WRIGHT COUNTY, MINNESOTA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2010

WRIGHT COUNTY, MINNESOTA
BUFFALO, MINNESOTA
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INTRODUCTORY SECTION

WRIGHT COUNTY, MINNESOTA
BUFFALO, MINNESOTA
PRINCIPAL COUNTY OFFICIALS
DECEMBER 31, 2010

Office	Name	Term Expires
Commissioners		
1st District	Rose Thelen	January 2013
2nd District	Pat Sawatzke	January 2011
3rd District	John D. Russek	January 2013
4th District	Elmer Eichelberg*	January 2011
5th District	Richard Mattson	January 2011
Officers		
Elected		
Attorney	Tom Kelly	January 2011
Auditor-Treasurer	Robert J. Hiivala	January 2011
Sheriff	Gary Miller	January 2011
Appointed		
Coordinator	Richard Norman	Indefinite
Assessor	Greg Kramber	December 2012
Court Administrator	Peggy Gentles	Indefinite
Highway Engineer	Wayne Fingalson	May 2014
Human Services Director	Don Mleziva	Indefinite
Recorder/Registrar of Titles	Larry Unger	Indefinite

* Chairperson

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Wright County
Buffalo, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County (the County), Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wright County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County, as of December 31, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2011, on our consideration of Wright County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Board of County Commissioners
Wright County

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress – other postemployment benefit plan, on pages 4 to 14, 50 to 54, and 55 respectively, are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wright County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LarsonAllen LLP

LarsonAllen LLP

Brainerd, Minnesota
August 9, 2011

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REQUIRED SUPPLEMENTARY INFORMATION

WRIGHT COUNTY
BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010

This section of the Wright County (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended December 31, 2010. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year, 2010, and the prior year, 2009, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- County-wide net assets increased 6.9 percent in 2010 over the prior year due primarily to increases in capital assets purchased with grant funds received rather than the issuance of debt.

- Overall governmental fund-level revenues totaled $100,990,528 and were $3,556,187 more than expenditures in 2010. This overage of revenues to expenditures was primarily due to an increase in tax revenues and lower than budgeted expenditures.

- The General Fund's fund balance increased $2,400,932 from the prior year as a result of increased tax revenue and expenditures coming in under budget, primarily general government and public safety expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

- The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements which provide both short-term and long-term information about the County's overall financial status.

- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.

  - The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short-term as well as what remains for future spending.

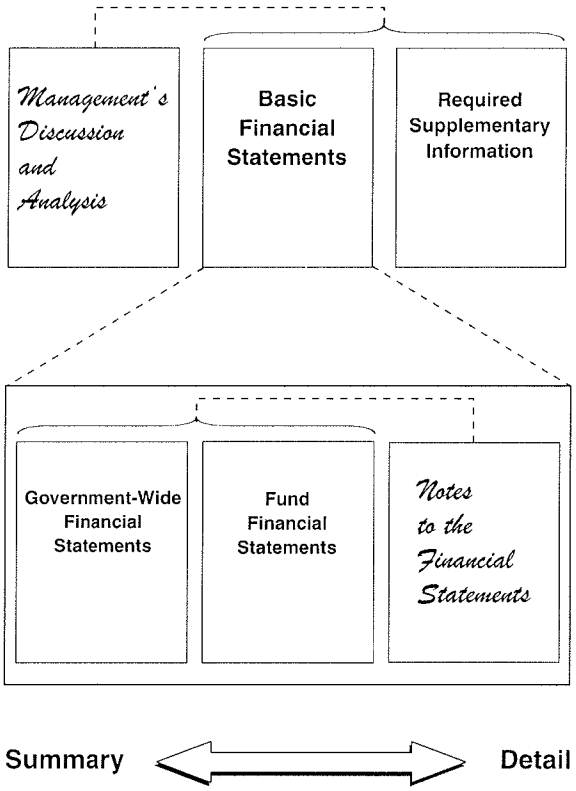
  - Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Annual Report Format



OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2.
Major Features of the County's Government-Wide and Fund Financial Statements

Type of Statements	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	Instances in which the County is the trustee or agent for someone else's resources.
Required financial statements	Statement of net assets.	Balance sheet.	Statement of fiduciary net assets.
	Statement of activities.	Statement of revenues, expenditures and changes in fund balance.	Statement of changes in fiduciary net assets.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both short-term and long-term, Agency's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-Wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the County's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements (Continued)

The two government-wide statements report the County's net assets and how they have changed. Net assets – the difference between the County's assets and liabilities – are one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the County, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of county buildings and other facilities.

In the government-wide financial statements the County's activities are shown in a single category:

- Governmental activities – The County's basic services are included here. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The County has two kinds of funds:

- Governmental Funds – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Fiduciary Funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets

The County's total net assets were $225,428,338 on December 31, 2010, an increase of $14,421,037 from the prior year. The main reason for this increase is the County's investment in capital assets with grant funds received (see Table A-1).

Table A-1
The County's Net Assets

	Governmental Activities	
	2010	2009
Current and Other Assets	$ 58,722,960	$ 58,463,888
Capital Assets	242,910,729	236,287,247
Total Assets	301,633,689	294,751,135
Current Liabilities	11,374,001	13,273,529
Long-Term Liabilities	64,831,350	70,470,305
Total Liabilities	76,205,351	83,743,834
Net Assets		
Invested in Capital Assets, Net of Related Debt	176,096,211	165,619,544
Restricted	5,288,015	7,041,230
Unrestricted	44,044,112	38,346,527
Total Net Assets	$ 225,428,338	$ 211,007,301

CHANGE IN NET ASSETS

The government-wide total revenues were $99,903,220 for the year ended December 31, 2010 (an increase of $6,490,629). This increase is primarily attributable to increased operating and capital grants and contributions. Property taxes, operating grants and contributions, and capital grants and contributions accounted for 74% of total revenue for the year (see Table A-2).

Table A-2
Change in Net Assets

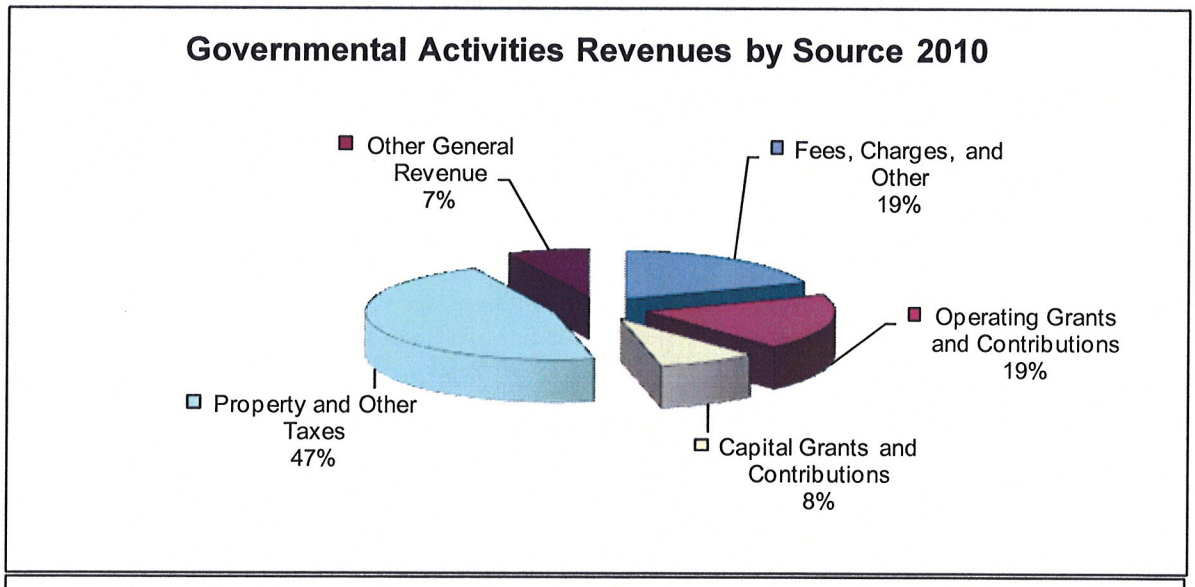
	Governmental Activities		Total %
	2010	2009	Change
REVENUES			
Program Revenues			
Charges for Services	$ 19,240,824	$ 19,158,121	0.4 %
Operating Grants and Contributions	18,923,830	16,799,008	12.6
Capital Grants and Contributions	8,384,642	6,442,737	30.1
General Revenues			
Property Taxes	46,150,880	43,165,642	6.9
Other	7,203,044	7,847,083	(8.2)
Total Revenues	99,903,220	93,412,591	6.9
EXPENSES			
General Government	21,796,688	19,080,422	14.2
Public Safety	25,477,543	24,111,249	5.7
Highways and Streets	9,740,054	9,879,262	(1.4)
Sanitation	751,181	800,374	(6.1)
Human Services	18,560,148	18,452,789	0.6
Health	3,510,419	3,164,911	10.9
Culture and Recreation	2,257,509	3,046,907	(25.9)
Conservation of Natural Resources	455,188	493,765	(7.8)
Economic Development	-	50,000	(100.0)
Interest	2,933,453	3,066,853	(4.3)
Total Expenses	85,482,183	82,146,532	4.1
CHANGE IN NET ASSETS	14,421,037	11,266,059	28.0
Net Assets - Beginning of Year	211,007,301	199,741,242	5.6
NET ASSETS - END OF YEAR	$ 225,428,338	$ 211,007,301	6.8

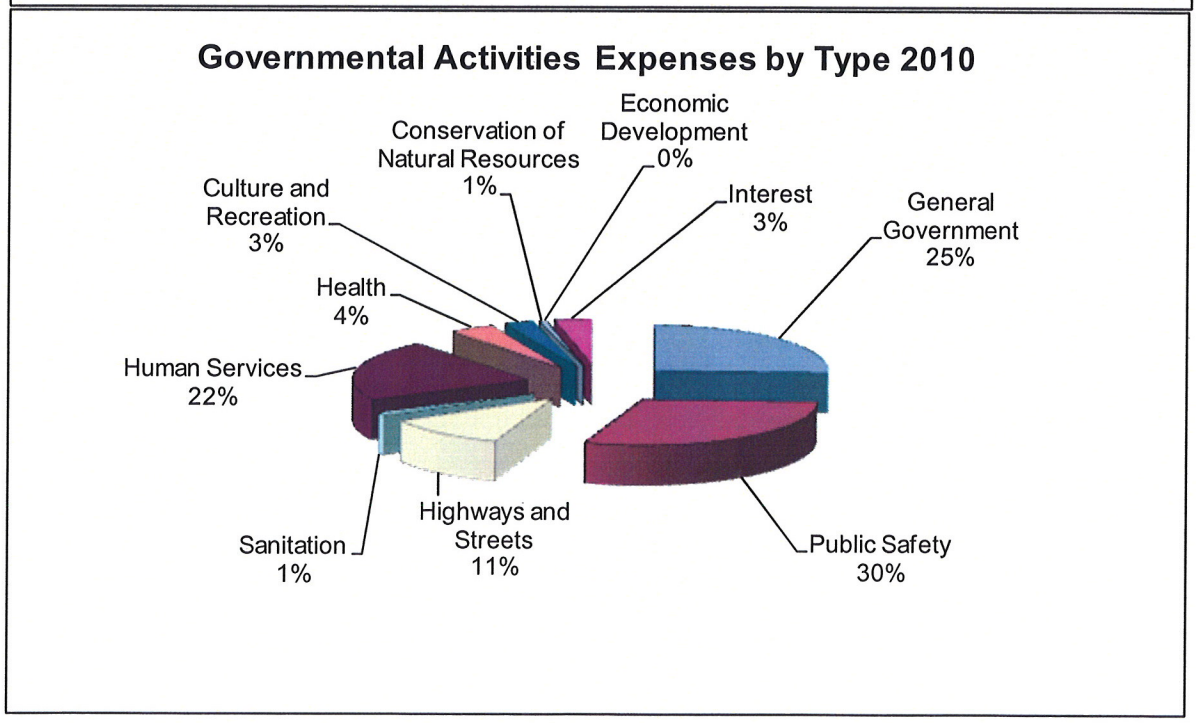
Total revenues surpassed expenses, increasing net assets $14,421,037 over last year.

CHANGE IN NET ASSETS (CONTINUED)

The government-wide cost of all governmental activities this year was $85,482,183

- Some of the cost was paid by the users of the County's programs ($19,240,824).
- The federal and state governments subsidized certain programs with grants and contributions ($27,308,472).
- The remainder of the County's governmental activities costs ($38,932,887) however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities and the increase in net assets was covered by $46,150,880 in property taxes, $5,414,878 of state aid, $1,519,891 of investment earnings, and other general revenues.





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CHANGE IN NET ASSETS (CONTINUED)

Table A-3 presents the cost of each of the County's program function, as well as each function's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Table A-3
Expenses and Net (Revenue) Cost of Services

	Total Cost of Services		Percentage	Net (Revenue) Cost of Services		Percentage
	2010	2009	Change	2010	2009	Change
GOVERNMENTAL ACTIVITIES						
General Government	$ 21,796,688	$ 19,080,422	14.2 %	$ 11,387,478	$ 9,199,872	23.8 %
Public Safety	25,477,543	24,111,249	5.7	17,365,678	16,894,758	2.8
Highways and Streets	9,740,054	9,879,262	(1.4)	(1,082,353)	20,360	(5416.1)
Sanitation	751,181	800,374	(6.1)	(1,029,560)	(995,124)	3.5
Human Services	18,560,148	18,452,789	0.6	6,168,644	7,099,532	(13.1)
Health	3,510,419	3,164,911	10.9	1,299,034	1,585,913	(18.1)
Culture and Recreation	2,257,509	3,046,907	(25.9)	1,517,072	2,546,942	(40.4)
Conservation of Natural Resources	455,188	493,765	(7.8)	377,158	330,986	13.9
Economic Development	-	50,000	(100.0)	(3,717)	(3,426)	8.5
Interest	2,933,453	3,066,853	(4.3)	2,933,453	3,066,853	(4.3)
Total	$ 85,482,183	$ 82,146,532	4.1	$ 38,932,887	$ 39,746,666	(2.0)

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County, as a whole, is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of $52,328,552. Revenues for the County's governmental funds were $100,990,528, while total expenditures were $97,434,341 – both increasing from the 2009 amounts.

The General Fund includes the primary operations of the County in providing services to citizens. Fund balance increased by $2,400,932 during 2010. This increase is primarily due to an increase in tax revenues and expenditures coming in under budget.

The Road and Bridge Fund has a total fund balance of $7,903,429. The fund balance increased in 2010 primarily due to construction costs coming in under the budgeted amounts.

The Human Services Fund has a total fund balance of $5,023,611. It increased $1,448,512 from 2009 due to increased grant revenues and decreased health expenditures.

The Debt Service Fund has a total fund balance of $2,237,183. It decreased $1,170,570 from 2009 due to the planned use of fund balance.

The Capital Project Fund has a total fund balance of $5,803,952. It decreased $3,582,516 from 2009 due to transfers out to other funds for capital outlay expenditures.

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

The following schedule presents a summary of General Fund Revenues:

Table A-4
General Fund Revenues

	Year Ended		Change	
Fund	December 31, 2010	December 31, 2009	Increase (Decrease)	Percent
Taxes	$ 27,147,047	$ 26,536,247	$ 610,800	2.3 %
Intergovernmental	6,150,967	6,435,219	(284,252)	(4.4)
Charges for Services	7,645,123	7,825,017	(179,894)	(2.3)
Gifts and Contributions	-	2,000	(2,000)	(100.0)
Interest	1,504,053	1,104,452	399,601	36.2
Miscellaneous and Other	5,514,731	5,387,370	127,361	2.4
Total General Fund Revenues	$ 47,961,921	$ 47,290,305	$ 671,616	1.4

Total General Fund revenues increased by $671,616, or 1.4%, from the previous year due primarily to increases in tax levy, interest income, and miscellaneous revenues.

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2010	December 31, 2009	Increase (Decrease)	Percent
General Government	$ 19,358,369	$ 18,168,730	$ 1,189,639	6.5 %
Public Safety	23,766,872	22,661,971	1,104,901	4.9
Culture and Recreation	1,205,561	1,078,665	126,896	11.8
Conservation	403,216	444,371	(41,155)	(9.3)
Intergovernmental	1,955,570	1,977,418	(21,848)	(1.1)
Total Expenditures	$ 46,689,588	$ 44,331,155	$ 2,358,433	5.3

The increase in General Fund expenditures is due primarily to an increase in salary expenditures and capital project initiatives in 2010.

General Fund Budgetary Highlights

Over the course of the year, the County revised the annual operating budget for the General Fund for the allocation of cost of living adjustments and step increases. The adjustment increased the departmental budgets, and reduced the Other General Government budget. The total budget did not change. In general, the County does not make a significant amount of budget amendments during the year.

- Actual revenues were $679,379 less than expected; this is primarily due the State of Minnesota unallotment of county program aid and market value credit intergovernmental revenues.
- The actual expenditures were $3,419,380 less than budget due primarily to position vacancies and conservative spending.

CONSTRUCTION PROJECTS AND DEBT SERVICE

In addition to a number of road projects, the County made a significant investment in park land.

The County issued $1,725,000 of capital improvement refunding bonds during 2009. During 2010 these bonds were used to refinance the remaining portion of the 1998A GO capital improvement bonds.

An annual levy is made to fund the bond payments for all previous bond issues.

CAPITAL ASSETS

By the end of 2010, the County had invested approximately $315,000,000 in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements). Total depreciation expense for the year was $7,086,822.

Table A-6
The County's Capital Assets

	Governmental Activities		Percent
	2010	2009	Change
Land	$ 23,092,460	$ 20,974,453	10.1 %
Construction-in-Progress	2,078,653	3,515,560	(40.9)
Buildings	99,104,627	98,482,372	0.6
Machinery, Furniture, and Equipment	18,710,139	18,012,074	3.9
Infrastructure	172,035,300	160,882,947	6.9
Less: Accumulated Depreciation	(72,110,450)	(65,580,159)	10.0
Total	$ 242,910,729	$ 236,287,247	2.8

LONG-TERM LIABILITIES

At year-end, the County had $75,200,247 in long-term liabilities outstanding, including the current portion of long-term debt.

- The County's governmental activities total debt decreased $4,550,418 during the fiscal year, due primarily to the repayment of bonds according to the repayment schedules.

Table A-7
The County's Long-Term Liabilities

	2010	2009	Percentage Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds - Net of Discounts	$ 60,670,025	$ 65,307,041	(7.1)%
General Obligation Capital Notes	7,325,000	7,325,000	-
Contract for Deed	32,000	64,000	(50.0)
Loans Payable	3,200,000	3,650,000	(12.3)
Compensated Absences Payable	3,367,767	3,057,682	10.1
Other Postemployment Benefit Plan	605,455	346,942	74.5
Total	$ 75,200,247	$ 79,750,665	(5.7)

FACTORS BEARING ON THE COUNTY'S FUTURE

The County is dependent on the State of Minnesota for a significant portion of its revenue. Recent experience demonstrates that the legislature may decrease revenues again.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Hiivala, County Auditor-Treasurer at (763) 682-7579.

BASIC FINANCIAL STATEMENTS

WRIGHT COUNTY
BUFFALO, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS	
Cash and Pooled Investments	$ 51,355,660
Petty Cash and Change Funds	2,560
Taxes Receivable - Delinquent	2,360,267
Special Assessments Receivable	
Delinquent	164,754
Noncurrent	469,303
Accounts Receivable - Net	355,992
Accrued Interest Receivable	381,431
Loans Receivable	78,376
Due from Other Governments	2,131,038
Inventory	1,154,202
Deferred Charges	251,321
Advances to Other Governments	18,056
Non-Depreciable Capital Assets	
Land	23,092,460
Construction-in-Progress	2,078,653
Depreciable Capital Assets - Net of Accumulated Depreciation	
Buildings	75,810,762
Machinery, Furniture, and Equipment	8,124,867
Infrastructure	133,803,987
Total Assets	301,633,689
LIABILITIES	
Accounts Payable	1,125,883
Salaries Payable	817,265
Contracts Payable	468,826
Other Accrued Liabilities	16,071
Due to Other Governments	565,066
Deferred Revenue - Unearned	68,352
Accrued Interest Payable	318,641
General Obligation Bonds Payable - Due Within One Year	3,200,000
General Obligation Notes Payable - Due Within One Year	2,425,000
Contract for Deed - Due Within One Year	32,000
Loans Payable - Due Within One Year	450,000
Compensated Absences Payable - Due Within One Year	1,886,897
General Obligation Bonds Payable - Due in More Than One Year	57,470,025
General Obligation Notes Payable - Due in More Than One Year	2,525,000
Loans Payable - Due in More Than One Year	2,750,000
Other Postemployment Benefits Payable - Due in More Than One Year	605,455
Compensated Absences Payable - Due in More Than One Year	1,480,870
Total Liabilities	76,205,351
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	176,096,211
Restricted For:	
General Government	1,287,981
Public Safety	798,837
Culture and Recreation	41,163
Economic Development	240,419
Debt Service	2,630,946
Compost Facility	288,669
Unrestricted	44,044,112
Total Net Assets	$ 225,428,338

See accompanying Notes to Financial Statements.

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WRIGHT COUNTY
BUFFALO, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Fees, Charges, Fines, and Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
GOVERNMENTAL ACTIVITIES					
General Government	$ 21,796,688	$ 8,914,643	$ 1,068,438	$ 426,129	$ (11,387,478)
Public Safety	25,477,543	5,752,092	1,641,573	718,200	(17,365,678)
Highways and Streets	9,740,054	934,299	3,264,653	6,623,455	1,082,353
Sanitation	751,181	1,410,446	370,295	-	1,029,560
Human Services	18,560,148	1,594,173	10,797,331	-	(6,168,644)
Health	3,510,419	489,251	1,722,134	-	(1,299,034)
Culture and Recreation	2,257,509	123,579	-	616,858	(1,517,072)
Conservation of Natural Resources	455,188	18,624	59,406	-	(377,158)
Economic Development	-	3,717	-	-	3,717
Interest	2,933,453	-	-	-	(2,933,453)
Total Governmental Activities	$ 85,482,183	$ 19,240,824	$ 18,923,830	$ 8,384,642	(38,932,887)
GENERAL REVENUES					
Property Taxes					46,150,880
Gravel Taxes					133,358
Mortgage Registry and Deed Tax					107,631
Grants and Contributions not Restricted for a Particular Purpose					5,414,878
Investment Earnings					1,519,891
Miscellaneous					14,734
Gain on Sale of Capital Assets					12,552
Total General Revenues					53,353,924
CHANGE IN NET ASSETS					14,421,037
Net Assets - Beginning of Year					211,007,301
NET ASSETS - END OF YEAR					$ 225,428,338

See accompanying Notes to Financial Statements.

WRIGHT COUNTY
BUFFALO, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Road and Bridge	Human Services
ASSETS			
Cash and Pooled Investments	$ 26,907,109	$ 7,293,320	$ 4,710,839
Petty Cash and Change Funds	2,350	150	60
Taxes Receivable			
Delinquent	1,371,943	363,782	417,130
Special Assessments Receivable			
Delinquent	53,739	-	-
Deferred	-	-	-
Accounts Receivable	28,402	513	320,581
Accrued Interest Receivable	381,431	-	-
Loans Receivable	-	-	-
Due from Other Funds	19,261	48,158	-
Due from Other Governments	335,322	291,345	1,145,803
Inventories	-	1,154,202	-
Advances to Other Governments	-	-	-
Advances to Other Funds	17,400	-	-
Total Assets	$ 29,116,957	$ 9,151,470	$ 6,594,413

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 2,181,420	$ 5,476,466	$ 4,786,506	$ 51,355,660
-	-	-	2,560
205,722	-	1,690	2,360,267
109,172	-	1,843	164,754
453,273	-	16,030	469,303
-	2,486	4,010	355,992
-	-	-	381,431
-	-	78,376	78,376
-	-	-	67,419
-	325,000	33,568	2,131,038
-	-	-	1,154,202
-	18,056	-	18,056
-	-	-	17,400
$ 2,949,587	$ 5,822,008	$ 4,922,023	$ 58,556,458

WRIGHT COUNTY
BUFFALO, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Road and Bridge	Human Services
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 500,106	$ 131,432	$ 476,047
Salaries Payable	495,542	54,568	266,827
Contracts Payable	-	468,826	-
Other Accrued Liabilities	-	-	16,071
Due to Other Funds	45,892	-	17,358
Due to Other Governments	164,498	5,641	298,259
Deferred Revenue - Unavailable	1,170,166	587,574	496,240
Deferred Revenue - Unearned	68,352	-	-
Advance from Other Funds	-	-	-
Total Liabilities	2,444,556	1,248,041	1,570,802
FUND BALANCES			
Reserved for			
Encumbrances	-	527,198	-
Inventories	-	1,154,202	-
Advance to Other Funds	17,400	-	-
Change Funds	2,350	150	60
Debt Service	-	-	-
Compost Facility	-	-	-
Miscellaneous Items	-	-	-
Capital Projects	-	-	-
Unreserved			
Designated for Cash Flows	15,518,929	3,956,755	4,476,249
Designated for Compensated Absences	2,300,429	280,711	547,302
Designated for Construction	-	-	-
Designated for Nonmajor Special Revenue Funds	-	-	-
Undesignated	8,833,293	1,984,413	-
Unreserved, Reported in Special Revenue Funds	-	-	-
Total Fund Balances	26,672,401	7,903,429	5,023,611
Total Liabilities and Fund Balances	$ 29,116,957	$ 9,151,470	$ 6,594,413

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 18,298	$ 1,125,883
-	-	328	817,265
-	-	-	468,826
-	-	-	16,071
-	-	4,169	67,419
-	-	96,668	565,066
712,404	18,056	97,184	3,081,624
-	-	-	68,352
-	-	17,400	17,400
712,404	18,056	234,047	6,227,906
-	-	-	527,198
-	-	-	1,154,202
-	-	-	17,400
-	-	-	2,560
2,237,183	-	-	2,237,183
-	-	289,703	289,703
-	-	2,290,023	2,290,023
-	12,198	-	12,198
-	-	-	23,951,933
-	-	-	3,128,442
-	5,791,754	-	5,791,754
-	-	683,662	683,662
-	-	-	10,817,706
-	-	1,424,588	1,424,588
2,237,183	5,803,952	4,687,976	52,328,552
$ 2,949,587	$ 5,822,008	$ 4,922,023	$ 58,556,458

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WRIGHT COUNTY
BUFFALO, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		$ 52,328,552
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		242,910,729
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		3,081,624
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Bonds and Any Related Unamortized Discounts or Premiums	$ (60,670,025)	
General Obligation Notes and Any Related Unamortized Discounts or Premiums	(4,950,000)	
Deferred Debt Issuance Charges	251,321	
Accrued Interest Payable	(318,641)	
Contract for Deed Payable	(32,000)	
Loans Payable	(3,200,000)	
Other Postemployment Benefits	(605,455)	
Compensated Absences	(3,367,767)	(72,892,567)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 225,428,338

See accompanying Notes to Financial Statements.

WRIGHT COUNTY
BUFFALO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	General	Road and Bridge	Human Services
REVENUES			
Taxes	$ 27,147,047	$ 6,954,635	$ 7,968,734
Special Assessments	-	-	-
Licenses and Permits	88,057	-	-
Intergovernmental	6,150,967	11,300,989	13,196,063
Charges for Services	7,645,123	776,404	1,724,221
Fines and Forfeits	154,635	-	-
Gifts and Contributions	-	-	21,184
Interest on Investments	1,504,053	-	6,223
Miscellaneous	5,272,039	338,988	427,353
Total Revenues	47,961,921	19,371,016	23,343,778
EXPENDITURES			
CURRENT			
General Government	19,358,369	-	-
Public Safety	23,766,872	-	-
Highways and Streets	-	17,407,920	-
Sanitation	-	-	-
Human Services	-	-	18,477,078
Health	-	-	3,498,188
Culture and Recreation	1,205,561	-	-
Conservation of Natural Resources	403,216	-	-
INTERGOVERNMENTAL			
Culture and Recreation	1,955,570	-	-
Conservation of Natural Resources	-	-	-
CAPITAL OUTLAY			
General Government	-	-	-
Public Safety	-	-	-
DEBT SERVICE			
Principal	-	450,000	-
Interest	-	55,300	-
Bond Issue Costs	-	-	-
Total Expenditures	46,689,588	17,913,220	21,975,266
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,272,333	1,457,796	1,368,512
OTHER FINANCING SOURCES (USES)			
Transfers In	1,177,814	552,950	80,000
Transfers Out	(123,138)	-	-
Payment on Refunded Bonds	-	-	-
Proceeds from Sale of Assets	73,923	15,627	-
Total Other Financing Sources (Uses)	1,128,599	568,577	80,000
NET CHANGE IN FUND BALANCES	2,400,932	2,026,373	1,448,512
Fund Balances - Beginning of Year	24,271,469	5,675,080	3,575,099
INCREASE IN RESERVED FOR INVENTORIES	-	201,976	-
FUND BALANCES - END OF YEAR	$ 26,672,401	$ 7,903,429	$ 5,023,611

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 4,613,027	$ -	$ 129,287	$ 46,812,730
1,364,705	-	23,686	1,388,391
-	-	50,575	138,632
160,305	1,693,917	663,483	33,165,724
-	306,438	681,363	11,133,549
-	-	115,992	270,627
-	-	1,766	22,950
-	1,969	11,363	1,523,608
-	444,191	51,746	6,534,317
6,138,037	2,446,515	1,729,261	100,990,528
7,830	-	110,844	19,477,043
-	-	558,610	24,325,482
-	-	51,993	17,459,913
-	-	449,579	449,579
-	-	-	18,477,078
-	-	-	3,498,188
-	-	3,355	1,208,916
-	-	34,966	438,182
-	-	-	1,955,570
-	-	20,046	20,046
-	1,308,722	-	1,308,722
-	263,869	-	263,869
5,055,000	32,000	-	5,537,000
2,956,547	-	-	3,011,847
2,906	-	-	2,906
8,022,283	1,604,591	1,229,393	97,434,341
(1,884,246)	841,924	499,868	3,556,187
2,613,676	-	123,138	4,547,578
-	(4,424,440)	-	(4,547,578)
(1,900,000)	-	-	(1,900,000)
-	-	-	89,550
713,676	(4,424,440)	123,138	(1,810,450)
(1,170,570)	(3,582,516)	623,006	1,745,737
3,407,753	9,386,468	4,064,970	50,380,839
-	-	-	201,976
$ 2,237,183	$ 5,803,952	$ 4,687,976	$ 52,328,552

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WRIGHT COUNTY
BUFFALO, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 1,745,737
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for General Capital Assets and Infrastructure	$ 13,787,302	
Net book Value of Disposed Assets	(76,998)	
Current Year Depreciation	(7,086,822)	6,623,482
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(1,099,860)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal Repayments		
General Obligation Bonds	4,580,000	
General Obligation Notes	2,375,000	
Contract for Deed	32,000	
Loans Payable	450,000	7,437,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Other Postemployment Benefit Plan	(258,513)	
Change in Accrued Interest Payable	49,203	
Amortization of Premiums and Deferred Issuance Charges	32,097	
Change in Compensated Absences	(310,085)	
Change in Inventories	201,976	(285,322)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 14,421,037

See accompanying Notes to Financial Statements.

WRIGHT COUNTY
BUFFALO, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2010

ASSETS	
Cash and Pooled Investments	$ 4,342,139
LIABILITIES	
Funds Held in Trust	$ 185,273
Due to Other Governments	4,156,866
Total Liabilities	$ 4,342,139

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wright County's (the County) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Wright County was established February 20, 1855, and is an organized county having the powers, duties, and privileges granted counties by *Minnesota Statutes* ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Wright County (primary government) and its component units for which the County is financially accountable. There is financial accountability if the primary government appoints a voting majority of an organization's governing body and had the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the primary government. Based on the criteria for determining component units, the County is not required to include any component units. The County is governed by a five-member Board of County Commissioners elected from districts within the County. The Board is organized with a chair and vice-chair elected at the annual meeting in January of each year.

Joint Ventures

The County participates in joint ventures which are described in Note 6.C. The County also participates in jointly-governed organizations which are described in Note 6.D.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

In the government-wide statement of net assets are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of the governmental fund financial statements are on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the Highway Department which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs.

The Debt Service Fund is used to account for payment of principal and interest on debt.

The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities.

Additionally, the County reports the following fiduciary fund type:

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agency capacity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Wright County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at year end, based on market prices. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investments are credited to the general fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

Wright County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to *Minnesota Statutes* §471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent maturities of interfund loans).

All receivables are shown net of an allowance for uncollectibles which is calculated on a case-by-case basis.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of the initial capitalization of general infrastructure reported in governmental activities, the County chose to include all such items acquired since 1980. The County was able to record the capital assets at cost dating back to 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Infrastructure	50
Furniture, Equipment, and Machinery	3 - 20

5. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balance

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

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, major special revenue funds, and one nonmajor governmental fund. All appropriations lapse at year-end.

On or before mid-August of each year, all departments submit requests for appropriations to the County Auditor so that a budget can be prepared. Before October 31, the proposed budget is presented to the Board of County Commissioners for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department and between departments require approval of the Board of County Commissioners. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriation – is the department level. The Board made some supplemental budgetary appropriations throughout the year, however, none were material.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2010, based on market prices. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investments are credited to the general fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

Wright County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to *Minnesota Statutes* §471.59. The MAGIC Fund is not registered with the Securities Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore the fair value of the County's position in the pool is the same as the value of the pool of shares.

Reconciliations of the County's total deposits, cash on hand, and investments to the basic financial statements follows:

TOTAL CASH AND INVESTMENTS	
Government-Wide Statement of Net Assets	
Cash and Pooled Investments	$ 51,355,660
Petty Cash and Change Funds	2,560
Statement of Fiduciary Net Assets	
Cash and Pooled Investments	4,342,139
Total Cash and Investments	$ 55,700,359
Deposits	$ 23,466,076
Change Funds	2,560
Investments	32,231,723
Total Deposits, Cash and Investments	$ 55,700,359

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk - Deposits
In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral he held in safekeeping in a restricted account at the Federal Reserve Bank, at an account at a trust department of a commercial bank or other financial institution not owned, or controlled by the financial institution furnishing the collateral.

The County's deposits in banks at December 31, 2010 totaled $23,466,076 per banks. All deposits as of December 31, 2010 were fully insured with FDIC insurance.

Minnesota Statutes §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

(a) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by *Minnesota Statutes* §118a.04, Subd. 6;

(b) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(c) General obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(d) Bankers' acceptances of United States banks;

(e) Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

(f) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest Rate Risk
Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of the investment. The County's investment policy is to invest in both short-term and long-term investments to limit the exposure to interest rate risk.

As of December 31, 2010, the County had the following investments:

Type	Fair Value	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S. Government Securities	$ 20,067,424	$ -	$ 503,355	$ 1,005,398	$ 18,558,671
Treasury Notes/Bonds	647,453	-	-	-	647,453
Investment Pool/MAGIC Fund	8,355,021	8,355,021	-	-	-
Negotiable Certificates of Deposit	3,161,825	1,097,510	303,066	1,512,740	248,508
Total	$ 32,231,723	$ 9,452,531	$ 806,421	$ 2,518,138	$ 19,454,632

Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy is to invest in securities that meet the ratings requirements set by state statute.

The County's exposure to credit risk as of December 31, 2010, is as follows:

Type	Credit Quality Rating *	Fair Value
U.S. Government Securities	AAA	$ 14,683,068
U.S. Government Securities	Not Rated	999,040
Treasury Notes/Bonds	Not Rated	647,453
Municipal Securities	AA1	554,121
Municipal Securities	AA2	2,581,766
Municipal Securities	Not Rated	1,249,429
Investment Pool/MAGIC Fund	Not Rated	8,355,021
Negotiable Certificates of Deposit	Not Rated	3,161,825
Total		$ 32,231,723

* Credit Quality Ratings provided by Moody's and S&P.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Concentration Credit Risk
The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that investments in MAGIC Fund, U.S. Treasury securities, U.S. Agency securities, and obligations backed by U.S. Treasury and/or U.S. Agency securities, may be held without limit.

As of December 31, 2010, investments in any one issuer that represent five percent or more of the County's investments are as follows:

Type	Amount	Percentage
Federal Home Loan Bank	$ 4,363,309	11.5 %
Federal Home Mortgage Corporation	6,644,204	19.9
Federal National Mortgage Association	2,636,270	14.3
Federal Farm Credit Bank	2,038,325	6.0

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of failure by the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a specific policy for custodial credit risk. As of December 31, 2010, the County's investments were not exposed to custodial credit risk.

2. Receivables

Receivables as of December 31, 2010 for the County are as follows:

	County Receivable	Amounts Not Received During the Period of Availability
Taxes	$ 2,360,267	$ 1,918,120
Special Assessments	634,057	619,461
Accounts	355,992	-
Loans Receivable	78,376	96,432
Advances to Other Governments	18,056	-
Interest	381,431	-
Due from Other Governments	2,131,038	447,611
Total	$ 5,959,217	$ 3,081,624

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	$ 20,974,453	$ 2,118,007	$ -	$ 23,092,460
Construction in Progress	3,515,560	11,010,179	12,447,086	2,078,653
Total Capital Assets, No Being Depreciated	24,490,013	13,128,186	12,447,086	25,171,113
Capital Assets, Being Depreciated				
Buildings	98,482,372	622,255	-	99,104,627
Machinery and Equipment	18,012,074	1,331,594	633,529	18,710,139
Infrastructure	160,882,947	11,152,353	-	172,035,300
Total Capital Assets, Being Depreciated	277,377,393	13,106,202	633,529	289,850,066
Less Accumulated Depreciation for				
Buildings	21,294,492	1,999,373	-	23,293,865
Machinery, Furniture, and Equipment	9,437,828	1,703,975	556,531	10,585,272
Infrastructure	34,847,839	3,383,474	-	38,231,313
Total Accumulated Depreciation	65,580,159	7,086,822	556,531	72,110,450
Total Capital Assets, Being Depreciated, Net	211,797,234	6,019,380	76,998	217,739,616
Governmental Activities Capital Assets, Net	$ 236,287,247	$ 19,147,566	$ 12,524,084	$ 242,910,729

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities	
General Government	$ 805,702
Public Safety	1,786,682
Highways and Streets, Including Depreciation of Infrastructure Assets	4,041,433
Human Services	65,231
Culture and Recreation	86,172
Sanitation	301,602
Total Depreciation Expense - Governmental Activities	$ 7,086,822

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2010, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Human Services	$ 10,917
	Human Services	4,175
	Other Governmental Funds - Ditch	4,169
Total Due to General Fund		19,261
Road and Bridge	Human Services	2,266
	General	45,892
Total Due to Road and Bridge		48,158
Total Due To/From Other Funds		$ 67,419

The due to and due from other funds are for interfund services not paid at year-end.

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	
	Ditch	$ 12,800
	Clearwater River Watershed District	4,600
Total Advanced to General Fund		$ 17,400

The advances to and from other funds are for cash flow purposes and are not expected to be repaid within the next year.

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2010, consisted of the following:

	Amount	Description
Transfers to General Fund from		
Capital Projects Fund	$ 1,177,814	To Provide Funding for Capital Outlay
Transfer to Road and Bridge from		
Capital Projects Fund	552,950	To Provide Funding for Capital Outlay
Transfer to Debt Service from		
Capital Projects Fund	2,613,676	To Close Excess Bond Proceeds to Debt Service Accounts
Transfer to Human Services Fund from		
Capital Projects Fund	80,000	To Provide Fund for Capital Outlay
Transfer to Reserves Fund from		
General Fund	123,138	To Transfer Existing Fund Balance for Reserves Accounts not Transferred in the Past
Total Interfund Transfers	$ 4,547,578	

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Construction Commitments

The County has active construction projects as of December 31, 2010. The projects include the following:

Governmental Activities	Spent-to-Date	Remaining Commitment
Roads and Bridges	$ 175,802	$ 12,198

2. Long-Term Debt

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2010
General Obligation Bonds and Notes					
1998A G.O. Capital Improvement Bonds	2018	$ 110,000 - 260,000	3.800 - 4.800	$ 3,270,000	$ -
2001A G.O. Sewer Revenue Bonds	2022	40,000 - 175,000	3.625 - 4.750	2,295,000	1,635,000
2003A G.O. Capital Improvement Bonds	2023	95,000 - 180,000	2.000 - 4.200	2,515,000	1,820,000
2004C G.O. Solid Waste Revenue Refunding Bonds	2012	840,000 - 1,185,000	3.350	8,285,000	2,315,000
2007A GO Jail Bond	2029	1,665,000 - 4,205,000	4.000 - 5.000	52,235,000	52,235,000
2008A GO Capital Note	2012	725,000 - 2,525,000	2.000 - 2.850	8,050,000	4,950,000
2009A GO CIP Refunding Bonds	2018	190,000 - 245,000	2.000 - 3.375	1,725,000	1,725,000
Total General Obligation Bonds and Notes				$ 78,375,000	64,680,000
Add: Unamortized Premium					981,393
Less: Unamortized Discount					(41,368)
Total General Obligation Bonds, Net					$ 65,620,025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2010, were as follows:

Year Ending	General Obligation Bonds		General Obligation Capital Notes	
December 31,	Principal	Interest	Principal	Interest
2011	$ 3,200,000	$ 2,727,848	$ 2,425,000	$ 135,013
2012	3,345,000	2,603,098	2,525,000	71,963
2013	2,240,000	2,472,420	-	-
2014	2,335,000	2,376,510	-	-
2015	2,430,000	2,275,003	-	-
2016-2020	13,795,000	9,675,085	-	-
2021-2025	16,610,000	6,184,783	-	-
2026-2029	15,775,000	1,914,013	-	-
Total	$ 59,730,000	$ 30,228,758	$ 4,950,000	$ 206,975

Year Ending	Loans Payable		Contract for Deed	
December 31,	Principal	Interest	Principal	Interest
2011	$ 450,000	$ 47,400	$ 32,000	$ -
2012	450,000	39,500	-	-
2013	450,000	31,600	-	-
2014	450,000	23,700	-	-
2015	450,000	15,800	-	-
2016-2020	950,000	7,900	-	-
2021-2025	-	-	-	-
2026-2030	-	-	-	-
Total	$ 3,200,000	$ 165,900	$ 32,000	$ -

4. Contract for Deed

The County has purchased land under contract for deeds. The payment schedule is identified above. In 2010, the County paid $32,000 from the capital projects fund.

5. Loans Payable

The County is involved in construction projects with the following entities with remaining balances as indicated: City of Albertville ($400,000); the City of Monticello ($1,200,000); and the City of St. Michael ($1,600,000). The County has agreed to pay a portion of the total construction costs. The payment schedule is noted above.

NOTE 3 · DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable					
General Obligation Bonds	$64,310,000	$ -	$ 4,580,000	$ 59,730,000	$ 3,200,000
General Obligation Capital Notes	7,325,000	-	2,375,000	4,950,000	2,425,000
Add: Amount of Unamortized Premiums	1,050,158	-	68,765	981,393	-
Less: Deferred Amounts for Discounts	(53,117)	-	(11,749)	(41,368)	-
Total Bonds Payable	72,632,041	-	7,012,016	65,620,025	5,625,000
Contract for Deed	64,000	-	32,000	32,000	32,000
Loans Payable	3,650,000	-	450,000	3,200,000	450,000
Compensated Absences	3,057,682	3,459,380	3,149,295	3,367,767	1,886,897
Other Postemployment Benefits	346,942	347,559	89,046	605,455	-
Governmental Activity Long-Term Liabilities	$79,750,665	$ 3,806,939	$ 10,732,357	$ 72,825,247	$ 7,993,897

Bonded debt is paid from the Debt Service Fund. Contract for Deeds are paid from the Capital Project Fund. Loans payable are paid from the Road and Bridge Fund. Compensated absences are paid from the General Fund, Road and Bridge Fund, Human Services Fund and Solid Waste Special Revenue Fund. Other Postemployment Benefits are paid from the General Fund.

7. Debt Refunding

In 2009, Wright County issued $1,725,000 General Obligation Capital Improvement Plan Refunding Bonds Series 2009A with interest rates of 2.000 to 3.375 percent to currently refund the $3,270,000 General Obligation Capital Improvement Bonds, Series 1998A with a refunding date of February 1, 2010.

The net proceeds of $1,731,947 were deposited into the County's savings account and paid the remaining portion of the General Obligation Capital Improvement Plan Bonds Series 1998A on their call date of February 1, 2010.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

7. Debt Refunding (Continued)

As a result of the 2009 current refunding, the County reduced its total debt service requirements by $143,123, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt service) of $128,093.

D. Nonmajor Reserve Fund – Fund Balance

The nonmajor Reserve Special Revenue Fund reported the following fund balance reservations and designations listed as miscellaneous reserves and designations at December 31, 2010:

Fund Balance Reservation	Amount
Reserved for Law Library	$ 119,720
Reserved for Victim Witness	12,485
Reserved for Gifts and Donations - Richard Ahlers	2,111
Reserved for Attorney Seizure	33,240
Reserved for Attorney DWI Seizure	8,744
Reserved for Recorders' Technology	969,760
Reserved for Gravel Pit	156,518
Reserved for E-911	541,859
Reserved for Drug Abuse Prevention	67,626
Reserved for Sheriff's Seizure	82,177
Reserved for Sheriff's Narcotic Grant	2,438
Reserved for Jail Canteen	13,542
Reserved for Mounted Patrol	904
Reserved for Sheriff DUI	77,804
Reserved for Gifts and Donations - Ney Park	39,052
Reserved for Economic Development Loans	162,043
Total Reserved Fund Balance Reserve Special Revenue Fund	$ 2,290,023

Fund Balance Designation	
Designated for Juvenile Restitution	$ 15,563
Designated for Attorney Drive Wright Program	21,028
Designated for Attorney Victim Witness	241
Designated for Attorney Sheriff Contingency	466
Designated for Gun Permits	164,843
Designated for County Parks	481,521
Total Designated Fund Balance Reserve Special Revenue Fund	$ 683,662

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Defined Benefit Plan

1. Plan Description

All full-time and certain part-time employees of Wright County are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes,* Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

1. Plan Description (Continued)

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF, PEPFF, and PECF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.00 percent, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.40 percent of their annual covered salary in 2010. PECF members are required to contribute 5.83 percent of their annual covered salary. Wright County is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.00 percent for Coordinated Plan PERF members, 14.10 percent for PEPFF members, and 8.75 percent for PECF members.

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

2. Funding Policy (Continued)

The County's contributions to the General Employees Retirement Fund, Public Employees Police & Fire Fund, and Public Employees Correctional Fund, for the years ending December 31, 2010, 2009, and 2008 were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund	Defined Contribution Plan
2010	$ 1,675,667	$ 1,197,182	$ 239,178	$ 6,289
2009	1,617,595	1,200,268	235,554	6,519
2008	1,408,964	1,014,333	185,110	5,967

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

Three Commissioners of the County are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes* Chapter 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, employer contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and four-tenths of one percent of assets in each member's account annually.

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by *Minnesota Statutes* §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to 100 percent of the total premium cost. As of January 1, 2010, there were ten retirees receiving health benefits from the County's health plan.

A. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost of 2010, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC):	$ 352,969
Interest on Net OPEB Obligation	15,612
Adjustment to ARC	(21,022)
Annual OPEB Cost	347,559
Contributions during the year	(89,046)
Increase in Net OPEB Obligation	258,513
Net OPEB - Beginning of the Year	346,942
Net OPEB - End of the Year	$ 605,455

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010, 2009, and 2008 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2010	$ 347,559	$ 89,046	25.6 %	$ 605,455
December 31, 2009	259,705	102,445	39.4	346,942
December 31, 2008	262,560	72,878	27.8	189,682

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

B. Funding Status

The County currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of assets is zero.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	$ -	$ 2,252,205	$ 2,252,205	- %	$ 35,840,320	6.28 %
1/1/2008	$ -	$ 1,743,959	$ 1,743,959	- %	$ 34,099,672	5.11 %

C. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.50 percent discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 3.00 percent. The annual healthcare cost trend rate is 8.50 percent initially, reduced incrementally to an ultimate rate of 5.00 percent after seven years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open thirty year period.

NOTE 6 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). For other risks, the County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee health and dental coverage. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $450,000 per claim in 2010. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining and the pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the in a method and amount to be determined by MCIT.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits and has received notice of other possible claims. Although the outcome of these lawsuits and other possible claims is not presently determinable, in the opinion of the county attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

NOTE 6 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Joint Ventures

Crow River Joint Powers Agreement
In 1999, Wright County entered into a joint powers agreement with Carver, Hennepin, Kandiyohi, McLeod, Pope, Renville, Sibley, and Stearns Counties, creating the Crow River Joint Powers Agreement. The Agreement is authorized by *Minnesota Statutes* §§103B.311 and 103B.315. The Prairie County Resource Conservation and Development council is the fiscal agent for this joint powers agreement.

The purpose of this agreement is the joint exercise of powers by counties to promote orderly water quality improvement and management of the Crow River Watershed through information sharing, education, coordination and related support to member counties by assisting in the implementing and goal achievement of comprehensive water plans which counties may develop and implement. Current financial statements are not available.

D. Jointly Governed Organizations

Wright County, in conjunction with other governmental entities and various private organizations, has formed the following jointly-governed organizations:

Great River Regional Library
The Great River Regional Library operates under a joint powers agreement and according to the authority granted by *Minnesota Statutes*. The specific operating framework is set forth in a service agreement which has been entered into by each of the seven members. The membership consists of six counties including Wright County and the City of St. Cloud. The Board of Directors consists of 15 people. The Wright Board of County Commissioners is entitled to appoint three people to the Board. The County's 2010 contribution to the Great River Regional Library of $1,955,570 is included in the expenditures of the General Fund.

Counties Computer Cooperative
The Counties Computer Cooperative was established to provide computer programming to member counties. During the year, Wright County expended $120,491 to the Cooperative.

NOTE 7 SUBSEQUENT EVENT

On February 8, 2011, the County issued General Obligation Sewer Revenue Refunding Bonds, Series 2011A for $1,495,000 bearing an interest rate of 2.6476%. These bonds were issued to refund the 2001A General Obligation Sewer Revenue Bonds.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

WRIGHT COUNTY
BUFFALO, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 28,767,956	$ 27,225,584	$ 27,147,047	$ (78,537)
Licenses and Permits	126,950	126,950	88,057	(38,893)
Intergovernmental	5,091,312	6,633,684	6,150,967	(482,717)
Charges for Services	7,976,336	7,976,336	7,645,123	(331,213)
Fines and Forfeits	207,500	207,500	154,635	(52,865)
Investment Earnings	1,300,000	1,300,000	1,504,053	204,053
Miscellaneous	5,171,246	5,171,246	5,272,039	100,793
Total Revenues	48,641,300	48,641,300	47,961,921	(679,379)
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	328,845	334,818	312,573	22,245
Courts	610,057	610,057	628,442	(18,385)
Court Services	3,108,418	3,245,020	3,002,249	242,771
County Administration	883,645	914,162	850,280	63,882
County Auditor-Treasurer	1,997,492	2,093,830	2,000,525	93,305
County Assessor	1,233,403	1,293,950	1,259,017	34,933
Elections	96,450	96,450	108,319	(11,869)
Information Technology	1,385,077	1,442,203	1,364,332	77,871
Attorney	2,468,662	2,576,431	2,458,601	117,830
Recorder	687,542	713,093	581,716	131,377
Surveyor	759,872	786,135	584,227	201,908
Planning and Zoning	1,230,744	1,280,073	1,177,181	102,892
Buildings and Plant	3,163,965	3,224,103	2,692,659	531,444
Veterans Service Officer	129,443	133,803	124,345	9,458
Other General Government	4,048,900	2,622,625	2,213,903	408,722
Total General Government	22,132,515	21,366,753	19,358,369	2,008,384
PUBLIC SAFETY				
Sheriff	16,844,655	17,386,255	16,305,663	1,080,592
Coroner	334,711	334,711	334,711	-
County Jail	7,090,051	7,284,360	7,004,070	280,290
Civil Defense	123,444	127,692	122,428	5,264
Total Public Safety	24,392,861	25,133,018	23,766,872	1,366,146

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

WRIGHT COUNTY
BUFFALO, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
CULTURE AND RECREATION				
Parks	$ 1,205,353	$ 1,225,409	$ 1,205,561	$ 19,848
CONSERVATION OF NATURAL RESOURCES				
County Extension	290,846	296,395	263,804	32,591
Soil and Water Conservation	131,823	131,823	139,412	(7,589)
Total Conservation of Natural Resources	422,669	428,218	403,216	25,002
INTERGOVERNMENTAL				
Culture and Recreation	1,955,570	1,955,570	1,955,570	-
Total Expenditures	50,108,968	50,108,968	46,689,588	3,419,380
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,467,668)	(1,467,668)	1,272,333	2,740,001
OTHER FINANCING SOURCES (USES)				
Transfers In	1,427,668	1,427,668	1,177,814	(249,854)
Transfers Out	-	-	(123,138)	(123,138)
Proceeds from Sale of Assets	40,000	40,000	73,923	33,923
Total Other Financing Sources (Uses)	1,467,668	1,467,668	1,128,599	(339,069)
NET CHANGE IN FUND BALANCE	$ -	$ -	2,400,932	$ 2,400,932
Fund Balance - Beginning of Year			24,271,469	
FUND BALANCE - END OF YEAR			$ 26,672,401	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

WRIGHT COUNTY
BUFFALO, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 7,361,370	$ 6,957,205	$ 6,954,635	$ (2,570)
Intergovernmental	9,498,677	9,902,842	11,300,989	1,398,147
Charges for Services	820,000	820,000	776,404	(43,596)
Miscellaneous	1,546,881	1,546,881	338,988	(1,207,893)
Total Revenues	19,226,928	19,226,928	19,371,016	144,088
EXPENDITURES				
CURRENT				
HIGHWAY AND STREETS				
Administration	605,762	605,762	582,606	23,156
Maintenance	3,908,606	3,908,606	3,923,589	(14,983)
Construction	12,657,291	12,657,291	11,134,262	1,523,029
Equipment and Maintenance Shops	2,084,212	2,084,212	1,767,463	316,749
Total Highways and Streets	19,255,871	19,255,871	17,407,920	1,847,951
DEBT SERVICE				
Principal	450,000	450,000	450,000	-
Interest	55,300	55,300	55,300	-
Total Debt Service	505,300	505,300	505,300	-
Total Expenditures	19,761,171	19,761,171	17,913,220	1,847,951
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(534,243)	(534,243)	1,457,796	1,992,039
OTHER FINANCING SOURCES (USES)				
Transfers In	525,837	525,837	552,950	27,113
Proceeds from Sale of Assets	22,500	22,500	15,627	(6,873)
Total Other Financing Sources (Uses)	548,337	548,337	568,577	20,240
NET CHANGE IN FUND BALANCE	$ 14,094	$ 14,094	2,026,373	$ 2,012,279
Fund Balance - Beginning of Year			5,675,080	
Increase in Reserved for Inventory			201,976	
FUND BALANCE - END OF YEAR			$ 7,903,429	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

WRIGHT COUNTY
BUFFALO, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 8,636,712	$ 8,169,942	$ 7,968,734	$ (201,208)
Intergovernmental	11,691,229	12,157,999	13,196,063	1,038,064
Charges for Services	1,190,700	1,190,700	1,724,221	533,521
Gifts and Contributions	14,800	14,800	21,184	6,384
Investment Earnings	8,000	8,000	6,223	(1,777)
Miscellaneous	473,200	473,200	427,353	(45,847)
Total Revenues	22,014,641	22,014,641	23,343,778	1,329,137
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	4,640,941	4,640,941	4,957,501	(316,560)
Social Services	13,705,300	13,705,300	13,519,577	185,723
Total Human Services	18,346,241	18,346,241	18,477,078	(130,837)
HEALTH				
Nursing Services	3,708,400	3,708,400	3,498,188	210,212
Total Expenditures	22,054,641	22,054,641	21,975,266	79,375
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,000)	(40,000)	1,368,512	1,408,512
OTHER FINANCING SOURCES (USES)				
Transfers In	40,000	40,000	80,000	40,000
NET CHANGE IN FUND BALANCE	$ -	$ -	1,448,512	$ 1,448,512
Fund Balance - Beginning of Year			3,575,099	
FUND BALANCE - END OF YEAR			$ 5,023,611	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

BUDGETARY INFORMATION

Wright County (the County) board adopts an annual budget for the following major funds: The General Fund, Road and Bridge Special Revenue Fund, Human Services Fund, and Lake Improvement Districts Special Revenue Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the Debt Service Fund, Capital Projects Fund, Solid Waste Fund, Ditch Fund, and Clear River Watershed District Fund.

Based on a process established by the Board of County Commissioners, all departments of the County submit requests for appropriations to the County Coordinator each year. After review, analysis and discussions with the departments, the County Coordinator's proposed budget is presented to the Board of County Commissioners for review. The Board of County Commissioners holds public hearings and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-apportioned and honored during the subsequent year.

WRIGHT COUNTY
BUFFALO, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
YEAR ENDED DECEMBER 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	$ -	$ 2,252,205	$ 2,252,205	- %	$ 35,840,320	6.28 %
1/1/2008	$ -	$ 1,743,959	$ 1,743,959	- %	$ 34,099,672	5.11 %

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SUPPLEMENTARY INFORMATION

The Lake Improvement Districts Special Revenue Fund is used to account revenues and expenditures of the Lake Improvement Districts.

The Solid Waste Special Revenue Fund is used to account for revenues and expenditures of the recycling and solid waste program. Revenues are derived from fees collected, special assessments, and various intergovernmental revenues.

The Ditch Special Revenue Fund is used to account the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.

The Clearwater River Watershed District Special Revenue Fund is used to account revenues and expenditures of the Clearwater River Watershed District.

The Reserve Special Revenue Fund is used to account for the revenues and expenditures of the County's various specialty funding sources (i.e., E-911, Recorder's Technology and Compliance, etc.).

WRIGHT COUNTY
BUFFALO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Nonmajor Special Revenue Funds					
	Lake Improvement Districts	Solid Waste	Ditch	Clearwater River Watershed District	Reserve Fund	Total Nonmajor Funds
ASSETS						
Cash and Pooled Investments	$ 160,152	$ 1,568,031	$ 53,361	$ 11,809	$ 2,993,153	$ 4,786,506
Taxes Receivable - Delinquent	1,690	-	-	-	-	1,690
Special Assessments Receivable						
Delinquent	-	-	440	1,403	-	1,843
Deferred	-	-	16,030	-	-	16,030
Accounts Receivable	-	-	-	-	4,010	4,010
Loans Receivable	-	-	-	-	78,376	78,376
Due from Other Governments	-	-	-	-	33,568	33,568
Total Assets	$ 161,842	$ 1,568,031	$ 69,831	$ 13,212	$ 3,109,107	$ 4,922,023
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 2,550	$ 11,023	$ -	$ -	$ 4,725	$ 18,298
Salaries Payable	-	-	-	-	328	328
Due to Other Funds	-	-	4,169	-	-	4,169
Due to Other Governments	-	44,675	-	-	51,993	96,668
Deferred Revenue - Unavailable	1,290	-	16,340	1,178	78,376	97,184
Advances from Other Funds	-	-	12,800	4,600	-	17,400
Total Liabilities	3,840	55,698	33,309	5,778	135,422	234,047
FUND BALANCES						
Reserved for						
Compost Facility	-	289,703	-	-	-	289,703
Miscellaneous Items	-	-	-	-	2,290,023	2,290,023
Unreserved						
Designated for Miscellaneous Items	-	-	-	-	683,662	683,662
Undesignated	158,002	1,222,630	36,522	7,434	-	1,424,588
Total Fund Balances	158,002	1,512,333	36,522	7,434	2,973,685	4,687,976
Total Liabilities and Fund Balances	$ 161,842	$ 1,568,031	$ 69,831	$ 13,212	$ 3,109,107	$ 4,922,023

WRIGHT COUNTY
BUFFALO, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	Nonmajor Special Revenue Funds					
	Lake Improvement Districts	Solid Waste	Ditch	Clearwater River Watershed District	Reserve Fund	Total Nonmajor Funds
REVENUES						
Taxes	$ 42,499	$ -	$ -	$ -	$ 86,788	$ 129,287
Special Assessments	-	-	3,770	19,916	-	23,686
Licenses and Permits	-	-	-	-	50,575	50,575
Intergovernmental	-	370,295	-	-	293,188	663,483
Charges for Services	-	126,412	-	-	554,951	681,363
Fines and Forfeits	-	-	-	-	115,992	115,992
Investment Earnings	-	5,421	-	-	5,942	11,363
Gifts and Contributions	-	-	-	-	1,766	1,766
Miscellaneous	525	-	-	-	51,221	51,746
Total Revenues	43,024	502,128	3,770	19,916	1,160,423	1,729,261
EXPENDITURES						
CURRENT						
General Government	-	-	-	-	110,844	110,844
Public Safety	-	-	-	-	558,610	558,610
Highways and Streets	-	-	-	-	51,993	51,993
Sanitation	-	449,579	-	-	-	449,579
Culture and Recreation	-	-	-	-	3,355	3,355
Conservation of Natural Resources	34,344	-	622	-	-	34,966
INTERGOVERNMENTAL						
Conservation of Natural Resources	-	-	-	20,046	-	20,046
Total Expenditures	34,344	449,579	622	20,046	724,802	1,229,393
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,680	52,549	3,148	(130)	435,621	499,868
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	123,138	123,138
NET CHANGE IN FUND BALANCES	8,680	52,549	3,148	(130)	558,759	623,006
Fund Balance (Deficit) - Beginning of Year	149,322	1,459,784	33,374	7,564	2,414,926	4,064,970
FUND BALANCE - END OF YEAR	$ 158,002	$ 1,512,333	$ 36,522	$ 7,434	$ 2,973,685	$ 4,687,976

WRIGHT COUNTY
BUFFALO, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
LAKE IMPROVEMENT DISTRICTS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 43,420	$ 43,420	$ 42,499	$ (921)
Miscellaneous	-	-	525	525
Total Revenues	43,420	43,420	43,024	(396)
EXPENDITURES				
CURRENT				
Conservation of Natural Resources	43,420	43,420	34,344	9,076
NET CHANGE IN FUND BALANCE	$ -	$ -	8,680	$ 8,680
Fund Balance - Beginning of Year			149,322	
FUND BALANCE - END OF YEAR			$ 158,002	

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WRIGHT COUNTY
BUFFALO, MINNESOTA
AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2010

Agency funds account for assets held in a custodial capacity for others.

Prepaid Taxes Fund is used to account for the County's prepaid taxes.

State Revenue Fund is used to account for the collection and distribution of funds for the State of Minnesota.

Taxes and Penalties Fund is used to account for the collection of taxes and penalties and their payment to the various taxing districts.

Towns, Cities, Schools and Special Districts Fund is used to account for the collection of taxes and penalties and their distribution to the various towns, cities, schools and special districts.

Family Services Collaborative Fund is used to account for collection and payment of funds of the Family Services Collaborative.

Social Welfare Fund is used to account for the collection and payment of funds for the County's Social Welfare Fund clients.

Highway 55 Corridor Fund is used to account for the collection and payment of funds relating to the design and reconstruction of the Highway 55 Corridor project.

Jail Inmate Fund is used to account for the collection and payment of funds for the County Jail's inmates.

Cafeteria Trust Fund is used to account for the collection and payment of funds of the County's cafeteria fund.

WRIGHT COUNTY
BUFFALO, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
PREPAID TAXES				
ASSETS				
Cash and Pooled Investments	$ 1,196,173	$ 264,229	$ 256,757	$ 1,203,645
LIABILITIES				
Due to Other Governments	$ 1,196,173	$ 264,229	$ 256,757	$ 1,203,645
STATE REVENUE				
ASSETS				
Cash and Pooled Investments	$ 396,851	$ 8,408,339	$ 8,336,581	$ 468,609
LIABILITIES				
Due to Other Governments	$ 396,851	$ 8,408,339	$ 8,336,581	$ 468,609
TAXES AND PENALTIES				
ASSETS				
Cash and Pooled Investments	$ 2,376,326	$ 173,876,721	$ 174,107,573	$ 2,145,474
LIABILITIES				
Due to Other Governments	$ 2,376,326	$ 173,876,721	$ 174,107,573	$ 2,145,474
TOWNS, CITIES, SCHOOLS, AND SPECIAL DISTRICTS				
ASSETS				
Cash and Pooled Investments	$ 121,675	$ 5,920	$ 6,926	$ 120,669
LIABILITIES				
Due to Other Governments	$ 121,675	$ 5,920	$ 6,926	$ 120,669
FAMILY SERVICES COLLABORATIVE				
ASSETS				
Cash and Pooled Investments	$ 219,571	$ 329,927	$ 354,483	$ 195,014
LIABILITIES				
Due to Other Governments	$ 219,571	$ 329,927	$ 354,483	$ 195,014

WRIGHT COUNTY
BUFFALO, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
SOCIAL WELFARE				
ASSETS				
Cash and Pooled Investments	$ 160,903	$ 1,417,732	$ 1,441,646	$ 136,989
LIABILITIES				
Funds Held in Trust	$ 160,903	$ 1,417,732	$ 1,441,646	$ 136,989
HIGHWAY 55 CORRIDOR				
ASSETS				
Cash and Pooled Investments	$ 13,846	$ 31,628	$ 22,020	$ 23,455
LIABILITIES				
Due to Other Governments	$ 13,846	$ 31,628	$ 22,020	$ 23,455
JAIL INMATE				
ASSETS				
Cash and Pooled Investments	$ 20,075	$ 457,433	$ 455,459	$ 22,049
LIABILITIES				
Funds Held in Trust	$ 20,075	$ 457,433	$ 455,459	$ 22,049
CAFETERIA TRUST				
ASSETS				
Cash and Pooled Investments	$ 22,462	$ 637,606	$ 633,833	$ 26,235
LIABILITIES				
Funds Held in Trust	$ 22,462	$ 637,606	$ 633,833	$ 26,235
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and Pooled Investments	$ 4,527,882	$ 185,429,534	$ 185,615,277	$ 4,342,139
LIABILITIES				
Funds Held in Trust	$ 203,440	$ 2,512,771	$ 2,530,938	$ 185,273
Due to Other Governments	4,324,442	182,916,763	183,084,339	4,156,866
Total Liabilities	$ 4,527,882	$ 185,429,534	$ 185,615,277	$ 4,342,139

WRIGHT COUNTY
BUFFALO, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2010

SHARED REVENUE		
STATE		
Highway Users Tax	$	9,594,407
HACA		3,354,458
Market Value Credit		1,725,403
PERA Rate Reimbursement		81,912
Disparity Reduction Aid		5,391
Police Aid		916,641
Enhanced 911		193,289
Total Shared Revenue		15,871,501
REIMBURSEMENT FOR SERVICES		
STATE		
Minnesota Department of Human Services		359,069
Minnesota Department of Corrections		171,417
Total Reimbursement for Services		530,486
PAYMENTS IN LIEU OF TAX		256,580
GRANTS		
STATE		
Minnesota Department of		
Corrections		624,554
Public Safety		970,639
Health		696,221
Natural Resources		673,517
Human Services		2,925,420
Transportation		106,414
Pollution Control Agency		370,295
Water and Soil Resources Board		111,474
Peace Officer Standards and Training Board		49,472
Total State		6,528,006
FEDERAL		
Department of		
Agriculture		403,186
Justice		36,301
Transportation		810,569
Energy		426,129
Health and Human Services		8,183,653
Homeland Security		119,313
Total Federal		9,979,151
Total State and Federal Grants		16,507,157
Total Intergovernmental Revenue	$	33,165,724

REPORTS RELATED TO
GOVERNMENT AUDITING STANDARDS
AND SINGLE AUDIT (A-133)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners
Wright County
Buffalo, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County (the County), Minnesota, as of and for the year ended December 31, 2010, which collectively comprise Wright County's basic financial statements and have issued our report thereon dated August 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wright County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wright County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wright County's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 06-1 through 06-3 to be material weaknesses.

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Internal Control Over Financial Reporting (Continued)
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as item 10-1 and 10-2 to be significant deficiencies.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Wright County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of County Commissioners, and state and federal grantor agencies, is not intended to be, and should not be used by anyone other than those specified parties.

LarsonAllen LLP

LarsonAllen LLP

Brainerd, Minnesota
August 9, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Wright County
Buffalo, Minnesota

Compliance

We have audited the compliance of Wright County (the County), Minnesota with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditors' results section 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 the 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 of the County's compliance with those requirements.

In our opinion, Wright County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

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Board of County Commissioners
Wright County

Internal Control Over Compliance

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 the 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 with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wright County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 10-3 and 10-4. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Wright County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Board of County Commissioners, and state and federal grantor agencies, is not intended to be, and should not be used by anyone other than those specified parties.

LarsonAllen LLP

LarsonAllen LLP

Brainerd, Minnesota
August 9, 2011

WRIGHT COUNTY
BUFFALO, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2010

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Wright County (the County), Minnesota.

2. Deficiencies in internal control were disclosed during the audit of the basic financial statements for the County and reported in the "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*". Deficiencies 06-1 to 06-3 are considered material weaknesses.

3. No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.

4. Two matters involving internal control over compliance relating to the audit of the major federal award program was reported in the "Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and Internal Control of Compliance with OMB Circular A-133". We do not consider the findings to be material weaknesses.

5. The auditors' report on compliance for the major federal award programs for the County expresses an unqualified opinion on all major federal programs.

6. No findings relative to the major federal award programs for the County were disclosed during the audit that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs were:

▪ Energy Efficiency and Conservation Block Grant	CFDA No. 81.128
▪ Temporary Assistance for Needy Families (TANF)	CFDA No. 93.558
▪ Foster Care Title IV-E	CFDA No. 93.658
▪ Medical Assistance Grant Cluster	CFDA No. 93.778

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The County does not qualify, under federal guidelines, as a low-risk auditee.

MATERIAL WEAKNESSES - FINANCIAL REPORTING

06-1 SEGREGATION OF DUTIES

Criteria: Wright County (the County) management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, County management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Condition: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place in a number of departments throughout the County.

Cause: The County has a limited number of personnel within several departments.

Effect: The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and failure to adhere to County's procedures.

Recommendation: We recommend County management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by organization staff.

CLIENT RESPONSE:
The County will review accounting functions and segregate them as it deems cost beneficial.

06-2 AUDIT ADJUSTMENTS

Criteria: County management is responsible for establishing and maintaining internal controls for the proper recording of all County's receipts and disbursements, including reclassifications between funds and activity of all investing and savings accounts.

Condition: As part of the audit, we proposed adjusting entries relating to the coding of accruals, capital asset adjustments, and reclassification of revenues. These entries indicate a lack of controls over the year-end financial reporting process. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the County's internal control.

Cause: Not known.

Effect: The design of the internal controls over recording transactions and year-end accruals limits the ability of the County to provide accurate accrual basis financial information.

Recommendation: We recommend County management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

CLIENT RESPONSE:
The County will continue to work at eliminating the need for audit adjustments.

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

06-3 FINANCIAL REPORTING PROCESS

Criteria: County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Condition: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements from the County's general ledger system.

Cause: The County has a limited number of personnel.

Effect: The design of the controls over the financial reporting process would affect the ability of the County to report their financial data consistently with the assertions of management in the financial statements.

Recommendation: We recommend that County management be aware of the responsibilities regarding financial reporting and continue to evaluate the cost/benefit of outsourcing this function. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

CLIENT RESPONSE:
The County understands that this is required communications for the preparation of the financial statements and will continue to work at this area to achieve the overall goal.

SIGNIFICANT DEFICIENCIES

10-1 CONTROLS OVER GENERAL DISBURSEMENTS

Criteria: According to standard internal control practices, all disbursements should have a department head's signature prior to payment by the Auditor-Treasurer's office.

Condition: During testing performed, we were not provided evidence of departmental approval for two disbursements tested.

Cause: Unknown.

Effect: The County is at an increased risk of paying expenditures that were not authorized by the individual departments.

Recommendation: We recommend all disbursements be approved by the corresponding department prior to submitting the support to the Auditor-Treasurer's office for payment.

CLIENT RESPONSE:
The County will review their procedures for processing disbursements to ensure departmental approval prior to payment by the Auditor-Treasurer's office.

SIGNIFICANT DEFICIENCIES - FINANCIAL REPORTING (CONTINUED)

10-2 CAPITAL ASSET POLICY

Criteria: According to Wright County's capital asset policy, the useful lives on all buildings are 50 years.

Condition: During our audit, we noted the County added 12 buildings and building improvements to the asset listing, 8 of which had useful lives of less than 50 years.

Cause: Unknown.

Effect: The County is not following their own policy, which can cause inconsistencies in reporting asset useful lives from year to year.

Recommendation: We recommend all departments review their capital asset policy and implement a policy that reflects the County's intent for depreciating assets.

CLIENT RESPONSE:
The County revised their capital asset policy in July 2011 to change the useful lives on buildings and building improvements.

PREVIOUSLY REPORTED ITEM RESOLVED

09-1 SOCIAL WELFARE DISBURSEMENTS

During prior year testing, we were not provided with supporting documentation for 1 out of 25 disbursements tested for the social welfare account.

RESOLUTION
No similar instances were noted during current year testing.

09-2 TIMELY DEPOSITS BY DEPARTMENTS

During the prior year audit, we noted the planning and zoning department deposited cash on a weekly basis, or when their cash exceeds $5,000.

RESOLUTION
The County has implemented a process for more timely deposits of departmental cash.

OTHER ITEM FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE

06-9 DITCH SPECIAL REVENUE FUND – DEFICITS IN EQUITY BALANCES

Criteria: *Minnesota Statutes* ch. 103E.735, subd 1, provides that a fund balance to be used for ditch repairs may be established for any drainage system, not to exceed 20 percent of the assessed benefits of the ditch system or $40,000, whichever is larger.

Condition: Twenty-six of forty-four individual ditch systems had deficit unreserved, undesignated fund balances at December 31, 2010.

Cause: Past practice.

Effect: The County is not in compliance with *Minnesota Statutes*.

Recommendation: We recommend the County eliminate the individual ditch fund balance deficits by levying assessments pursuant to *Minnesota Statutes* ch. 103E.735, subd. 1, which permits the accumulation of a surplus balance to provide for the repair and maintenance costs of a ditch system.

CLIENT RESPONSE:
The County has reviewed the statute and will review future levies for necessary changes in order to ensure future compliance.

MAJOR PROGRAM SIGNIFICANT DEFICIENCIES:

10-3 SUPERVISOR APPROVAL ON APPLICATIONS FOR TANF GRANT (CFDA #93.558)

Criteria: Standard internal control procedures recommend that applications for aid be approved by supervisory personnel.

Condition: During our testing of controls over TANF case files, we noted that on 1 of 40 applications did not have the required supervisor approval.

Cause: Absence of the supervisor during the period the application was taken.

Effect: If applications are not properly reviewed or authorized, a fraudulent or unallowable case may be opened within the County. We did not note any ineligible clients.

Recommendation: We recommend the County implement procedures to ensure that supervisors review and approve all applications prior to allowing benefits to be received.

CORRECTIVE ACTION PLAN:

Contact Person: Larry DeMars, Fiscal Manager.

Corrective Action Planned: The Human Services department will implement procedures to ensure all applications receive supervisor approval prior to payment.

Anticipated Completion Date: December 31, 2011.

MAJOR PROGRAM SIGNIFICANT DEFICIENCIES (CONTINUED):

10-4 ENERGY EFFICIENCY CONSERVATION BLOCK GRANT (CFDA #81.128)

Criteria: Non-federal entities are prohibited from contracting or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. When a County enters into a covered transaction with an entity at a lower tier, they must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System* (EPLS) maintained by the General Services Administration (GSA).

Condition: The County did not have a process in place to verify the contractor hired was not on the EPLS. It was noted that the County did not contract with any contractors on the EPLS.

Cause: Unknown.

Effect: The County could contract with a contractor that is on the EPLS which would make them out of compliance with federal grant requirements.

Recommendation: We recommend the County establish an internal control process to ensure the EPLS is verified before hiring each contractor who will be paid with federal grant monies.

CORRECTIVE ACTION PLAN:

Contact Person: Bob Hiivala, County Auditor-Treasurer.

Corrective Action Planned: The County will implement procedures to verify the EPLS prior to entering into contracts under this criteria.

Anticipated Completion Date: December 31, 2011.

PREVIOUSLY REPORTED ITEM RESOLVED

09-3 FOSTER CARE TITLE IV-E GRANT ELIGIBILITY CONTROLS

During prior year testing of controls over Foster Care Title IV-E, we noted that the County did not have a process in place for the review of the eligibility determinations performed on federal case files.

RESOLUTION

The County has implemented a process for review of eligibility determinations.

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WRIGHT COUNTY
BUFFALO, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	$ 390,735
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	12,451
Total Department of Agriculture		403,186
U.S. Department of Justice		
Pass Through Minnesota Department of Public Safety		
Juvenile Accountability Block Grant	16.523	14,876
Direct		
State Criminal Alien Assistance Program	16.606	21,425
Total Department of Justice		36,301
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction (Highway Planning Cluster)	20.205	776,273
Passed Through Minnesota Department of Public Safety		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	21,930
Safety Belt Performance Grants	20.609	12,366
Total Department of Transportation		810,569
U.S. Department of Energy		
Direct		
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	426,129

WRIGHT COUNTY
BUFFALO, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	$ 204,028
Universal Newborn Hearing Screening	93.251	1,225
Immunization	93.268	4,628
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	70,004
Temporary Assistance for Needy Families	93.558	117,352
Child Abuse and Neglect Discretionary Activities	93.670	29,702
Maternal and Child Health Services Block Grant	93.994	78,412
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families - Title IV-B	93.556	24,578
Temporary Assistance for Needy Families	93.558	772,816
Child Support Enforcement	93.563	1,578,466
ARRA - Child Support Enforcement	93.563	141,328
Refugee and Entrant Assistance State Administered Programs	93.566	436
Child Care Mandatory and Matching Funds	93.596	37,275
Foster Care Title IV-E	93.658	357,192
ARRA - Foster Care Title IV-E	93.658	3,823
Social Services Block Grant Title XX	93.667	391,625
Chafee Foster Care Independent Living	93.674	6,565
State Children's Insurance Program	93.767	508
Medical Assistance	93.778	4,363,690
Total Department of Health and Human Services		8,183,653
U.S. Department of Homeland Security		
Pass Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	30,499
Pass Through Minnesota Department of Public Safety		
Emergency Management Performance Grant	97.042	61,582
Passed Through West Central Minnesota EMS Corporation		
Homeland Security Grant Program	97.067	27,232
Total Department of Homeland Security		119,313
Total Cash Type Federal Awards		$ 9,979,151

Notes to the Schedule of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the federal award programs expended by Wright County. The County's reporting entity is defined in Note 1 to the financial statements.

2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Wright County under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

3. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. During 2010, Wright County did not pass any federal money to subrecipients.

5. ARRA denotes the program has received funding provided by the American Recovery and Reinvestment Act of 2010.

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REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Wright County
Buffalo, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wright County (the County), Minnesota, as of and for the year ended December 31, 2010, and have issued our report thereon dated August 9, 2011.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to *Minnesota Statutes* §6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Audit Guide for Political Subdivisions* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, county and city miscellaneous provisions and tax increment financing. Our study included all of the listed categories, except we did not test for tax increment financing because the County does not have any tax increment financing districts.

The results of our tests indicate that for the items tested, the County complied with the material terms and conditions of applicable legal provisions except for the item described in detail in the attached schedule of findings and questioned costs as item 06-9.

Wright County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, audit committee, Board of County Commissioners, and the Office of the State Auditor of Minnesota and is not intended to be and should not be used by anyone other than those specified parties.

LarsonAllen LLP

LarsonAllen LLP

Brainerd, Minnesota
August 9, 2011

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