### Note 1: Summary of Significant Accounting Policies (Continued)

#### D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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. Delinquent 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.

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, 2011, 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, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$50,000
Land, Buildings	25,000
Improvements	25,000
Intangibles	25,000
Equipment	5,000

Capital assets of the County are 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
Improvements	25-50
Infrastructure	10-65
Intangibles	5-20
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.

## Notes to Financial Statements (Continued)

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation 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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. 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 and proprietary fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. 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, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

## Notes to Financial Statements (Continued)

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

Net Assets – The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

#### E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the Capital Projects function and disbursements in certain departments exceeded the amount appropriated.

### Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 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.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,649,835 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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.

Credit risk – The investment in Iowa Public Agency Investment Trust is unrated.

### Note 3: Loans Receivable

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 were received by the County from the Authority as requested and were 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, 2011 totaled \$66,494. During the year ended June 30, 2011, \$3,600 was disbursed to homeowners.

## Notes to Financial Statements (Continued)

### Note 4: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2011 is as follows:

Transfer To	Transfer From	Amount
Special Revenue:		
Secondary Roads	General Fund	\$115,788
Secondary Roads	Special Revenue: Rural Services	1,436,692
Total		<u>\$1,552,480</u>

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

### Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$884,425	\$0	\$0	\$884,425
Construction in Process	586,838	723,381	1,179,327	130,892
Total Capital Assets not Being Depreciated	<u>1,471,263</u>	<u>723,381</u>	<u>1,179,327</u>	<u>1,015,317</u>
Capital assets Being Depreciated:				
Buildings	4,352,649	1,037,340	218,517	5,171,472
Improvements	203,504	28,607	0	232,111
Machinery, Equipment & Vehicles	5,685,608	74,192	21,579	5,738,221
Infrastructure, Road Network	25,904,345	430,987	0	26,335,332
Total Capital Assets Being Depreciated	<u>36,146,106</u>	<u>1,571,126</u>	<u>240,096</u>	<u>37,477,136</u>
Less Accumulated Depreciation for:				
Buildings	2,490,593	95,379	218,517	2,367,455
Improvements	20,450	8,639	0	29,089
Machinery, Equipment & Vehicles	4,027,719	306,615	21,579	4,312,755
Infrastructure	14,069,036	744,836	0	14,813,872
Total Accumulated Depreciation	<u>20,607,798</u>	<u>1,155,469</u>	<u>240,096</u>	<u>21,523,171</u>
Total Capital Assets Being Depreciated, Net	<u>15,538,308</u>	<u>415,657</u>	<u>0</u>	<u>15,953,965</u>
Governmental Activities Capital Assets, Net	<u>\$17,009,571</u>	<u>\$1,139,038</u>	<u>\$1,179,327</u>	<u>\$16,969,282</u>

## Notes to Financial Statements (Continued)

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### Note 5: Capital Assets (Continued)

Depreciation expense was charged to the following functions:

Governmental Activities:		
Public Safety and Legal Services		\$71,227
Physical Health & Social Services		5,090
County Environment and Education		30,254
Roads and Transportation		1,038,892
Government Services to Residents		512
Administration		9,494
		<hr/>
Total Depreciation Expense – Governmental Activities		<u>\$1,155,469</u>

### Note 6 : Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$5,982
Special Revenue:		
Mental Health	Services	215,804
Secondary Road		6,383
		<hr/>
Total for Governmental Funds		<u>\$228,169</u>
County Offices:		
Agency:		
Agricultural Extension	Collections	\$180,374
Assessor		299,453
Schools		10,609,631
Community Colleges		559,839
Corporations		4,284,319
Auto License & Use Tax		326,517
All Others		1,066,227
		<hr/>
Total for Agency Funds		<u>\$17,326,360</u>

## Notes to Financial Statements (Continued)

### Note 7: Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011, is as follows:

	Capital Loan Notes	General Obligation Bonds	Drainage Warrants	Drainage Improvement Certificates
Balance – Beginning of Year	\$965,000	\$0	\$359,691	\$514,363
Increases	0	3,500,000	941,135	19,467
Decreases	195,000	0	498,926	102,243
Balance – End of Year	\$770,000	\$3,500,000	\$801,900	\$431,587
Due Within One Year	\$200,000	\$0	\$0	\$0

	Intermediary Relending Loan	Compensated Absences	Total
Balance – Beginning of Year	\$235,378	\$354,844	\$2,429,276
Increases	0	170	4,460,772
Decreases	14,626	0	810,795
Balance – End of Year	\$220,752	\$355,014	\$6,079,253
Due Within One Year	\$14,772	\$355,014	\$569,786

### Capital Loan Notes

During the fiscal year ended June 30, 2010, the County refunded the 1999 General Obligation Jail Project Capital Loans notes by issuing \$615,000 General Obligation Refunding Capital Loan Notes, Series 2009.

A summary of the County's June 30, 2011 General Obligation Refunding Capital Loan Notes indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2012	2.10%	\$155,000	\$7,095	\$162,095
2013	2.40%	160,000	3,840	163,840
Total		\$315,000	\$10,935	\$325,935

During the fiscal year ended June 30, 2010, the County issued \$500,000 General Obligation Capital Loan Notes, Series 2010, for the purpose of paying the costs of constructing a County Maintenance Building. The notes are valid and binding obligations of the County and payable from the levy of unlimited ad valorem taxes on all property within the County.

## Notes to Financial Statements (Continued)

### Note 7: Long-Term Liabilities (Continued)

A summary of the County's June 30, 2011 General Obligation Refunding Capital Loan Notes indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2012	2.00%	\$45,000	\$14,185	\$59,185
2013	2.00%	45,000	13,285	58,285
2014	2.60%	50,000	12,385	62,385
2015	2.60%	50,000	11,085	61,085
2016	3.35%	50,000	9,785	59,785
2017-2020	3.35-3.90%	215,000	20,980	235,980
<b>Total</b>		<b>\$455,000</b>	<b>\$81,705</b>	<b>\$536,705</b>

The County was in compliance in the issuance of these notes.

### Bonds Payable

During the year ended June 30, 2011, Wright County issued \$3,500,000 of General Obligation Urban Renewal Road Improvement Bonds to finance, along with other available funds, the costs of various 2011 County Road projects. The Bonds are being general obligations of the County, and are payable from general ad valorem taxes, as well as tax increment financing revenues from the Urban Renewal Area.

A summary of the County's June 30, 2011 general obligation bond indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2012	3.000%	\$0	\$168,609	\$168,609
2013	3.000%	0	112,406	112,406
2014	3.000%	130,000	112,406	242,406
2015	3.000%	160,000	108,506	268,506
2016	3.000%	190,000	103,706	293,706
2017-2021	3.000%	1,125,000	424,630	1,549,630
2022-2026	3.000-3.500%	1,310,000	241,963	1,551,963
2027-2030	3.625-3.750%	585,000	43,326	628,326
<b>Total</b>		<b>\$3,500,000</b>	<b>\$1,315,552</b>	<b>\$4,815,552</b>

The County was in compliance in the issuance of these bonds.

### 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.

## Notes to Financial Statements (Continued)

### Note 7: Long-Term Liabilities (Continued)

Drainage improvement certificates payable represent amounts due to purchasers 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.

Details of the loan repayment requirements are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
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
2017-2021	1.00%	79,197	5,703	84,900
2022-2025	1.00%	66,202	1,663	67,865
Total		\$220,752	\$16,913	\$237,665

During the year ended June 30, 2011, the County received loan principal payments of \$60,951, loaned out \$0, leaving a balance of loans receivable at June 30, 2011 of \$231,576.

### Note 8: Pension and Retirement Benefits

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

## Notes to Financial Statements (Continued)

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### Note 8: Pension and Retirement Benefits (Continued)

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$392,578, \$372,057, and \$345,544, respectively, equal to the required contributions for each year.

### Note 9: Other Postemployment Benefits

Wright County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 122 active and 4 retired members in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a partially self-funded medical plan, is administered by Employee Benefits System. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's OPEB cost is calculated based on the annual required contribution of the County (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The table shows the components of the County's annual OPEB cost for June 30, 2011, the amount actually contributed to the plan and the changes in the County's net OPEB obligation:

Annual required contribution	\$87,018
Interest on net OPEB obligation	1,343
Adjustment to annual required contribution	<u>(8,055)</u>
Annual OPEB cost (expense)	80,306
Contributions made	<u>(18,147)</u>
Increase in net OPEB obligation	62,159
Net OPEB obligation – beginning of year	<u>127,337</u>
Net OPEB obligation – end of year	<u>\$189,496</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plan's actual contributions for the year ended June 30, 2011.

For the fiscal year 2011, the County contributed \$18,147 to the medical plan. Plan members receiving benefits contributed \$36,293, or 67% of the premium costs.

## Notes to Financial Statements (Continued)

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### *Note 9: Other Postemployment Benefits (Continued)*

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$78,973	17.42%	\$127,337
June 30, 2011	\$80,306	22.60%	\$189,496

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$537,633, with no actuarial value of assets, resulting in an unfunded actuarial liability (UAAL) of \$537,633. The covered payroll (annual payroll of active employees covered by the plan) was \$4,649,376, and the ratio of the UAAL to the covered payroll was 11.56%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2008 actuarial date, the Frozen Entry Age Actuarial Cost method was used. The actuarial assumptions included a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2007 and applying the termination factors used in IPERS Actuarial Reports as of June 30, 2007.

The salary increase rate was assumed to be 4% per year. The UAAL is being amortized on a level dollar basis over 30 years.

## Notes to Financial Statements (Continued)

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### 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 whose 645 members include 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, inland marine, and boiler/machinery. 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, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 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 an deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, 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 contributions to the Pool for the year ended June 30, 2011 were \$136,011.

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

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 such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

## Notes to Financial Statements (Continued)

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### Note 10: Risk Management (Continued)

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 claim 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty 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 in the amount of \$500,000 and \$100,000, respectively. 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 \$100,000 (\$900,000 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, was established to account for the partial self-funding of the County's health insurance benefit plan. Wright County purchases health insurance from Wellmark.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. The County's contribution for the year ended June 30, 2011 was \$1,582,431.

Amounts payable from the Employee Group Health Fund at June 30, 2011 total \$32,461, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$199,953 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims being reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid Claims Beginning of Year	<u>\$18,504</u>
Incurred Claims (Including Claims Incurred but not Reported at June 30, 2010):	
Current Year Events	181,751
Total Incurred Claims	<u>200,255</u>
Payments:	
Current Year Events	167,794
Prior Year Events	18,504
Total Payments	<u>186,298</u>
Unpaid Claims End of Year	<u><u>\$32,461</u></u>

## Notes to Financial Statements (Continued)

### Note 12: Related Party Transactions

The County had business transactions between the County and County officials or employees during the year ended June 30, 2011.

### Note 13: Subsequent Events

Management evaluated subsequent events through March 27, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2011, but prior to March 27, 2012, that provided additional evidence about conditions that existed at June 30, 2011, have been recognized in the financial statements for the year ended June 30, 2011. Events or transactions that provided evidence about conditions that did not exist at June 30, 2011, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2011.

### Note 14: Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	General	Sheriff's Jail Commissary	Sheriff's Room & Board	Sheriff's K-9	Economic Development Marketing
Balances June 30, 2010, as previously reported	\$2,009,493	\$42,147	\$87,546	\$1,089	\$9,488
Change in fund type classification per implementation of GASB Statement No. 54	419,239	(42,147)	(87,546)	(1,089)	(9,488)
Balances July 1, 2010, as restated	\$2,428,732	\$0	\$0	\$0	\$0
	Public Health Resource	Tourism	Emergency Medical Services	Conservation Land Acquisition	Historical Society
Balances June 30, 2010, as previously reported	\$111,115	\$1,094	\$11,870	\$152,347	\$2,543
Change in fund type classification per implementation of GASB Statement No. 54	(111,115)	(1,094)	(11,870)	(152,347)	(2,543)
Balances July 1, 2010, as restated	\$0	\$0	\$0	\$0	\$0

**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, 2011**

	Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance Positive (Negative)
				Original	Final	
<b>RECEIPTS:</b>						
Property & Other County Tax	\$6,079,295	\$0	\$6,079,295	\$6,100,860	\$6,100,860	\$(21,565)
Interest & Penalty on Property Tax	56,975	0	56,975	25,530	25,530	31,445
Intergovernmental	6,806,759	0	6,806,759	6,678,655	6,563,542	243,217
Licenses and Permits	12,495	0	12,495	9,550	13,050	(555)
Charges for Services	501,616	0	501,616	515,495	492,239	9,377
Use of Money & Property	207,361	0	207,361	174,862	188,399	18,962
Miscellaneous	843,257	620,554	222,703	203,000	218,009	4,694
<b>Total Receipts</b>	<b>14,507,758</b>	<b>620,554</b>	<b>13,887,204</b>	<b>13,707,952</b>	<b>13,601,629</b>	<b>285,575</b>
<b>DISBURSEMENTS:</b>						
Public Safety & Legal Services	1,839,991	0	1,839,991	1,782,846	1,874,696	34,705
Physical Health & Social Services	3,150,811	0	3,150,811	3,416,655	3,381,014	230,203
Mental Health	1,671,891	0	1,671,891	1,575,095	1,862,541	190,650
County Environment & Education	791,465	0	791,465	1,088,297	1,075,662	284,197
Roads and Transportation	3,849,494	0	3,849,494	3,945,750	3,945,750	96,256
Governmental Services to Residents	437,621	0	437,621	504,315	504,315	66,694
Administrative Services	1,087,508	0	1,087,508	1,179,346	1,212,296	124,788
Non-Program	1,792,560	1,774,916	17,644	26,720	26,720	9,076
Debt Service	251,743	0	251,743	247,645	252,145	402
Capital Projects	1,298,398	0	1,298,398	1,206,000	2,042,550	744,152
<b>Total Disbursements</b>	<b>16,171,482</b>	<b>1,774,916</b>	<b>14,396,566</b>	<b>14,972,669</b>	<b>16,177,689</b>	<b>1,781,123</b>
Excess (Deficiency) of Receipts Under Disbursements	(1,663,724)	(1,154,362)	(509,362)	(1,264,717)	(2,576,060)	2,066,698
Other Financing Sources, Net	4,554,314	941,308	3,613,006	1,000	1,000	3,612,006
Excess (Deficiency) of Receipts & Other Financing Sources Under Disbursements and Other Financing Uses	2,890,590	(213,054)	3,103,644	(1,263,717)	(2,575,060)	5,678,704
Balance Beginning of Year	5,879,222	482,068	5,397,154	4,534,785	4,534,785	862,369
Balance End of Year	\$8,769,812	\$269,014	\$8,500,798	\$3,271,068	\$1,959,725	\$6,541,073

See Accompanying Independent Auditors' Report.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Year Ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$14,507,758	\$19,518	\$14,527,276
Expenditures	16,171,482	(77,306)	16,094,176
Net	(1,663,724)	96,824	(1,566,900)
Other Financing Sources (Uses)	4,554,314	(173)	4,554,141
Beginning Fund Balances	5,879,222	(27,852)	5,851,370
Decrease in Reserve For: Inventories	0	(52,514)	(52,514)
Ending Fund Balances	\$8,769,812	\$16,285	\$8,786,097

See Accompanying Independent Auditors' Report.

**Wright County  
Clarion, Iowa**

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The 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. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non – program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,205,020. These budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the Capital Projects function, and disbursements in certain departments exceeded the amounts appropriated.

Wright County

Schedule of Funding Progress for the Retiree Health Plan (In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of Covered Payroll (b-a)/©
2009	July 1, 2008	\$0	\$537	\$537	0%	\$4,074	13.19%
2010	July 1, 2008	\$0	\$537	\$537	0%	\$4,572	11.75%
2011	July 1, 2008	\$0	\$537	\$537	0%	\$4,649	11.56%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs and Net OPEB Obligation, and the funded status and funding progress.

**WRIGHT COUNTY**  
Clarion, Iowa

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2011

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Attorney Share Forfeiture	Federal Forfeiture
<b>ASSETS</b>				
Cash & Pooled Investments	\$28,547	\$186	\$6,303	\$32,228
Receivables:				
Property Tax				
Delinquent	0	0	0	0
Succeeding Year	0	0	0	0
Accounts	581	0	866	0
Accrued Interest	12	0	0	12
Loans	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$29,140</b>	<b>\$186</b>	<b>\$7,169</b>	<b>\$32,240</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$0
Deferred Revenue				
Succeeding Year	0	0	0	0
Other	0	0	866	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>866</b>	<b>0</b>
Fund Balances:				
Restricted For:				
Debt Service	0	0	0	0
Capital Projects	0	0	0	0
Other Purposes	29,140	186	6,303	32,240
<b>Total Fund Balances</b>	<b>29,140</b>	<b>186</b>	<b>6,303</b>	<b>32,240</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$29,140</b>	<b>\$186</b>	<b>\$7,169</b>	<b>\$32,240</b>

See Accompanying Independent Auditors' Report.

**Schedule 1**

**Special Revenue**

State Forfeiture	Resource Enhancement & Protection	Intermediary Relending Loan Program	Revolving Housing Assistance	Drainage Administration	Debt Service	Jail Capital Project	Total
\$5,059	\$32,067	\$296,467	\$110,183	\$50,915	\$5,662	\$5,872	\$573,489
0	0	0	0	0	485	0	485
0	0	0	0	0	209,042	0	209,042
0	0	944	0	0	0	0	2,391
5	13	127	243	0	0	0	412
0	0	231,576	66,494	0	0	0	298,070
<b>\$5,064</b>	<b>\$32,080</b>	<b>\$529,114</b>	<b>\$176,920</b>	<b>\$50,915</b>	<b>\$215,189</b>	<b>\$5,872</b>	<b>\$1,083,889</b>
\$0	\$0	\$0	\$0	\$5,952	\$0	\$0	\$5,952
0	0	0	0	0	209,042	0	209,042
0	0	231,576	66,494	0	480	0	299,416
0	0	231,576	66,494	5,952	209,522	0	514,410
0	0	0	0	0	5,667	0	5,667
0	0	0	0	0	0	5,872	5,872
5,064	32,080	297,538	110,426	44,963	0	0	557,940
5,064	32,080	297,538	110,426	44,963	5,667	5,872	569,479
<b>\$5,064</b>	<b>\$32,080</b>	<b>\$529,114</b>	<b>\$176,920</b>	<b>\$50,915</b>	<b>\$215,189</b>	<b>\$5,872</b>	<b>\$1,083,889</b>

**WRIGHT COUNTY**  
Clarion, Iowa

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2011

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Attorney Share Forfeiture	Federal Forfeiture
<b>REVENUES:</b>				
Property and Other County Tax	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0
Charges for Services	11,132	0	0	0
Use of Money & Property	142	0	0	236
Miscellaneous	0	0	48	0
<b>Total Revenues</b>	<b>11,274</b>	<b>0</b>	<b>48</b>	<b>236</b>
<b>EXPENDITURES:</b>				
Operating:				
Public Safety & Legal Services	0	0	0	31,396
County Environment & Education	0	0	0	0
Governmental Services to Residents	2,739	0	0	0
Administration	0	0	0	0
Debt Service	0	0	0	0
Capital Projects	0	0	0	0
<b>Total Expenditures</b>	<b>2,739</b>	<b>0</b>	<b>0</b>	<b>31,396</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,535	0	48	(31,160)
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	8,535	0	48	(31,160)
<b>Fund Balances – Beginning of Year, As Restated</b>	<b>20,605</b>	<b>186</b>	<b>6,255</b>	<b>63,400</b>
<b>Fund Balances – End of Year</b>	<b>\$29,140</b>	<b>\$186</b>	<b>\$6,303</b>	<b>\$32,240</b>

See Accompanying Independent Auditors' Report.

**Schedule 2**

Special Revenue

State Forfeiture	Resource Enhancement & Protection	Intermediary Relending Loan Program	Revolving Housing Assistance	Drainage Administration	Debt Service	Jail Capital Project	Total
\$0	\$0	\$0	\$0	\$0	\$238,635	\$0	\$238,635
0	13,784	0	0	0	9,081	0	22,865
0	0	0	0	0	0	0	11,132
19	132	79,958	7,787	0	0	0	88,274
0	0	8	107	537	5,000	30,400	36,100
19	13,916	79,966	7,894	537	252,716	30,400	397,006
6,150	0	0	0	0	0	0	37,546
0	0	17,376	3,600	0	0	0	20,976
0	0	0	0	0	0	0	2,739
0	0	0	0	33,542	0	0	33,542
0	0	0	0	0	251,743	0	251,743
0	0	0	0	0	0	546,927	546,927
6,150	0	17,376	3,600	33,542	251,743	546,927	893,473
(6,131)	13,916	62,590	4,294	(33,005)	973	(516,527)	(496,467)
0	0	0	0	0	0	110,784	110,784
(6,131)	13,916	62,590	4,294	(33,005)	973	(405,743)	(385,683)
11,195	18,164	234,948	106,132	77,968	4,694	411,615	955,162
\$5,064	\$32,080	\$297,538	\$110,426	\$44,963	\$5,667	\$5,872	\$569,479

**WRIGHT COUNTY**  
**Clarion, Iowa**

COMBINING SCHEDULE OF FIDUCIARY  
 ASSETS AND LIABILITIES  
**AGENCY FUNDS**  
 June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>ASSETS</b>				
Cash & Pooled Investments:				
County Treasurer	\$0	\$2,035	\$114,563	\$122,540
Other County Officials	10,507	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	5	5	278
Succeeding Year	0	178,334	192,647	10,486,813
Accounts	14	0	0	0
Accrued Interest	0	0	0	0
Assessments	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$10,521</b>	<b>\$180,374</b>	<b>\$307,215</b>	<b>\$10,609,631</b>
<b>LIABILITIES</b>				
Accounts Payable	\$0	\$0	\$690	\$0
Salaries & Benefits Payable	0	0	3,351	0
Due to Other Governments	232	180,374	299,453	10,609,631
Trusts Payable	10,289	0	0	0
Compensated Absences	0	0	3,721	0
<b>TOTAL LIABILITIES</b>	<b>\$10,521</b>	<b>\$180,374</b>	<b>\$307,215</b>	<b>\$10,609,631</b>

See Accompanying Independent Auditor's Report.

**Schedule 3**

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Total
\$7,022	\$188,673	\$21,123	\$8,965	\$326,517	\$506,443	\$1,297,881
0	0	0	0	0	0	10,507
13	281	0	0	0	7	589
552,804	4,095,365	235,297	0	0	264,848	16,006,108
0	0	0	0	0	12,144	12,158
0	0	0	0	0	118	118
0	0	0	66,386	0	0	66,386
<b>\$559,839</b>	<b>\$4,284,319</b>	<b>\$256,420</b>	<b>\$75,351</b>	<b>\$326,517</b>	<b>\$783,560</b>	<b>\$17,393,747</b>
\$0	\$0	\$0	\$0	\$0	\$23,052	\$23,742
0	0	0	0	0	11,550	14,901
559,839	4,284,319	256,420	75,351	326,517	734,224	17,326,360
0	0	0	0	0	2,514	12,803
0	0	0	0	0	12,220	15,941
<b>\$559,839</b>	<b>\$4,284,319</b>	<b>\$256,420</b>	<b>\$75,351</b>	<b>\$326,517</b>	<b>\$783,560</b>	<b>\$17,393,747</b>

**WRIGHT COUNTY**  
Clarion, Iowa

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY  
ASSETS AND LIABILITIES – AGENCY FUNDS**  
Year Ended June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>ASSETS AND LIABILITIES</b>				
Balances – Beginning of Year	\$10,506	\$184,468	\$297,439	\$10,248,386
Additions:				
Property & Other County Tax	0	182,887	196,994	10,739,943
E911 Surcharge	0	0	0	0
State Tax Credits	0	7,310	6,974	409,705
Driver License Fees	0	0	0	0
Office Fees & Collections	294,686	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	141,892	0	0	0
Miscellaneous	0	0	23	0
Total Additions	436,578	190,197	203,991	11,149,648
Deductions:				
Agency Remittances:				
To Other Funds	136,804	0	0	0
To Other Governments	158,023	194,291	194,215	10,788,403
Trusts Paid Out	141,736	0	0	0
Total Deductions	436,563	194,291	194,215	10,788,403
Balances – End of Year	\$10,521	\$180,374	\$307,215	\$10,609,631

See Accompanying Independent Auditors' Report.

**Schedule 4**

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Total
\$586,983	\$3,994,526	\$236,815	\$100,400	\$302,463	\$603,801	\$16,565,787
567,341	4,205,895	240,702	0	0	270,429	16,404,191
0	0	0	0	0	88,661	88,661
23,060	168,717	8,535	0	0	8,780	633,081
0	0	0	0	43,456	0	43,456
0	0	0	0	0	0	294,686
0	0	0	0	0	8,841	8,841
0	0	0	0	3,775,830	0	3,775,830
0	0	0	23,155	0	0	23,155
0	0	0	0	0	218,318	360,210
0	0	0	0	0	367,094	367,117
590,401	4,374,612	249,237	23,155	3,819,286	962,123	21,999,228
0	0	0	0	115,838	0	252,642
617,545	4,084,819	229,632	48,204	3,679,394	565,890	20,560,416
0	0	0	0	0	216,474	358,210
617,545	4,084,819	229,632	48,204	3,795,232	782,364	21,171,268
\$559,839	\$4,284,319	\$256,420	\$75,351	\$326,517	\$783,560	\$17,393,747

**WRIGHT COUNTY**  
**Clarion, Iowa**

**SCHEDULE OF REVENUES BY SOURCE AND  
EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS**

For the Last Nine Years

	Modified Accrual Basis			
	2011	2010	2009	2008
<b>Revenues:</b>				
Property & Other County Tax	\$6,128,897	\$5,424,065	\$5,836,128	\$5,295,126
Interest & Penalty on				
Property Tax	57,070	43,006	44,104	37,785
Intergovernmental	6,762,706	6,965,763	7,005,066	6,443,329
Licenses & Permits	12,390	11,375	12,949	21,679
Charges for Service	513,636	509,793	557,591	543,306
Use of Money & Property	219,880	195,805	283,712	329,542
Miscellaneous	212,142	334,657	332,671	352,529
Non-Program	620,555	478,675	874,142	413,633
<b>Total</b>	<b>\$14,527,276</b>	<b>\$13,963,139</b>	<b>\$14,946,363</b>	<b>\$13,436,929</b>
<b>Expenditures:</b>				
Operating:				
Public Safety & Legal Services	\$1,835,101	\$1,713,067	\$1,649,360	\$1,541,242
Physical Health &				
Social Services	3,143,205	3,174,449	3,163,386	3,059,909
Mental Health	1,561,072	1,510,803	1,529,418	1,738,176
County Environment				
& Education	794,619	872,260	965,986	1,085,190
Roads & Transportation	3,931,085	3,468,761	3,645,625	4,309,793
Governmental Services to				
Residents	438,464	435,546	438,472	390,403
Administration Services	1,088,070	1,080,895	1,042,801	1,083,971
Non-Program	1,921,879	1,010,743	931,700	473,256
Debt Services	251,743	812,457	282,208	217,907
Capital Projects	1,128,938	1,306,959	437,068	163,735
<b>Total</b>	<b>\$16,094,176</b>	<b>\$15,385,940</b>	<b>\$14,086,024</b>	<b>\$14,063,582</b>

See Accompanying Independent Auditors' Report.

**Schedule 5**

Modified Accrual Basis				
2007	2006	2005	2004	2003
\$4,752,466	\$4,324,172	\$4,335,560	\$5,192,685	\$5,000,118
37,595	37,622	37,128	34,793	37,416
5,867,073	6,019,667	5,872,072	5,850,284	5,258,406
8,140	10,153	9,420	9,567	4,065
474,686	492,079	522,565	479,889	435,710
405,145	388,875	256,392	204,246	222,420
224,751	214,892	312,946	558,401	2,476,337
192,577	233,397	587,925	728,481	0
<u>\$11,962,433</u>	<u>\$11,720,857</u>	<u>\$11,934,008</u>	<u>\$13,058,346</u>	<u>\$13,434,472</u>
\$1,524,566	\$1,520,355	\$1,390,447	\$1,331,130	\$1,208,316
2,979,665	2,822,320	2,738,244	2,696,302	2,522,677
1,512,361	1,501,416	1,287,161	1,448,386	1,425,804
782,026	717,778	815,667	797,332	680,120
3,452,115	2,958,515	3,261,860	2,921,667	3,024,214
394,625	511,328	369,741	321,153	298,828
976,728	1,005,368	867,901	859,642	936,506
296,905	316,800	716,588	1,312,576	3,613,795
235,922	168,962	168,678	168,433	167,332
982,057	401,644	271,090	215,223	469,047
<u>\$13,136,970</u>	<u>\$11,924,486</u>	<u>\$11,887,377</u>	<u>\$12,071,844</u>	<u>\$14,346,639</u>

## Wright County

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$5,716
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO9(61)-8J-99	83,314
Highway Planning and Construction	20.205	BROS-CO9(63)-8J-99	110,815
			194,129
National Highway Traffic Safety Administration			
Iowa Department of Public Safety:			
State and Community Highway Safety Grants	20.600	PAP 10-406 Task 186/ PAP 11-03 Task 590	5,060
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs			
Retired Area Agency on Aging			
Special Programs for the Aging – Title III			
Part B – Personal Care	93.044		7,829
Iowa Department of Public Health			
Public Health Emergency Preparedness and Response	93.069	5880BT99/5881BT99	35,360
Immunization Services	93.268	5880I489/5881I489	13,143
ARRA – Immunization Services	93.712	5880I489	4,073
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance	93.566		4
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,393
Foster Care – Title IV-E	93.658		2,271
Adoption Assistance	93.659		547
Medical Assistance Program	93.778		5,468
Children's Health Insurance Program	93.767		26
Social Services Block Grant	93.667		1,949
Social Services Block Grant	93.667		57,927
			59,876

Schedule of Expenditures of Federal Awards (Continued)

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (Continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)			
			<u>\$614,142</u>
Emergency Management Performance Grants			
			<u>1,560</u>
Total Indirect			<u><u>\$950,597</u></u>
Total			<u><u>\$950,597</u></u>

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

See Accompanying Independent 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***

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To the Officials of Wright County:

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, 2011, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 27, 2012. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Wright County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wright County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items II-A-11, II-B-11 and II-C-11 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-D-11 and II-E-11 to be significant deficiencies.

### 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, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 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.

Wright County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Wright County's responses and, accordingly, we express no opinion on them.

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, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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.

March 27, 2012

*Gardiner Thomsen, P.C.*



**Gardiner Thomsen**  
Certified Public Accountants

## **Independent Auditors' Report On Compliance with Requirements That Could Have Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

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To the Officials of Wright County:

### Compliance

We have audited Wright County, Iowa's compliance, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2011. Wright County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Wright County's management. Our responsibility is to express an opinion on Wright County's compliance based on our audit.

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

In our opinion, Wright County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of Wright County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Wright County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wright County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph, and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliances that we consider to be material weaknesses as defined above.

A deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

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, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

March 27, 2012

*Gardiner Thomson, P.C.*

Wright County

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

**Part I: Summary of the Independent Auditors' Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (e) The audit disclosed no audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance.
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Wright County did not qualify as a low-risk auditee.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2011**

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**II-A-11 Segregation of Duties**

*Finding* – During our review of internal control, the existing procedures are evaluated in order to determine 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. We noted that various functions of the County are performed by the same person.

*Criteria* – A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

*Condition* – Various functions of the Auditor, Treasurer, Recorder and Sheriff Offices are performed by the same person.

*Effect* – Transaction errors could occur and not be detected in a timely manner.

*Cause* – Limited staff available to segregate duties.

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

*Response and Corrective Action Planned* – We have reviewed procedures as suggested. We are in the process of cross training employees to further segregate duties.

**II-B-11 Financial Reporting**

*Finding* – During our audit, we identified material amounts of accounts receivable, accounts payable and capital assets not recorded or incorrectly recorded in the County's financial statement.

*Criteria* – A good financial reporting system to record capital assets, including infrastructure and the related depreciation calculations.

*Condition* – Receipts in July and August following year end were not always coded as a receipt for goods or services provided prior to June 30 to be included in the accounts receivable listing. Disbursements in July and August following year end were not always coded as a disbursement for goods or services received prior to June 30 to be included in the accounts payable listing. Capital asset additions, including infrastructure and construction in process were not always included in the capital asset listing at the proper acquisition value. Capital asset disposals were not always disposed of on the capital asset listing.

*Effect* – The accounts receivable listing was understated. The accounts payable listing was understated. The capital asset listing was not correct.

*Cause* – Limited staff.

*Recommendation* – The County should implement procedures to ensure all receivables, payables, capital assets, infrastructure and related depreciation are recorded in the financial statements.

*Response and Corrective Action Planned* – We will adjust our financial statements to properly include these amounts and will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

**II-C-11 Preparation of Full Disclosure Financial Statements**

*Finding* – During the audit, we noted that Wright County does not have the internal resources to prepare full disclosure financial statements required by U.S. Generally Accepted Accounting Principles (GAAP) for external reporting.

*Criteria* – Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements for external reporting in conformity with GAAP.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2011**

**Part II: Findings Related to the Financial Statements (Continued):**

*Condition* – Management requested that Gardiner Thomsen, P.C. assist in preparing the draft of the financial statements, including the related footnote disclosures.

*Effect* – Although Gardiner Thomsen, P.C. assists in the preparation of the full disclosure financial statements, the management of the County thoroughly reviews them and accepts responsibility for their completeness and accuracy.

*Cause* – The County does not have the internal resources to prepare the full disclosure financial statements required by GAAP for external reporting.

*Recommendation* – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and prepare full disclosure financial statements for external reporting is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.

*Response and Corrective Action Planned* – We recognize our limitations, however it is not fiscally responsible to add additional staff at this time.

II-D-11 **Credit Card Policy**

*Finding* – Wright County does not have a written credit card policy.

*Criteria* – Written credit card policies regulate the use of credit cards and establish procedures for the proper accounting of credit card charges.

*Condition* – Several departments have credit cards for use by various employees while on County business. The County does not have a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

*Effect* – Improper purchases could be made with the County credit card.

*Cause* – The Board of Supervisors has not adopted a written credit card policy.

*Recommendation* – The County should develop a written policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

*Response and Corrective Action Planned* – We will develop and implement a written credit card policy.

II-E-11 **I-Jobs Financial Reporting**

*Finding* – Financial reports for the Iowa Department of Transportation regarding I-Jobs funds weren't submitted for each quarter in the fiscal year 2011.

*Criteria* – The grant agreement for the I-Jobs Grant program requires the County to submit quarterly reports showing all I-Jobs activity by the last day of the calendar year quarter until the Fiscal Year's allocation is used and the project allocation is used for is finished.

*Condition* – Not all quarterly reports were submitted to the Iowa Department of Transportation

*Effect* – The submission of the reports enables the Iowa Department of Transportation to submit an annual report to the legislature in accordance with House Files 820 and 822. The purpose of these reports is to provide transparency and accountability to the people of Iowa.

*Cause* – The County did not submit the report until after completion of the projects that used I-Jobs funds during the year.

*Recommendation* – The County should implement procedures to ensure timely submission of I-Jobs financial reports in accordance with the grant requirements.

*Response and Corrective Action Planned* – We will submit the reports timely as required by the I-Jobs grant.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2011**

**Part II: Findings Related to the Financial Statements (Continued):**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-11 **Certified Budget** – Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the Capital Projects function. Disbursements in certain departments exceeded the amounts appropriated.

*Recommendation* – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before 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.

*Response* – We will amend the budget when required and appropriations will be watched more closely by the departments.

*Conclusion* – Response accepted.

IV-B-11 **Questionable Expenditures** – Certain expenditures we believe 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 were noted. These expenditures are detailed as follows:

Paid To	Purpose	Amount
<b>Pizza Ranch</b>		
Fourteen Invoices	Food for Meetings	\$1,279

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.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2011**

**Part IV: Other Findings Related to Required Statutory Reporting (Continued):**

*Response* – A suggestion was made for the need to document the public purpose of these expenditures to the safety committee. A policy to determine public purpose will be implemented.

*Conclusion* – Response acknowledged.

IV-C-11 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-11 **Business Transactions** – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title, and Business Connection</u>	<u>Transaction</u>	<u>Amount</u>
<b>Eric Rector, Conservation</b>	Mowing Services	\$325

The transactions noted above between the County and the County employee do not appear to represent conflicts of interest since the total transactions for the individual were not in excess of \$1,500 per Chapter 331.342 of the Code of Iowa.

IV-E-11 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

IV-F-11 **Board Minutes** – No transactions were found that we believe should have been approved in the board minutes but were not.

IV-G-11 **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.

IV-H-11 **Resource Enhancement and Protection Certification** - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-11 **Economic Development** – During the year ended June 30, 2011, the County spent \$114,178 for economic development purposes, which appears to be an appropriate expenditure of public funds since benefits to be derived have been clearly documented.

IV-J-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, 2011 for the County Extension Office did not exceed the amount budgeted.

**WRIGHT COUNTY**  
**Clarion, Iowa**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2011**

**Part IV: Other Findings Related to Required Statutory Reporting (Continued):**

IV-K-11 **Interest on Bond Proceeds** – We noted interest earned on the proceeds of debt was not allocated to the Capital Projects fund for which the indebtedness was issued as required by Chapter 12C.9(2) of the Code of Iowa.

*Recommendation* – The County should allocate interest earned on the proceeds of debt to the Capital Project fund for which the debt was issued.

*Response* – We will do so in the future.

*Conclusion* – Response accepted.

IV-L-11 **Emergency Management Commission Budget** – The disbursements in the Emergency Management Commission Fund exceeded the amount budgeted.

*Recommendation* – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

*Response* – We will amend the Emergency Management Commission budget when required.

*Conclusion* – Response accepted.

## News Release

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

The County had local tax revenue of \$23,041,102 for the year ended June 30, 2011, which included \$848,365 in tax credits from the state. The County forwarded \$16,196,399 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,003,830 of the local tax revenue to finance County operations, an 11% increase from the prior year. Other revenues included charges for service of \$3,696,039, operating grants, contributions and restricted interest of \$3,669,411, Capital Grants of \$220,678, local option sales tax of \$398,020, unrestricted investment earnings of \$77,744 and other general revenues of \$621,406.

Expenses for County operations totaled \$15,529,652, a 4% increase from the prior year. Expenses included \$5,085,209 for Roads and Transportation, \$3,118,900 for Physical Health and Social Services, and \$1,883,041 for Public Safety and Legal Services.

A copy of the audit report is available for review in the County Auditors' Office, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/reports.html>.

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