



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 21, 2003

Contact: Andy Nielsen
515/281-5515

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

The County had local tax revenue of \$17,537,454 for the year ended June 30, 2002, which included \$1,221,598 in tax credits from the state. The County forwarded \$12,797,701 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,739,753 of the local tax revenue to finance County operations, a less than one percent change from the prior year. Other revenues included \$3,378,956 from state grants and reimbursements, including indirect federal funding, \$1,690,599 from direct federal grants and entitlements, \$237,496 in local option sales tax and \$119,733 in interest on investments.

Expenditures for County operations totaled \$15,168,848, a 12 percent increase from the prior year. Expenditures included \$3,567,732 for roads and transportation, \$2,411,238 for debt service and \$2,406,260 for physical health and education. The significant increase in expenditures is due primarily to debt service expenditures for drainage district construction projects.

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

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

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Wright County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rodney Toftey	Board of Supervisors	Jan 2003
Conrad Kleppe	Board of Supervisors	Jan 2003
Larry E. Olson	Board of Supervisors	Jan 2005
Caye Chelesvig	Board of Supervisors	Jan 2005
Stan Watne	Board of Supervisors	Jan 2005
Betty Ellis	County Auditor	Jan 2005
Karen Hobbie	County Treasurer	Jan 2003
Dwight N. Reiland	County Recorder	Jan 2003
Paul J. Schultz	County Sheriff	Jan 2005
Michael E. Houser	County Attorney	Deceased
Gina Vosburg (Appointed)	County Attorney	Nov 2002
Kathy Waddell	County Assessor	Jan 2003

Wright County



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Independent Auditor's Report

To the Officials of Wright County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Wright County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Wright County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with U.S. generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known. Also, the County has not included materials and supplies inventories, pertaining primarily to the Special Revenue Funds, although required by U.S. generally accepted accounting principles. The amounts of such inventories are not determinable.

In our opinion, except for the effect on the financial statements of the omissions described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Wright County at June 30, 2002, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust funds of Wright County for the year ended June 30, 2002.

As discussed in Note 14 to the financial statements, Wright County intends to implement Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2003. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated January 16, 2003 on our consideration of Wright County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the general fixed assets account group and the materials and supplies inventories, pertaining primarily to the Special Revenue Funds. The supplemental information included in Schedules 1 through 13, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information, has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

January 16, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Financial Statements

Wright County
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 1,303,989	1,968,200	2,435
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	2,290	550	132
Succeeding year	2,668,000	1,753,000	152,000
Interest and penalty on property tax	9,680	-	-
Accounts	21,557	34,453	-
Accrued interest	528	-	-
Special assessments	-	-	-
Drainage assessments	-	160,569	-
Future drainage assessments	-	29,120	-
Economic development loans (note 9)	-	15,840	-
Housing assistance loans (note 10)	-	47,659	-
Intermediary relending loans (note 8)	-	241,688	-
Due from other funds (note 4)	36,200	869	-
Due from other governments	367,250	190,367	-
Prepaid insurance	107,767	80,050	-
Amount available for drainage warrants/ drainage improvement certificates	-	-	-
Amount available in the Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount to be provided for retirement of drainage warrants/drainage improvement certificates	-	-	-
Total assets and other debits	\$ 4,517,261	4,522,365	154,567

Capital Projects	Proprietary Fund Type Internal Service	Fiduciary Fund Type Trust and Agency	Account Group General Long-Term Debt	Total (Memorandum Only)
9,513	215,831	1,026,946	-	4,526,914
-	-	36,048	-	36,048
-	-	14,518	-	17,490
-	-	11,522,000	-	16,095,000
-	-	-	-	9,680
-	-	20,416	-	76,426
-	-	3,470	-	3,998
-	-	390,646	-	390,646
-	-	-	-	160,569
-	-	-	-	29,120
-	-	-	-	15,840
-	-	-	-	47,659
-	-	-	-	241,688
-	-	-	-	37,069
-	-	37,628	-	595,245
-	-	6,042	-	193,859
-	-	-	51,915	51,915
-	-	-	2,436	2,436
-	-	-	1,934,094	1,934,094
-	-	-	1,726,646	1,726,646
9,513	215,831	13,057,714	3,715,091	26,192,342

Wright County
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Liabilities and Fund Equity			
Liabilities:			
Excess of outstanding warrants over cash balances	\$ -	-	-
Accounts payable	91,048	416,646	-
Salaries and benefits payable	7,897	19,268	-
Due to other funds (note 4)	-	-	-
Due to other governments (note 5)	7,645	24,400	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	2,668,000	1,753,000	152,000
Other	11,918	495,409	131
Capital loan notes (note 8)	-	-	-
Drainage warrants payable (note 8)	-	-	-
Drainage improvement certificates payable (note 8)	-	-	-
Intermediary relending loan (note 8)	-	-	-
Compensated absences	28,230	15,684	-
Total liabilities	2,814,738	2,724,407	152,131
Fund equity:			
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Prepaid insurance	107,767	80,050	-
Supplemental levy purposes	222,094	-	-
Drainage warrants/drainage improvement certificates	-	51,915	-
Debt service	-	-	2,436
Unreserved	1,372,662	1,665,993	-
Total fund equity	1,702,523	1,797,958	2,436
Total liabilities and fund equity	\$ 4,517,261	4,522,365	154,567

See notes to financial statements.

Capital Projects	Proprietary Fund Type	Fiduciary Fund Type	Account Group	Total (Memorandum Only)
	Internal Service	Trust and Agency	General Long-Term Debt	
-	-	2,454	-	2,454
-	15,330	1,183	-	524,207
-	-	3,137	-	30,302
-	-	37,069	-	37,069
-	-	12,840,907	-	12,872,952
-	-	1,667	-	1,667
-	-	-	-	4,573,000
-	-	-	-	507,458
-	-	-	1,440,000	1,440,000
-	-	-	1,622,992	1,622,992
-	-	-	155,469	155,469
-	-	-	347,296	347,296
-	-	17,054	149,334	210,302
-	15,330	12,903,471	3,715,091	22,325,168
-	200,501	-	-	200,501
-	-	-	-	187,817
-	-	-	-	222,094
-	-	-	-	51,915
-	-	-	-	2,436
9,513	-	154,243	-	3,202,411
9,513	200,501	154,243	-	3,867,174
9,513	215,831	13,057,714	3,715,091	26,192,342

Wright County

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

Year ended June 30, 2002

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 2,710,573	1,795,204
Interest and penalty on property tax	40,131	-
Intergovernmental	2,424,860	3,128,441
Licenses and permits	2,400	465
Charges for service	442,866	3,667
Use of money and property	107,518	87,437
Miscellaneous	149,636	2,128,953
Total revenues	<u>5,877,984</u>	<u>7,144,167</u>
Expenditures:		
Operating:		
Public safety	1,120,961	59,500
Court services	11,060	-
Physical health and education	2,283,348	115,000
Mental health	-	1,724,234
Social services	290,572	-
County environment	389,514	116,821
Roads and transportation	-	3,567,732
State and local government services	319,099	1,236
Interprogram services	845,521	-
Non-program	27,315	1,425,095
Debt service	-	2,244,955
Capital projects	-	360,390
Total expenditures	<u>5,287,390</u>	<u>9,614,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>590,594</u>	<u>(2,470,796)</u>

Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
153,882	-	-	4,659,659
-	-	-	40,131
11,359	26,341	-	5,591,001
-	-	-	2,865
-	-	-	446,533
-	240	1,970	197,165
-	-	106,071	2,384,660
165,241	26,581	108,041	13,322,014
-	-	-	1,180,461
-	-	-	11,060
-	-	7,912	2,406,260
-	-	-	1,724,234
-	-	-	290,572
-	-	-	506,335
-	-	-	3,567,732
-	-	-	320,335
-	-	-	845,521
-	-	-	1,452,410
166,283	-	-	2,411,238
-	26,962	65,338	452,690
166,283	26,962	73,250	15,168,848
(1,042)	(381)	34,791	(1,846,834)

Wright County

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

Year ended June 30, 2002

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Other financing sources (uses):		
Sale of general fixed assets	2,000	-
Operating transfers in	15,000	1,396,600
Operating transfers out	(104,600)	(1,292,000)
Proceeds from drainage warrants/drainage improvement certificates	-	1,880,328
Total other financing sources (uses)	<u>(87,600)</u>	<u>1,984,928</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	502,994	(485,868)
Fund balances beginning of year	1,172,993	2,269,616
Increase in reserve for prepaid insurance	26,536	14,210
Fund balances end of year	<u>\$ 1,702,523</u>	<u>1,797,958</u>

See notes to financial statements.

Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
-	-	-	2,000
-	-	-	1,411,600
-	-	(15,000)	(1,411,600)
-	-	-	1,880,328
-	-	(15,000)	1,882,328
(1,042)	(381)	19,791	35,494
3,478	9,894	134,452	3,590,433
-	-	-	40,746
2,436	9,513	154,243	3,666,673

Wright County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 4,645,011	-
Interest and penalty on property tax	41,136	-
Intergovernmental	5,531,091	-
Licenses and permits	7,170	-
Charges for service	443,023	-
Use of money and property	202,276	-
Miscellaneous	2,391,262	2,053,420
Total receipts	13,260,969	2,053,420
Disbursements:		
Public safety	1,177,099	-
Court services	10,750	-
Physical health and education	2,402,614	-
Mental health	1,702,464	-
Social services	290,051	-
County environment	584,401	-
Roads and transportation	3,298,965	-
State and local government services	297,622	-
Interprogram services	844,695	-
Non-program	28,370	-
Debt service	2,394,258	2,227,975
Capital projects	2,224,799	1,659,499
Total disbursements	15,256,088	3,887,474
Deficiency of receipts under disbursements	(1,995,119)	(1,834,054)
Other financing sources, net	1,886,228	1,880,328
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(108,891)	46,274
Balance beginning of year	3,547,501	212,867
Balance end of year	\$ 3,438,610	259,141

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
4,645,011	4,682,345	(37,334)	99%
41,136	26,200	14,936	157%
5,531,091	5,708,022	(176,931)	97%
7,170	3,475	3,695	206%
443,023	384,140	58,883	115%
202,276	368,611	(166,335)	55%
337,842	244,570	93,272	138%
<u>11,207,549</u>	<u>11,417,363</u>	<u>(209,814)</u>	<u>98%</u>
1,177,099	1,277,131	100,032	92%
10,750	12,025	1,275	89%
2,402,614	2,482,680	80,066	97%
1,702,464	1,770,858	68,394	96%
290,051	369,434	79,383	79%
584,401	868,586	284,185	67%
3,298,965	3,265,278	(33,687)	101%
297,622	332,971	35,349	89%
844,695	918,564	73,869	92%
28,370	95,622	67,252	30%
166,283	165,238	(1,045)	101%
565,300	870,000	304,700	65%
<u>11,368,614</u>	<u>12,428,387</u>	<u>1,059,773</u>	<u>91%</u>
(161,065)	(1,011,024)		
<u>5,900</u>	-		
(155,165)	(1,011,024)		
<u>3,334,634</u>	<u>2,990,666</u>		
<u>3,179,469</u>	<u>1,979,642</u>		

Exhibit D

Wright County

Statement of Revenues, Expenses and Changes in Retained Earnings

Proprietary Fund Type

Year ended June 30, 2002

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 992,617
Reimbursements from employees		<u>24,875</u>
Total operating revenues		<u>1,017,492</u>
Operating expenses:		
Medical claims	\$ 86,764	
Insurance premiums	<u>883,476</u>	<u>970,240</u>
Operating income		47,252
Non-operating revenues:		
Interest on investments		<u>4,060</u>
Net income		51,312
Retained earnings beginning of year		<u>149,189</u>
Retained earnings end of year		<u><u>\$ 200,501</u></u>

See notes to financial statements.

Wright County
Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2002

	Internal Service- Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 992,617
Cash received from employees	24,875
Cash payments to suppliers for services	(966,232)
Net cash provided by operating activities	51,260
Cash flows from investing activities:	
Interest on investments	4,060
Net increase in cash and cash equivalents	55,320
Cash and cash equivalents at beginning of year	160,511
Cash and cash equivalents at end of year	\$ 215,831
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 47,252
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	4,008
Net cash provided by operating activities	\$ 51,260

See notes to financial statements.

Wright County

Notes to Financial Statements

June 30, 2002

(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.

A. Reporting Entity

For financial reporting purposes, Wright County has included all funds, organizations, account group, 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.

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

Joint Venture - Wright County is a member of the Wright County Communications Center established pursuant to Chapter 28E of the Code of Iowa. The Center is established for the purpose of assisting and serving all of the people within Wright County with uniform law enforcement and emergency communications for the protection of the rights and property and for the assistance of all peoples within

Wright County. The Board of Directors is composed of six representatives selected by each member of the Center. The Wright County Sheriff is an ex officio/non-voting member of the Board. On all matters to be determined by the Board, each member of the Board shall be entitled to cast one voting unit for each 1,000 population, or fraction thereof, residing within the physical boundaries of the member according to the most recent census. For purposes of determining the voting units to be cast by the delegates from Wright County, only those residents residing in unincorporated areas shall be considered. The Center is funded primarily by per capita assessments made against each participating member. The County has an ongoing financial responsibility to the Center for its continued existence. Membership in the Center for the year ended June 30, 2002 included five municipalities and the County. Financial transactions of the Center are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County and Note 13 to the financial statements.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: 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 an Agency Fund of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Wright County Area Landfill Authority, Region V Task Force, Mid-Iowa Development Association Council of Governments, Region V Hazardous Materials Response Commission, Mid-Iowa Safety Alliance and Region V Local Emergency Planning Commission. In addition, the County also participates in the following jointly governed organizations: Second Judicial District Department of Correctional Services Board, Unlimited Opportunities, Inc., North Iowa Juvenile Detention Center, Community and Family Resources and the Joint Planning Council.

B. Fund Accounting

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

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

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

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

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

Proprietary Fund

Internal Service Fund - The 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 Funds

Trust Funds - The Trust Funds are used to account for assets held by the County in a trustee capacity. These include expendable trust funds which are accounted for in essentially the same manner as Governmental Funds.

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

Account Group

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

C. Measurement Focus

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

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

In reporting the financial activity of its proprietary funds, the County applies all applicable GASB pronouncements as well as the following pronouncements

issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Basis of Accounting

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

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

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

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

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

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

E. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investments in the Iowa Public Agency Investment Trust, which are 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 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, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

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

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

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at \$1 per hour, not to exceed \$2,000, upon death or when the employee has reached 62 years of age and elects to retire. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

Unreserved Retained Earnings - The unreserved retained earnings of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

F. Budgets and Budgetary Accounting

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, internal service, and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

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

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

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 5,824,379	53,605	5,877,984	7,136,227	7,940	7,144,167
Expenditures	5,259,392	27,998	5,287,390	9,708,926	(93,963)	9,614,963
Net	564,987	25,607	590,594	(2,572,699)	101,903	(2,470,796)
Other financing sources (uses)	(83,700)	(3,900)	(87,600)	1,984,928	-	1,984,928
Beginning fund balances	822,702	350,291	1,172,993	2,555,971	(286,355)	2,269,616
Increase in reserve for prepaid insurance	-	26,536	26,536	-	14,210	14,210
Ending fund balances	\$ 1,303,989	398,534	1,702,523	1,968,200	(170,242)	1,797,958

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 165,282	(41)	165,241	26,581	-	26,581
Expenditures	166,283	-	166,283	48,153	(21,191)	26,962
Net	(1,001)	(41)	(1,042)	(21,572)	21,191	(381)
Other financing sources (uses)	-	-	-	-	-	-
Beginning fund balances	3,436	42	3,478	31,085	(21,191)	9,894
Increase in reserve for prepaid insurance	-	-	-	-	-	-
Ending fund balances	\$ 2,435	1	2,436	9,513	-	9,513

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 108,500	(459)	108,041	13,260,969	61,045	13,322,014
Expenditures	73,334	(84)	73,250	15,256,088	(87,240)	15,168,848
Net	35,166	(375)	34,791	(1,995,119)	148,285	(1,846,834)
Other financing sources (uses)	(15,000)	-	(15,000)	1,886,228	(3,900)	1,882,328
Beginning fund balances	134,307	145	134,452	3,547,501	42,932	3,590,433
Increase in reserve for prepaid insurance	-	-	-	-	40,746	40,746
Ending fund balances	\$ 154,473	(230)	154,243	3,438,610	228,063	3,666,673

G. Total (Memorandum Only)

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

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$345,293 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) 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 IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$230,120, \$230,695, and \$208,141, respectively, equal to the required contributions for each year.

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2002, is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	Board of Supervisors	\$ 180
	County Auditor	20
	County Recorder	20,982
	County Sheriff	8,201
	Auto License and Use Tax	6,817
Special Revenue:		
County Recorder's Records Management	Trust and Agency:	
	County Recorder	869
Total		<u>\$ 37,069</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	<u>\$ 7,645</u>
Special Revenue:		
Secondary Roads	Services	3,012
Mental Health		21,388
		<u>24,400</u>
Trust and Agency:		
Agricultural Extension Education	Collections	119,663
County Assessor		379,633
Schools		7,344,606
Community Colleges		370,003
Corporations		3,441,586
Townships		195,406
City Special Assessments		396,756
Auto License and Use Tax		179,030
E911 Service Commission		238,760
Wright County Communications Center		158,414
All other		17,050
		<u>12,840,907</u>
Total		<u>\$ 12,872,952</u>

(6) Employee Group Health Fund

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

Monthly payments of service fees and plan contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Bradford Financial Center from the Internal Service, Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2002 was \$992,617.

The amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2002, for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County's actuarial opinion is dated December 31, 2001. The June 30, 2002 amounts are not available, but are not deemed to be material to the financial statements.

(7) Contingent Liabilities

General Obligation Capital Loan Notes

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

The County is contingently liable on \$266,096 of general obligation capital loan note indebtedness outstanding at June 30, 2002. Since the interest and bond principal is currently paid out of Wright County Area Landfill Authority revenues, this liability has not been recorded in the General Long-Term Debt Account Group on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the Authority in future years are not adequate, a tax may be levied on all taxable property in the County.

Details of this note indebtedness at June 30, 2002, are as follows:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ending</u>	<u>Rates</u>			
<u>June 30,</u>				
2003	5.75%	\$ 31,750	14,850	46,600
2004	5.75	33,601	12,999	46,600
2005	5.75	35,561	11,039	46,600
2006	5.75	37,635	8,965	46,600
2007	5.75	39,830	6,770	46,600
2008	5.75	42,154	4,446	46,600
2009	5.75	45,565	1,987	47,552
Total		<u>\$ 266,096</u>	<u>61,056</u>	<u>327,152</u>

During the year ended June 30, 2002, the Wright County Area Landfill Authority retired \$30,000 of notes.

General Obligation Work Activity Center Notes

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

The County is contingently liable on \$217,178 of general obligation work activity center note indebtedness outstanding at June 30, 2002. Since the interest and bond principal is currently paid out of Unlimited Opportunities, Inc. revenues, this liability has not been recorded in the General Long-Term Debt Account Group on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the work activity center in future years are not adequate, the notes may be payable from the County's General Fund. The transactions for this note issue are accounted for in an Agency Fund.

Details of this note indebtedness at June 30, 2002 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	5.00%	\$ 19,021	10,427	29,448
2004	5.00	19,994	9,454	29,448
2005	5.00	21,017	8,431	29,448
2006	5.00	22,092	7,356	29,448
2007	5.00	23,223	6,225	29,448
2008	5.00	24,411	5,037	29,448
2009	5.00	25,660	3,788	29,448
2010	5.00	26,973	2,475	29,448
2011	5.00	28,353	1,095	29,448
2012	5.00	6,434	50	6,484
Total		\$ 217,178	54,338	271,516

During the year ended June 30, 2002, Unlimited Opportunities, Inc. retired \$18,095 of notes. The above schedule of note indebtedness provides for an anticipated pay-off date of October 1, 2011 even though the notes have a stated maturity date of June 29, 2014.

(8) Long-Term Debt

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

	Capital Loan Notes	Drainage Warrants	Drainage Improvement Certificates	Intermediary Relending Loan	Compen- sated Absences	Total
Balance beginning of year	\$1,540,000	1,705,921	189,314	360,669	139,075	3,934,979
Additions	-	1,869,187	11,141	-	10,259	1,890,587
Reductions	100,000	1,952,116	44,986	13,373	-	2,110,475
Balance end of year	<u>\$1,440,000</u>	<u>1,622,992</u>	<u>155,469</u>	<u>347,296</u>	<u>149,334</u>	<u>3,715,091</u>

Capital Loan Notes

A summary of the County's June 30, 2002 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	4.00%	\$ 105,000	62,332	167,332
2004	4.05	110,000	58,132	168,132
2005	4.10	115,000	53,678	168,678
2006	4.15	120,000	48,962	168,962
2007	4.20	125,000	43,982	168,982
2008	4.25	130,000	38,732	168,732
2009	4.35	135,000	33,208	168,208
2010	4.40	140,000	27,336	167,336
2011	4.50	145,000	21,176	166,176
2012	4.60	155,000	14,650	169,650
2013	4.70	160,000	7,520	167,520
Total		<u>\$1,440,000</u>	<u>409,708</u>	<u>1,849,708</u>

During the year ended June 30, 2002, the County retired \$100,000 of the general obligation capital loan notes.

Drainage Warrants/Drainage Improvement Certificates Payable

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

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement 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 landowner.

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 Rates	Principal	Interest	Total
2003	1.00%	\$ 13,508	3,472	16,980
2004	1.00%	13,643	3,337	16,980
2005	1.00%	13,780	3,200	16,980
2006	1.00%	13,917	3,063	16,980
2007	1.00%	14,055	2,925	16,980
2008	1.00%	14,196	2,784	16,980
2009	1.00%	14,338	2,642	16,980
2010	1.00%	14,481	2,499	16,980
2011	1.00%	14,626	2,354	16,980
2012	1.00%	14,772	2,208	16,980
2013	1.00%	14,920	2,060	16,980
2014	1.00%	15,069	1,911	16,980
2015	1.00%	15,220	1,760	16,980
2016	1.00%	15,372	1,608	16,980
2017	1.00%	15,526	1,454	16,980
2018	1.00%	15,681	1,299	16,980
2019	1.00%	15,838	1,142	16,980
2020	1.00%	15,996	984	16,980
2021	1.00%	16,156	824	16,980
2022	1.00%	16,318	662	16,980
2023	1.00%	16,481	499	16,980
2024	1.00%	16,646	334	16,980
2025	1.00%	16,757	168	16,925
Total		\$ 347,296	43,189	390,485

During the year ended June 30, 2002, the County made loans of \$20,000 for economic development and received loan principal repayments of \$40,437, leaving a balance of loans receivable at June 30, 2002 of \$241,688.

(9) Wright County Revolving Loan Fund

Wright County has three economic development loans receivable totaling \$15,840 at June 30, 2002 due from businesses located in Wright County. The loans were made to the businesses to promote economic development.

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

(10) Wright County Revolving Housing Assistance Fund

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

The loans are repaid to Wright County over a five-year period with interest at five percent per annum. The loan repayments remain in the Special Revenue, Wright County Revolving Housing Assistance Fund for future loans to other borrowers. The balance of the loans receivable at June 30, 2002 totaled \$47,659.

(11) Risk Management

Wright County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, 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 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any 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 contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$85,294.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

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

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

(12) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by Service Area or amounts appropriated by department. During the year ended June 30, 2002, disbursements exceeded the amount budgeted in the Debt Service and Roads and Transportation Service Areas and disbursements in certain departments exceeded the amounts appropriated.

(13) Joint Venture

Wright County participates in the Wright County Communications Center, a joint venture formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2002:

Additions:

Contributions from governmental units:		
Wright County	\$ 54,469	
City of Eagle Grove	52,599	
City of Clarion	42,057	
City of Belmond	36,275	
City of Goldfield	9,636	
City of Dows	8,077	
Wright County E911 Surcharge	<u>27,366</u>	\$ 230,479
Interest on investments		<u>1,486</u>
Total additions		<u>231,965</u>

Deductions:

Salaries	133,671	
Employee benefits	17,740	
Group insurance	38,509	
Data processing services	700	
Office supplies	1,258	
Telephone	281	
Teletype services	3,420	
Education and training	785	
Office equipment and repair	<u>2,965</u>	<u>199,329</u>

Net		32,636
Balance beginning of year		<u>137,875</u>
Balance end of year		<u><u>\$ 170,511</u></u>

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus and Statement Number 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the financial activities.

Wright County

Supplemental Information

Schedule 1

Wright County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 2,622,186	
Utility tax replacement excise tax	84,488	
Other	3,899	\$ 2,710,573

Interest and penalty on property tax

40,131

Intergovernmental:

State shared revenues:

Franchise tax	26,228	
Other	2,778	
	<u>29,006</u>	

State grants and reimbursements including indirect federal funding:

Home care aide grant	134,735	
Human services administration reimbursement	37,378	
Other	428,587	
	<u>600,700</u>	

State tax replacements:

State tax credits	203,424	
State allocation	107,013	
	<u>310,437</u>	

Direct federal grants and entitlements:

Medicare and medicaid	<u>1,451,238</u>	
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Contributions and reimbursements from other governmental units:

Prisoner care	6,580	
Other	26,899	
	<u>33,479</u>	2,424,860

Licenses and permits

2,400

Charges for service:

Office fees and collections	108,179	
Auto license, use tax and postage	115,095	
Other	219,592	442,866

Wright County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Use of money and property:		
Interest on investments	106,997	
Other	<u>521</u>	107,518
Miscellaneous:		
Contributions and donations from private sources	27,060	
Sale of commodities	33,739	
Other	<u>88,837</u>	149,636
Total revenues		<u>5,877,984</u>
Expenditures:		
Operating:		
Public safety		1,120,961
Court services		11,060
Physical health and education		2,283,348
Social services		290,572
County environment		389,514
State and local government services		319,099
Interprogram services		845,521
Non-program		<u>27,315</u>
Total expenditures		<u>5,287,390</u>
Excess of revenues over expenditures		<u>590,594</u>
Other financing sources (uses):		
Sale of general fixed assets		2,000
Operating transfers in (out):		
Special Revenue:		
Secondary Roads		(100,000)
Economic Development Marketing		(4,600)
Expendable Trust:		
Public Health Resource Trust		<u>15,000</u>
Total other financing sources (uses)		<u>(87,600)</u>
Excess of revenues and other financing sources over expenditures and other financing uses		502,994
Fund balance beginning of year		1,172,993
Increase in reserve for prepaid insurance		<u>26,536</u>
Fund balance end of year		<u><u>\$ 1,702,523</u></u>

See accompanying independent auditor's report.

Wright County

Wright County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 339,508	
Adult correction services	439,726	
Administration	130,824	
	<u>910,058</u>	

Legal services:

Criminal prosecution	154,640	
Medical examinations	11,825	
	<u>166,465</u>	

Emergency services:

Ambulance services	23,500	
Emergency management	20,938	
	<u>44,438</u>	\$ 1,120,961

Court Services Service Area:

Assistance to district court system:

Research and other assistance	3,740	
	<u>3,740</u>	

Court proceedings:

Juries and witnesses	282	
Detention services	195	
	<u>477</u>	

Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	6,843	11,060
	<u>6,843</u>	

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	1,445,283	
Sanitation	15,885	
Health administration	798,680	
	<u>2,259,848</u>	

Educational services:

Fairgrounds	23,500	2,283,348
	<u>23,500</u>	

Schedule 2

Wright County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:

Services to the poor:

Administration	129,976	
General welfare services	<u>22,667</u>	
	<u>152,643</u>	

Services to military veterans:

Administration	9,494	
General services to veterans	<u>21,095</u>	
	<u>30,589</u>	

Children and family services:

Youth guidance	27,773	
Family protection services	<u>29,734</u>	
	<u>57,507</u>	

Services to other adults:

Other social services	<u>37,877</u>	
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Chemical dependency:

Treatment services	3,556	
Preventive services	<u>8,400</u>	
	<u>11,956</u>	290,572

County Environment Service Area:

Conservation and recreation services:

Administration	60,822	
Maintenance and operations	172,349	
Recreation and environment education services	<u>55,405</u>	
	<u>288,576</u>	

Animal control:

Animal shelter	<u>494</u>	
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County development:

Land use and building controls	4,144	
Economic development	<u>96,300</u>	
	<u>100,444</u>	389,514

Wright County

General Fund

Statement of Expenditures

Year ended June 30, 2002

State and Local Government Services Service Area:

Representation services:

Elections administration	16,411	
Local elections	7,391	
	<u>23,802</u>	

State administrative services:

Motor vehicle registrations and licensing	161,203	
Recording of public documents	134,094	
	<u>295,297</u>	319,099

Interprogram Services Service Area:

Policy and administration:

General County management	242,928	
Administrative management services	181,830	
Treasury management services	111,194	
Other policy and administration	26,490	
	<u>562,442</u>	

Central services:

General services	137,774	
Data processing services	32,619	
	<u>170,393</u>	

Risk management services:

Tort liability	60,181	
Safety of the workplace	52,505	
	<u>112,686</u>	845,521

Non-program Service Area:

County farm operations	12,403	
Other	14,912	27,315
	<u>14,912</u>	

Total		<u>\$ 5,287,390</u>
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See accompanying independent auditor's report.

Wright County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Rural Services	Secondary Roads	Resource Enhancement and Protection	County Recorder's Records Management
Assets				
Cash and pooled investments	\$ 65,022	786,162	68,993	33,833
Receivables:				
Property tax:				
Delinquent	116	-	-	-
Succeeding year	1,248,000	-	-	-
Accounts	34,453	-	-	-
Drainage assessments	-	-	-	-
Future drainage assessments	-	-	-	-
Economic development loans	-	-	-	-
Housing assistance loans	-	-	-	-
Intermediary relending loans	-	-	-	-
Due from other funds	-	-	-	869
Due from other governments	-	168,624	-	-
Prepaid insurance	-	80,050	-	-
Total assets	\$ 1,347,591	1,034,836	68,993	34,702
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	383,076	-	-
Salaries and benefits payable	-	19,268	-	-
Due to other governments	-	3,012	-	-
Deferred revenue:				
Succeeding year property tax	1,248,000	-	-	-
Other	103	-	-	-
Compensated absences	-	14,130	-	-
Total liabilities	1,248,103	419,486	-	-
Fund equity:				
Fund balances:				
Reserved for:				
Prepaid insurance	-	80,050	-	-
Drainage warrants/drainage improvement certificates	-	-	-	-
Unreserved	99,488	535,300	68,993	34,702
Total fund equity	99,488	615,350	68,993	34,702
Total liabilities and fund equity	\$ 1,347,591	1,034,836	68,993	34,702

See accompanying independent auditor's report.

Drainage Districts	Mental Health	Emergency Medical Services	Economic Development Marketing	Revolving Loan	Revolving Housing Assistance	Intermediary Relending Loan Program	Total
259,141	243,621	12	44,767	28,830	92,913	344,906	1,968,200
-	434	-	-	-	-	-	550
-	505,000	-	-	-	-	-	1,753,000
-	-	-	-	-	-	-	34,453
160,569	-	-	-	-	-	-	160,569
29,120	-	-	-	-	-	-	29,120
-	-	-	-	15,840	-	-	15,840
-	-	-	-	-	47,659	-	47,659
-	-	-	-	-	-	241,688	241,688
-	-	-	-	-	-	-	869
-	21,743	-	-	-	-	-	190,367
-	-	-	-	-	-	-	80,050
448,830	770,798	12	44,767	44,670	140,572	586,594	4,522,365
29,120	4,386	-	64	-	-	-	416,646
-	-	-	-	-	-	-	19,268
-	21,388	-	-	-	-	-	24,400
-	505,000	-	-	-	-	-	1,753,000
189,689	430	-	-	15,840	47,659	241,688	495,409
-	1,554	-	-	-	-	-	15,684
218,809	532,758	-	64	15,840	47,659	241,688	2,724,407
-	-	-	-	-	-	-	80,050
51,915	-	-	-	-	-	-	51,915
178,106	238,040	12	44,703	28,830	92,913	344,906	1,665,993
230,021	238,040	12	44,703	28,830	92,913	344,906	1,797,958
448,830	770,798	12	44,767	44,670	140,572	586,594	4,522,365

Wright County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhancement and Protection	County Recorder's Records Management
Revenues:				
Property and other County tax:				
Property tax	\$ 1,014,760	-	-	-
Local option sales tax	237,496	-	-	-
Utility tax replacement excise tax	26,650	-	-	-
Other	75	-	-	-
	<u>1,278,981</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental:				
State shared revenues:				
Road use tax	-	1,989,000	-	-
State grants and reimbursements including indirect federal funding:				
Social services block grant	-	-	-	-
Highway research, planning and construction	-	260,783	-	-
Other	-	10,677	9,569	-
	<u>-</u>	<u>271,460</u>	<u>9,569</u>	<u>-</u>
State tax replacements:				
State tax credits	66,779	-	-	-
State allocation	-	-	-	-
Mental health property tax relief	-	-	-	-
Other	-	-	-	-
	<u>66,779</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions and reimbursements from other governmental units:				
Other	-	-	-	-
	<u>66,779</u>	<u>2,260,460</u>	<u>9,569</u>	<u>-</u>
Licenses and permits	-	465	-	-
Charges for service:				
Document management fee	-	-	-	3,667

Drainage Districts	Mental Health	Emergency Medical Services	Economic Development Marketing	Revolving Loan	Revolving Housing Assistance	Intermediary Relending Loan Program	Total
-	499,442	-	-	-	-	-	1,514,202
-	-	-	-	-	-	-	237,496
-	15,640	-	-	-	-	-	42,290
-	1,141	-	-	-	-	-	1,216
-	516,223	-	-	-	-	-	1,795,204
-	-	-	-	-	-	-	1,989,000
-	56,831	-	-	-	-	-	56,831
-	-	-	-	-	-	-	260,783
-	13,704	-	-	-	-	-	33,950
-	70,535	-	-	-	-	-	351,564
-	36,641	-	-	-	-	-	103,420
-	8,741	-	-	-	-	-	8,741
-	498,204	-	-	-	-	-	498,204
-	2,104	5,031	-	-	-	-	7,135
-	545,690	5,031	-	-	-	-	617,500
-	170,377	-	-	-	-	-	170,377
-	786,602	5,031	-	-	-	-	3,128,441
-	-	-	-	-	-	-	465
-	-	-	-	-	-	-	3,667

Wright County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhancement and Protection	County Recorder's Records Management
Revenues (continued):				
Use of money and property:				
Interest on investments	-	-	1,046	368
Economic development loan repayments:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	1,000	-	-
	-	1,000	1,046	368
Miscellaneous:				
Drainage assessments	-	-	-	-
Sale of commodities	-	17,924	-	-
Contributions and donations from private sources	-	44,621	-	-
Miscellaneous	-	-	-	-
	-	62,545	-	-
Total revenues	1,345,760	2,324,470	10,615	4,035
Expenditures:				
Operating:				
Public Safety Service Area:				
Law enforcement:				
Law enforcement communication	54,469	-	-	-
Emergency services:				
Ambulance services	-	-	-	-
	54,469	-	-	-
Physical Health and Education Service Area:				
Educational services:				
Libraries	115,000	-	-	-

Drainage Districts	Mental Health	Emergency Medical Services	Economic Development Marketing	Revolving Loan	Revolving Housing Assistance	Intermediary Relending Loan Program	Total
-	-	-	447	213	1,506	6,946	10,526
-	-	-	-	10,183	13,846	40,437	64,466
-	-	-	-	913	2,045	8,351	11,309
-	-	-	-	-	136	-	1,136
-	-	-	447	11,309	17,533	55,734	87,437
2,053,420	-	-	-	-	-	-	2,053,420
-	-	-	-	-	-	-	17,924
-	-	-	10,062	-	-	-	54,683
-	2,926	-	-	-	-	-	2,926
2,053,420	2,926	-	10,062	-	-	-	2,128,953
2,053,420	1,305,751	5,031	10,509	11,309	17,533	55,734	7,144,167
-	-	-	-	-	-	-	54,469
-	-	5,031	-	-	-	-	5,031
-	-	5,031	-	-	-	-	59,500
-	-	-	-	-	-	-	115,000

Wright County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhancement and Protection	County Recorder's Records Management
Expenditures (continued):				
Operating:				
Mental Health Service Area:				
Persons with mental health problems - mental illness:				
Information and education services	-	-	-	-
General administration	-	-	-	-
Coordination services	-	-	-	-
Treatment services	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-
	-	-	-	-
Persons with chronic mental illness:				
Information and education services	-	-	-	-
Coordination services	-	-	-	-
Personal and environmental support	-	-	-	-
Treatment services	-	-	-	-
Vocational and day services	-	-	-	-
Licensed or certified living arrangements	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-
	-	-	-	-
Persons with mental retardation:				
Information and education services	-	-	-	-
Coordination services	-	-	-	-
Personal and environmental support	-	-	-	-
Treatment services	-	-	-	-
Vocational and day services	-	-	-	-
Licensed or certified living arrangements	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-
	-	-	-	-

Drainage Districts	Mental Health	Emergency Medical Services	Economic Development Marketing	Revolving Loan	Revolving Housing Assistance	Intermediary Relending Loan Program	Total
-	1,183	-	-	-	-	-	1,183
-	52,150	-	-	-	-	-	52,150
-	170,006	-	-	-	-	-	170,006
-	15,347	-	-	-	-	-	15,347
-	14,820	-	-	-	-	-	14,820
-	253,506	-	-	-	-	-	253,506
-	932	-	-	-	-	-	932
-	372	-	-	-	-	-	372
-	11,905	-	-	-	-	-	11,905
-	10,897	-	-	-	-	-	10,897
-	3,853	-	-	-	-	-	3,853
-	51,310	-	-	-	-	-	51,310
-	14,646	-	-	-	-	-	14,646
-	93,915	-	-	-	-	-	93,915
-	1,175	-	-	-	-	-	1,175
-	372,327	-	-	-	-	-	372,327
-	21,007	-	-	-	-	-	21,007
-	3,625	-	-	-	-	-	3,625
-	272,468	-	-	-	-	-	272,468
-	616,762	-	-	-	-	-	616,762
-	75,867	-	-	-	-	-	75,867
-	1,363,231	-	-	-	-	-	1,363,231

Wright County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhancement and Protection	County Recorder's Records Management
Expenditures (continued):				
Operating:				
Mental Health Service Area:				
Persons with other developmental disabilities:				
Coordination services	-	-	-	-
Personal and environmental support	-	-	-	-
Vocational and day services	-	-	-	-
Licensed or certified living arrangements	-	-	-	-
	-	-	-	-
	-	-	-	-
County Environment Service Area:				
Environmental quality:				
Weed eradication	10	-	-	-
Solid waste disposal	82,875	-	-	-
	82,885	-	-	-
County development:				
Housing rehabilitation and development	-	-	-	-
Economic development	-	-	-	-
	-	-	-	-
	82,885	-	-	-
Roads and Transportation Service Area:				
Secondary roads administration and engineering:				
Administration	-	68,172	-	-
Engineering	-	176,833	-	-
	-	245,005	-	-
Roadway maintenance:				
Bridges and culverts	-	82,010	-	-
Roads	-	1,548,356	-	-
Snow and ice control	-	149,522	-	-
Traffic controls	-	160,662	-	-
Road clearing	-	113,986	-	-
	-	2,054,536	-	-

Drainage Districts	Mental Health	Emergency Medical Services	Economic Development Marketing	Revolving Loan	Revolving Housing Assistance	Intermediary Relending Loan Program	Total
-	747	-	-	-	-	-	747
-	588	-	-	-	-	-	588
-	9,585	-	-	-	-	-	9,585
-	2,662	-	-	-	-	-	2,662
-	13,582	-	-	-	-	-	13,582
-	1,724,234	-	-	-	-	-	1,724,234
-	-	-	-	-	-	-	10
-	-	-	-	-	-	-	82,875
-	-	-	-	-	-	-	82,885
-	-	-	-	-	8,450	-	8,450
-	-	-	5,222	264	-	20,000	25,486
-	-	-	5,222	264	8,450	20,000	33,936
-	-	-	5,222	264	8,450	20,000	116,821
-	-	-	-	-	-	-	68,172
-	-	-	-	-	-	-	176,833
-	-	-	-	-	-	-	245,005
-	-	-	-	-	-	-	82,010
-	-	-	-	-	-	-	1,548,356
-	-	-	-	-	-	-	149,522
-	-	-	-	-	-	-	160,662
-	-	-	-	-	-	-	113,986
-	-	-	-	-	-	-	2,054,536

Wright County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhancement and Protection	County Recorder's Records Management
Expenditures (continued):				
Operating:				
Roads and Transportation				
Service Area:				
General roadway:				
Equipment	145,278	359,454	-	-
Equipment operations	-	699,640	-	-
Tools, materials, and supplies	-	12,336	-	-
Real estate and buildings	-	51,483	-	-
	<u>145,278</u>	<u>1,122,913</u>	-	-
	<u>145,278</u>	<u>3,422,454</u>	-	-
State and Local Government Services				
Service Area:				
Representation services:				
Township officials	1,236	-	-	-
Non-program Service Area:				
Drainage district construction and repair	-	-	-	-
Debt Service Service Area:				
Drainage improvement certificates paid	-	-	-	-
Drainage warrants paid	-	-	-	-
Interest on drainage warrants and drainage improvement certificates	-	-	-	-
Loan principal paid	-	-	-	-
Loan interest paid	-	-	-	-
Capital Projects Service Area:				
Roadway construction	-	360,390	-	-
Total expenditures	<u>398,868</u>	<u>3,782,844</u>	-	-

Drainage Districts	Mental Health	Emergency Medical Services	Economic Development Marketing	Revolving Loan	Revolving Housing Assistance	Intermediary Relending Loan Program	Total
-	-	-	-	-	-	-	504,732
-	-	-	-	-	-	-	699,640
-	-	-	-	-	-	-	12,336
-	-	-	-	-	-	-	51,483
-	-	-	-	-	-	-	1,268,191
-	-	-	-	-	-	-	3,567,732
-	-	-	-	-	-	-	1,236
1,425,095	-	-	-	-	-	-	1,425,095
44,986	-	-	-	-	-	-	44,986
1,952,116	-	-	-	-	-	-	1,952,116
230,873	-	-	-	-	-	-	230,873
-	-	-	-	-	-	13,373	13,373
-	-	-	-	-	-	3,607	3,607
2,227,975	-	-	-	-	-	16,980	2,244,955
-	-	-	-	-	-	-	360,390
3,653,070	1,724,234	5,031	5,222	264	8,450	36,980	9,614,963

Wright County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Resource Enhancement and Protection</u>	<u>County Recorder's Records Management</u>
Excess (deficiency) of revenues over (under) expenditures	946,892	(1,458,374)	10,615	4,035
Other financing sources (uses):				
Operating transfers in (out):				
General	-	100,000	-	-
Special Revenue:				
Rural Services	-	1,292,000	-	-
Secondary Roads	(1,292,000)	-	-	-
Proceeds from drainage warrants/ drainage improvement certificates	-	-	-	-
Total other financing sources (uses)	<u>(1,292,000)</u>	<u>1,392,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(345,108)	(66,374)	10,615	4,035
Fund balances beginning of year	444,596	667,514	58,378	30,667
Increase in reserve for prepaid insurance	-	14,210	-	-
Fund balances end of year	<u>\$ 99,488</u>	<u>615,350</u>	<u>68,993</u>	<u>34,702</u>

See accompanying independent auditor's report.

Drainage Districts	Mental Health	Emergency Medical Services	Economic Development Marketing	Revolving Loan	Revolving Housing Assistance	Intermediary Relending Loan Program	Total
(1,599,650)	(418,483)	-	5,287	11,045	9,083	18,754	(2,470,796)
-	-	-	4,600	-	-	-	104,600
-	-	-	-	-	-	-	1,292,000
-	-	-	-	-	-	-	(1,292,000)
1,880,328	-	-	-	-	-	-	1,880,328
1,880,328	-	-	4,600	-	-	-	1,984,928
280,678	(418,483)	-	9,887	11,045	9,083	18,754	(485,868)
(50,657)	656,523	12	34,816	17,785	83,830	326,152	2,269,616
-	-	-	-	-	-	-	14,210
230,021	238,040	12	44,703	28,830	92,913	344,906	1,797,958

Schedule 5

Wright County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 149,035	
Utility tax replacement excise tax	4,689	
Other	<u>158</u>	\$ 153,882

Intergovernmental:

State tax replacements:

State tax credits	10,746	
Other	<u>613</u>	<u>11,359</u>
Total revenues		<u>165,241</u>

Expenditures:

Debt Service Service Area:

Principal paid	100,000	
Interest paid	<u>66,283</u>	<u>166,283</u>

Deficiency of revenues under expenditures (1,042)

Fund balance beginning of year 3,478

Fund balance end of year \$ 2,436

See accompanying independent auditor's report.

Wright County

Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Intergovernmental:

State grants and reimbursements including indirect
federal funding:

Other \$ 26,341

Use of money and property:

Interest on investments 240Total revenues 26,581

Expenditures:

Capital Projects Service Area:

Jail project 26,962

Deficiency of revenues under expenditures (381)

Fund balance beginning of year 9,894Fund balance end of year \$ 9,513

See accompanying independent auditor's report.

Schedule 7

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

	<u>Expendable</u>		
	<u>Trust</u>	<u>Agency</u>	<u>Total</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 154,473	872,473	1,026,946
Other County officials	-	36,048	36,048
Receivables:			
Property tax:			
Delinquent	-	14,518	14,518
Succeeding year	-	11,522,000	11,522,000
Accounts	-	20,416	20,416
Accrued interest	-	3,470	3,470
Special assessments	-	390,646	390,646
Due from other governments	-	37,628	37,628
Prepaid insurance	-	6,042	6,042
Total assets	\$ 154,473	12,903,241	13,057,714
Liabilities and Fund Equity			
Liabilities:			
Excess of outstanding warrants over cash balances	\$ -	2,454	2,454
Accounts payable	230	953	1,183
Salaries and benefits payable	-	3,137	3,137
Due to other funds	-	37,069	37,069
Due to other governments	-	12,840,907	12,840,907
Trusts payable	-	1,667	1,667
Compensated absences	-	17,054	17,054
Total liabilities	230	12,903,241	12,903,471
Fund equity:			
Unreserved fund balance	154,243	-	154,243
Total liabilities and fund equity	\$ 154,473	12,903,241	13,057,714

See accompanying independent auditor's report.

Wright County
Expendable Trust Funds
Combining Balance Sheet
June 30, 2002

	Conservation Land Acquisition Trust	Public Health Nurse Trust	Total
Assets			
Cash and pooled investments: County Treasurer	\$ 89,673	64,800	154,473
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	230	230
Fund equity:			
Unreserved fund balance	89,673	64,570	154,243
Total liabilities and fund equity	\$ 89,673	64,800	154,473

See accompanying independent auditor's report.

Wright County

Wright County

Expendable Trust Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Year ended June 30, 2002

	Conserva- tion Land Acquisi- tion Trust	Public Health Resource Trust	Total
Revenues:			
Use of money and property:			
Interest on investments	\$ 810	1,160	1,970
Miscellaneous:			
Donations	84,667	21,404	106,071
Total revenues	<u>85,477</u>	<u>22,564</u>	<u>108,041</u>
Expenditures:			
Operating:			
Physical Health and Education Service Area:			
Physical health services:			
Personal and family health services	-	7,912	7,912
Capital Projects Service Area:			
Conservation land acquisition and development	65,338	-	65,338
Total expenditures	<u>65,338</u>	<u>7,912</u>	<u>73,250</u>
Excess of revenues over expenditures	20,139	14,652	34,791
Other financing uses:			
Operating transfers out:			
General	-	(15,000)	(15,000)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	20,139	(348)	19,791
Fund balances beginning of year	<u>69,534</u>	<u>64,918</u>	<u>134,452</u>
Fund balances end of year	<u>\$ 89,673</u>	<u>64,570</u>	<u>154,243</u>

See accompanying independent auditor's report.

Wright County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	County Offices			
	Board of Supervisors	County Auditor	County Recorder	County Sheriff
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	-	-	-
Other County officials	180	20	26,660	9,188
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid insurance	-	-	-	-
Total assets	\$ 180	20	26,660	9,188
Liabilities				
Liabilities:				
Excess of outstanding warrants over cash balances	\$ -	-	-	-
Accounts payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other funds	180	20	21,851	8,201
Due to other governments	-	-	4,809	-
Trusts payable	-	-	-	987
Compensated absences	-	-	-	-
Total liabilities	\$ 180	20	26,660	9,188

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assess- ments
1,561	161,817	104,469	4,687	53,853	2,385	6,110
-	-	-	-	-	-	-
102	194	6,137	316	7,733	21	-
118,000	226,000	7,234,000	365,000	3,380,000	193,000	-
-	162	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	390,646
-	-	-	-	-	-	-
-	-	-	-	-	-	-
119,663	388,173	7,344,606	370,003	3,441,586	195,406	396,756
-	-	-	-	-	-	-
-	368	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
119,663	379,633	7,344,606	370,003	3,441,586	195,406	396,756
-	-	-	-	-	-	-
-	8,172	-	-	-	-	-
119,663	388,173	7,344,606	370,003	3,441,586	195,406	396,756

Wright County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Emergency Manage- ment Services
Assets			
Cash and pooled investments:			
County Treasurer	185,847	1,514	4,401
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	2	-
Succeeding year	-	2,000	-
Accounts	-	-	-
Accrued interest	-	-	-
Special assessments	-	-	-
Due from other governments	-	-	-
Prepaid insurance	-	-	-
	185,847	3,516	4,401
Liabilities			
Liabilities:			
Excess of outstanding warrants over cash balances	-	-	-
Accounts payable	-	-	200
Salaries and benefits payable	-	-	-
Due to other funds	6,817	-	-
Due to other governments	179,030	3,516	4,201
Trusts payable	-	-	-
Compensated absences	-	-	-
	185,847	3,516	4,401

See accompanying independent auditor's report.

Lake Cornelia Sanitary Sewer	E911	Unlimited Opportunity Loan Repayment	Wright County Communi- cations Center	Advance Tax	Anatomical Gift Public Awareness and Transplant Fund	State Tax Credits	Total
18	217,797	-	126,841	480	13	680	872,473
-	-	-	-	-	-	-	36,048
13	-	-	-	-	-	-	14,518
4,000	-	-	-	-	-	-	11,522,000
-	17,800	2,454	-	-	-	-	20,416
-	3,470	-	-	-	-	-	3,470
-	-	-	-	-	-	-	390,646
-	-	-	37,628	-	-	-	37,628
-	-	-	6,042	-	-	-	6,042
4,031	239,067	2,454	170,511	480	13	680	12,903,241
-	-	2,454	-	-	-	-	2,454
-	307	-	78	-	-	-	953
-	-	-	3,137	-	-	-	3,137
-	-	-	-	-	-	-	37,069
4,031	238,760	-	158,414	480	13	-	12,840,907
-	-	-	-	-	-	680	1,667
-	-	-	8,882	-	-	-	17,054
4,031	239,067	2,454	170,511	480	13	680	12,903,241

Wright County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices			
	Board of Supervisors	County Auditor	County Recorder	County Sheriff
Assets and Liabilities				
Balances beginning of year	\$ 180	20	30,345	7,473
Additions:				
Property and other County tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Drivers license fees	-	-	-	-
Office fees and collections	-	-	160,139	157,855
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	15,487	-	-
Total additions	-	15,487	160,139	157,855
Deductions:				
Agency Remittances:				
To other funds	-	15,487	89,585	28,721
To other governments	-	-	74,239	317
Trusts paid out	-	-	-	127,102
Total deductions	-	15,487	163,824	156,140
Balances end of year	\$ 180	20	26,660	9,188

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Town- ships	City Special Assess- ments	Auto License and Use Tax
105,719	331,672	7,163,834	320,081	3,327,709	161,490	416,586	268,719
122,385	236,729	7,462,877	376,188	3,489,757	197,928	-	-
-	-	-	-	-	-	-	-
8,133	17,290	543,589	24,463	298,771	11,412	-	-
-	-	-	-	-	-	-	31,357
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,952,455
-	-	-	-	-	-	138,525	-
-	-	-	-	-	-	-	-
-	5,114	-	-	-	-	-	-
130,518	259,133	8,006,466	400,651	3,788,528	209,340	138,525	2,983,812
-	-	-	-	-	-	-	114,652
116,574	202,632	7,825,694	350,729	3,674,651	175,424	158,355	2,952,032
-	-	-	-	-	-	-	-
116,574	202,632	7,825,694	350,729	3,674,651	175,424	158,355	3,066,684
119,663	388,173	7,344,606	370,003	3,441,586	195,406	396,756	185,847

Wright County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Emergency Manage- ment Services</u>	<u>Lake Cornelia Sanitary Sewer</u>	<u>E911 Sur- charge</u>
Assets and Liabilities				
Balances beginning of year	<u>2,046</u>	<u>2,876</u>	<u>2,008</u>	<u>229,358</u>
Additions:				
Property and other County tax	2,951	-	4,878	-
E911 surcharge	-	-	-	77,964
State tax credits	222	-	128	-
Drivers license fees	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	6,852	-	7,501
Total additions	<u>3,173</u>	<u>6,852</u>	<u>5,006</u>	<u>85,465</u>
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	1,703	5,327	2,983	75,756
Trusts paid out	-	-	-	-
Total deductions	<u>1,703</u>	<u>5,327</u>	<u>2,983</u>	<u>75,756</u>
Balances end of year	<u>3,516</u>	<u>4,401</u>	<u>4,031</u>	<u>239,067</u>

See accompanying independent auditor's report.

Tax Sale Redemption	Unlimited Opportunity Loan Repayment	Wright County Communications Center	Advance Tax	Anatomical Gift Public Awareness and Transplant Fund	State Tax Credits	Total
-	-	137,875	161	41	680	12,508,873
-	-	-	-	-	-	11,893,693
-	-	-	-	-	-	77,964
-	-	-	-	-	-	904,008
-	-	-	-	-	-	31,357
-	-	-	-	-	-	317,994
-	-	-	-	86	-	2,952,541
-	-	-	-	-	-	138,525
95,198	-	-	-	-	-	95,198
-	29,448	231,965	480	-	-	296,847
95,198	29,448	231,965	480	86	-	16,708,127
-	-	-	-	-	-	248,445
-	29,448	199,329	-	114	-	15,845,307
95,198	-	-	161	-	-	222,461
95,198	29,448	199,329	161	114	-	16,316,213
-	-	170,511	480	13	680	12,900,787

Wright County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 4,285,423	4,263,873	4,305,427	3,438,593
Local option sales tax	237,496	93,060	-	-
Utility tax replacement excise tax	131,467	134,766	-	-
Other	5,273	3,462	3,082	774
	<u>4,659,659</u>	<u>4,495,161</u>	<u>4,308,509</u>	<u>3,439,367</u>
Intergovernmental:				
State shared revenues:				
Franchise tax	26,228	30,136	23,534	33,892
Road use tax	1,989,000	1,907,304	1,935,037	2,037,419
Other	2,778	2,551	3,585	41,168
State grants and reimbursements including indirect federal funding:				
Home care aide grant	134,735	133,453	108,008	87,450
Human services administration reimbursement	37,378	39,990	48,026	43,706
Child support enforcement	-	-	-	16,949
Social services block grant	56,831	58,561	59,766	60,511
Highway research, planning and construction	260,783	-	-	227,292
Other	249,517	154,101	252,676	141,780
State tax replacements:				
State tax credits	317,590	340,790	314,584	252,565
State allocation	115,754	204,269	204,596	196,766
Mental health property tax relief	498,204	498,205	498,205	498,205
Other	7,748	140,173	96,658	184,315
Direct federal grants and entitlements:				
Medicare and medicaid	1,055,703	1,039,984	1,210,952	1,262,397
Other	634,896	490,845	68,271	-
Contributions and reimbursements from other governmental units:				
Other	203,856	203,517	162,138	12,546
Payments in lieu of taxes	-	2,820	1,840	-
	<u>5,591,001</u>	<u>5,246,699</u>	<u>4,987,876</u>	<u>5,096,961</u>
Total	<u>\$ 10,250,660</u>	<u>9,741,860</u>	<u>9,296,385</u>	<u>8,536,328</u>

See accompanying independent auditor's report.

Wright County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Direct:			
U S. Department of Justice: State Criminal Alien Assistance Program	16.606		<u>\$ 23,106</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Public Health: Special Supplemental Food Program for Women, Infants, and Children	10.557	5882A050	<u>30,464</u>
Iowa Department of Human Services: Human Services Administrative Reimbursements: State Administrative Matching Grants for Food Stamp Program	10.561		<u>6,100</u>
U.S. Department of Justice: Governor's Office of Drug Control Policy: Local Law Enforcement Block Grant Program	16.592		<u>9,315</u>
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	BROS-CO99(28)--8J-99	<u>260,783</u>
National Highway Traffic Safety Administration: Iowa Department of Public Safety: Safety Incentive Grants for Use of Seatbelts	20.604	PAP 02-157 Task 138	<u>2,953</u>
U.S. Department of Health and Human Services: Iowa Department of Human Services: Human Services Administrative Reimbursements: Temporary Assistance for Needy Families Refugee and Entrant Assistance-State Administered Programs	93.558		<u>9,627</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>1,221</u>
Foster Care-Title IV-E	93.658		<u>3,205</u>
Adoption Assistance	93.659		<u>1,084</u>
Medical Assistance Program	93.778		<u>9,766</u>
Social Services Block Grant	93.667		<u>6,332</u>
Social Services Block Grant	93.667		<u>56,831</u>
			<u>63,163</u>

Schedule 13

Wright County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Your Own United Resources, Inc.:			
Administration for Children, Youth and Family Head Start	93.600		18,330
Iowa Department of Public Health:			
Family Support Payments to States - Assistance Payments	93.560		225
Rural Health Services Outreach	93.912		8,652
Childhood Immunization Grants	93.268	58811442	9,626
Elderbridge Agency on Aging Special Programs for Aging Title III, Part F Disease Prevention	93.043		4,000
Cerro Gordo County Board of Health:			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		2,552
Childhood Lead Poisoning Prevention Projects State and Community Based Poisoning Prevention	93.197	5882LP03	6,082
Webster County Public Health:			
Maternal and Child Health Services: Block Grant	93.994	5881A050	6,411
Maternal and Child Health Services: Block Grant	93.994	5882A050	19,112
			25,523
Total indirect			472,714
Total			\$ 495,820

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 general purpose financial statements.

See accompanying independent auditor's report.



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

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David A. Vaudt, CPA
Auditor of State

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

To the Officials of Wright County:

We have audited the general purpose financial statements of Wright County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 16, 2003. Our report expressed a qualified opinion on the financial statements due to the omission of the general fixed assets account group and materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wright County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-B-02 and IV-E-02.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for items II-A-02, II-B-02 and II-C-02.

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

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

January 16, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State



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

To the Officials of Wright County:

Compliance

We have audited the compliance of Wright County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. 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 grants 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, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wright County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wright County's compliance with those requirements.

In our opinion, Wright County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

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 grants 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of 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.

January 16, 2003

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

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

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

- (a) A qualified opinion was issued on the financial statements due to the omission of the general fixed assets account group and materials and supplies inventory, pertaining primarily to the Special Revenue Funds.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, which are not considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Wright County did not qualify as a low-risk auditee.

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

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

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 Segregation of Duties - During our review of internal control the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one or two individuals in the County Sheriff's office may have control over the following areas for which no compensating controls exist:

- (1) An initial list of money and checks received is not prepared and compared to cash receipt records.
- (2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.
- (3) Check writing, signing, posting and final disbursement approval for cash disbursements are not segregated.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Sheriff should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. In instances where it is not possible to adequately segregate duties, the County Sheriff should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response - With limited office staff, the segregation of duties is difficult to do but the Sheriff or Deputy takes the deposits to the bank and we will strive to have review of financial transactions, reconciliations and reports from time to time.

Conclusion - Response accepted.

II-B-02 County Sheriff - Money is received and disbursed to the Clerk of District Court and County Treasurer for appearance bonds and room and board.

Recommendation - The Sheriff's office should obtain a receipt from the Clerk of Court and County Treasurer for all monies given to them for appearance bonds and room and board, respectively.

Wright County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Response – We will make a request for receipts.

Conclusion – Response accepted.

II-C-02 Information Systems – The County does not have written policies for:

- password privacy and confidentiality.
- time out and/or log off function to protect a terminal or PC left unattended.
- backup tapes stored offsite daily.

Recommendation – The County should develop written policies addressing password privacy and confidentiality in order to improve the County's control over computer-based systems. The County should include written procedures for logging off unattended terminals or PC's. A written disaster recovery plan should be developed.

Response – An email has been sent out to employees to change their passwords every six months. We are now currently taking backup tapes home at night with us.

Conclusion – Response acknowledged. In addition, the County should have a time out and/or log off function to protect a terminal or PC left unattended.

II-D-02 County Auditor – Warrants prepared for the various offices and departments are returned to the offices and departments to be mailed. A warrant for the Special Revenue, Mental Health Fund was written and held by the department. The financial statements were properly adjusted for the warrant that was written and held.

Recommendation – Warrants should be mailed without allowing them to return to persons who approve invoices for payment. Warrants should not be written and held since this can weaken the control the Board of Supervisors has over expenditures if it is not determined that all goods and services have been received prior to approving the claim.

Response – I spoke to my deputy concerning the warrants issued and how to proceed with mailing them out and not giving back to the departments. She acknowledge that she understood. If an employee asks for a warrant back, my deputy will defer them to me.

Conclusion – Response accepted.

II-E-02 County Treasurer – A restrictive endorsement was not placed on checks upon receipt.

Recommendation – A restrictive endorsement (for deposit only) should be placed on all checks when received to help provide protection in case of theft or loss.

Wright County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Response - In the future all checks that we receive will be immediately stamped "for deposit only" including those we receive opening the mail.

Conclusion - Response accepted.

II-F-02 Fixed Asset Records and Inventory - Detailed fixed asset records and inventory balances are not maintained as required by U.S. generally accepted accounting principles.

Recommendation - Fixed assets should be reported at cost or estimated historical cost where historical cost is not available. The County should develop a system to document additions and deletions for fixed assets. Also, inventory balances at the end of the fiscal year should be available based on either a perpetual or periodic inventory system.

Response - I have contacted each department to get their complete list of inventory items. When I contacted them, I also asked that any new items purchased be noted on the invoice as a new inventory item when claims are paid. This way, every June each department can review their inventory and the additions are already there and they only need to mark the deletions or add if they inherited something. Currently, we are about half done with the asset listing.

Conclusion - Response accepted.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

Wright County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year.

IV-B-02 Certified Budget - Disbursements during the year ended June 30, 2002 exceeded the amounts budgeted in the Debt Service and Roads and Transportation Service Areas. 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 service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response - I plan to keep a closer eye in the department budgets and service areas for expenditures. Hopefully, budget amendments will be done earlier in the year, if needed.

Conclusion - Response accepted.

IV-C-02 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-02 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Wright County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-E-02 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Fred Meeder, Deputy Sheriff, owner of Lock Service and Supply	Padlocks	\$ 382
Merle Weidemann, Secondary Roads Department employee, owner of Snow Trails North Repair	Parts and repair	1,906
Steve Janssen, Secondary Roads Department employee	Mowing ditches/roadsides	10,685
Mike Oliver, Secondary Roads Department employee	Election set-ups	550
Steve Janssen, Secondary Roads employee	Election set-ups	400

Recommendation - The transactions with Merle Weidemann for parts and repair and Steve Janssen for mowing ditches/roadsides may represent conflicts of interest. The County should consult legal counsel to determine the disposition of these matters. In accordance with Chapter 331.342 of the Code of Iowa, the transactions for padlocks and election set-ups do not appear to represent conflicts of interest since the cumulative total per individual was less than \$1,500 during the fiscal year.

Response - The Supervisors will put the mowing ditches/roadsides out for bids. They have already spoke to the Engineer concerning this matter.

Conclusion - Response acknowledged. In addition, the Supervisors should also request bids for parts and repair.

IV-F-02 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-G-02 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the Board went into closed session on February 18, 2002 and March 18, 2002. The Board minutes did not document the vote of each member on the question of holding the closed sessions and the March meeting did not disclose the purpose of the closed session.

Recommendation - The Board minutes should document the vote of each member and disclose the purpose of the closed session as required by Chapter 21.5 of the Code of Iowa.

Wright County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Response - Closed sessions will contain the vote of how each board member voted going into closed session. We will be more conscientious of disclosing the purpose in the future. I have given a copy of the Iowa Open Meetings Open Records Handbook to each supervisor and reviewed it again myself.

Conclusion- Response accepted.

IV-H-02 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-I-02 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-02 County Ordinances- The County Board of Supervisors has not completed a compilation of County ordinances.

Recommendation - This compilation of County ordinances should be prepared and published as required by Chapter 331.302(9) of the Code of Iowa.

Response - I am currently working on compiling the County ordinances and should be completed by the end of March 2003. Published and approved.

Conclusion- Response accepted.

IV-K-02 Township Trustee - A Township Trustee did not submit a financial report to the County Auditor as required by Chapter 331.552(29) of the Code of Iowa. The Treasurer subsequently withheld apportioned tax funds owed to the Township as permitted by the Code of Iowa. Checks were prepared for the Township and then held by County Treasurer.

Recommendation- Checks should not be written and held, since this can weaken the internal control over expenditures. Per Code of Iowa Section 331.552(29), the County Treasurer is required to direct deposit tax revenues to the township.

Response - I didn't think it would take this long to resolve. I expect it to be taken care of this month (Jan. 2003). If a similar situation should arise, I will not apportion that fund, but keep in a trust fund.

Conclusion - Response accepted.

Wright County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-L-02 County Assessor - Certain minutes of the Conference Board and Board of Review minutes were not signed.

Recommendation - All minutes should be signed to authenticate action taken.

Response- I will make sure the minutes are signed after each meeting.

Conclusion- Response accepted.

IV-M-02 Image Checks - Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

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

Response - As of January 2003, we will obtain and retain an image of both the front and back of each cancelled check as required.

Conclusion - Response accepted.

IV-N-02 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2002 for the County Extension Office did not exceed the amount budgeted.

Chapter 554D.114 of the Code of Iowa allows the County Extension Office to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County Extension Office retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

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

Response- We have spoken with our bank and they are aware of the request. Therefore we will be complying with the request.

Conclusion - Response accepted.

Wright County

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Pamela L Brandenburg, Senior Auditor
Julie J. Lyon, CPA, Staff Auditor
Arlene M. Halfman, Assistant Auditor

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Deputy Auditor of State