



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

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**NEWS RELEASE**

FOR RELEASE January 31, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Wyoming, Iowa.

The City's receipts totaled \$2,006,307 for the year ended June 30, 2010. The receipts included \$134,133 in property and other city tax, \$269,693 from charges for service, \$248,848 from operating grants, contributions and restricted interest, \$244,636 from capital grants, contributions and restricted interest, \$47,216 from local option sales tax, \$7,427 from unrestricted interest on investments, \$1,039,318 from proceeds of general obligation and revenue bonds/notes and \$15,036 from other general receipts.

Disbursements for the year totaled \$2,117,102, and included \$254,212 for culture and recreation, \$243,595 for public works and \$164,303 for community and economic development. Disbursements for business type activities totaled \$1,050,901.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1022-0500-B00F.pdf>.

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**CITY OF WYOMING**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2010**

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets – Cash Basis	A	8-9
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	10-11
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	13
Notes to Financial Statements		14-22
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		24-25
Notes to Required Supplementary Information – Budgetary Reporting		26
Other Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	28-29
Schedule of Indebtedness	2	30-31
Bond and Note Maturities	3	32
Schedule of Expenditures of Federal Awards	4	33
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		35-36
Independent Auditor’s 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		39-40
Schedule of Findings and Questioned Costs		41-45
Staff		46

**City of Wyoming**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2010)</b>		
Steve Heiken	Mayor	Jan 2010
Steve Agnitsch	Council Member	Jan 2010
Kelly Dodge	Council Member	Jan 2010
Chris Watters	Council Member	Jan 2010
Rod Gravel	Council Member	Jan 2012
Alva Husmann	Council Member	Jan 2012
Sheri Tjaden	City Clerk	Indefinite
Janette Voss	Attorney	Indefinite
<b>(After January 2010)</b>		
Allen Willman	Mayor	Jan 2012
Rod Gravel	Council Member	Jan 2012
Alva Husmann	Council Member	Jan 2012
Steve Agnitsch	Council Member	Jan 2014
Kelly Dodge	Council Member	Jan 2014
Chris Watters	Council Member	Jan 2014
Sheri Tjaden	City Clerk	Indefinite
Janette Voss	Attorney	Indefinite

**City of Wyoming**



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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Wyoming, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2009.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2009, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Wyoming as of June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Since May 2005, the City has issued general obligation debt of approximately \$691,000, of which \$415,000 is outstanding at June 30, 2010. This represents a per capita debt of approximately \$663, based on the 2000 census, which is payable from property tax. In addition, since March 2001, the City has issued approximately \$1,290,000 of water and sewer revenue bonds and notes, of which \$932,224 is outstanding at June 30, 2010. This represents a per capita debt of approximately \$1,490, based on the 2000 census, which is payable through water and sewer rates charged to customers.

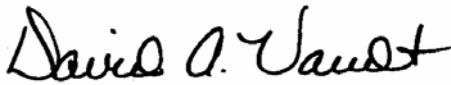
In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

The City of Wyoming has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements.

Budgetary comparison information on pages 24 through 26 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wyoming's basic financial statements. Other supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2009, as discussed in the third paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 12, 2011



## **Basic Financial Statements**

City of Wyoming

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2010

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 33,833	207	394	-
Public works	243,595	28,543	74,114	-
Health and social services	250	-	-	-
Culture and recreation	254,212	4,121	174,340	-
Community and economic development	164,303	46,183	-	-
General government	72,722	890	-	-
Debt service	29,351	-	-	-
Capital projects	49,480	-	-	63,655
Total governmental activities	847,746	79,944	248,848	63,655
Business type activities:				
Water	864,950	98,517	-	180,981
Sewer	142,029	91,232	-	-
Total business type activities	1,006,979	189,749	-	180,981
Total	\$ 1,854,725	269,693	248,848	244,636
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Local option sales tax				
Unrestricted interest				
Note and bond proceeds				
Project anticipation notes redeemed				
Miscellaneous				
Total general receipts				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Streets				
Capital projects				
Debt service				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(33,232)	-	(33,232)
(140,938)	-	(140,938)
(250)	-	(250)
(75,751)	-	(75,751)
(118,120)	-	(118,120)
(71,832)	-	(71,832)
(29,351)	-	(29,351)
14,175	-	14,175
(455,299)	-	(455,299)
-	(585,452)	(585,452)
-	(50,797)	(50,797)
-	(636,249)	(636,249)
(455,299)	(636,249)	(1,091,548)
120,644	-	120,644
13,489	-	13,489
47,216	-	47,216
3,152	4,275	7,427
398,248	641,070	1,039,318
(218,455)	(43,922)	(262,377)
15,036	-	15,036
379,330	601,423	980,753
(75,969)	(34,826)	(110,795)
699,114	132,516	831,630
\$ 623,145	97,690	720,835
237,146	-	237,146
38,972	299	39,271
99	18,870	18,969
15,986	21,990	37,976
330,942	56,531	387,473
\$ 623,145	97,690	720,835

City of Wyoming

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2010

	Special Revenue			
	General	Road Use Tax	Local Option Sales Tax	Rohwedder Trust
<b>Receipts:</b>				
Property tax	\$ 97,944	-	-	-
Other city tax	3,687	-	47,216	-
Licenses and permits	3,629	-	-	-
Use of money and property	10,443	-	-	990
Intergovernmental	27,291	55,335	-	-
Charges for service	28,601	-	-	-
Special assessments	46,183	-	-	-
Miscellaneous	156,660	-	-	15,055
Total receipts	374,438	55,335	47,216	16,045
<b>Disbursements:</b>				
Operating:				
Public safety	31,742	-	-	-
Public works	30,249	98,049	75,152	30,396
Health and social services	250	-	-	-
Culture and recreation	252,465	-	-	-
Community and economic development	164,303	-	-	-
General government	66,909	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	545,918	98,049	75,152	30,396
Excess (deficiency) of receipts over (under) disbursements	(171,480)	(42,714)	(27,936)	(14,351)
<b>Other financing sources (uses):</b>				
Note proceeds	160,323	-	-	-
Project anticipation notes redeemed	-	-	-	-
Operating transfers in	1,155	-	12,327	-
Operating transfers out	(14,291)	-	-	(12,327)
Total other financing sources (uses)	147,187	-	12,327	(12,327)
Net change in cash balances	(24,293)	(42,714)	(15,609)	(26,678)
Cash balances beginning of year	355,235	65,503	96,835	159,809
Cash balances end of year	\$ 330,942	22,789	81,226	133,131
<b>Cash Basis Fund Balances</b>				
Reserved for debt service	\$ -	-	-	-
Unreserved:				
General fund	330,942	-	-	-
Special revenue funds	-	22,789	81,226	133,131
Capital projects fund	-	-	-	-
Total cash basis fund balances	\$ -	22,789	81,226	133,131

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	31,313	129,257
-	1,189	52,092
-	-	3,629
59	-	11,492
53,379	2,734	138,739
-	-	28,601
-	-	46,183
10,276	-	181,991
63,714	35,236	591,984
-	2,091	33,833
-	9,749	243,595
-	-	250
-	1,747	254,212
-	-	164,303
-	5,813	72,722
-	29,351	29,351
49,480	-	49,480
49,480	48,751	847,746
14,234	(13,515)	(255,762)
17,925	220,000	398,248
-	(218,455)	(218,455)
-	14,291	27,773
-	(1,155)	(27,773)
17,925	14,681	179,793
32,159	1,166	(75,969)
6,813	14,919	699,114
38,972	16,085	623,145
-	99	99
-	-	330,942
-	15,986	253,132
38,972	-	38,972
38,972	16,085	623,145

**City of Wyoming**

City of Wyoming

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2010

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 98,517	91,232	189,749
Operating disbursements:			
Business type activities	76,918	67,471	144,389
Excess of operating receipts over operating disbursements	21,599	23,761	45,360
Non-operating receipts (disbursements):			
Interest on investments	4,122	153	4,275
Community development block grant	180,981	-	180,981
Revenue bond/note proceeds (net of \$4,730 initiation fee)	611,270	29,800	641,070
Capital outlay	(763,846)	(44,812)	(808,658)
Debt service	(68,108)	(29,746)	(97,854)
Net non-operating receipts (disbursements)	(35,581)	(44,605)	(80,186)
Net change in cash balances	(13,982)	(20,844)	(34,826)
Cash balances beginning of year	87,083	45,433	132,516
Cash balances end of year	\$ 73,101	24,589	97,690
<b>Cash Basis Fund Balances</b>			
Reserved for:			
Water construction	\$ 299	-	299
Debt service	2,472	16,398	18,870
Water deposits	21,990	-	21,990
Unreserved	48,340	8,191	56,531
Total cash basis fund balances	\$ 73,101	24,589	97,690

See notes to financial statements.

City of Wyoming

Notes to Financial Statements

June 30, 2010

**(1) Summary of Significant Accounting Policies**

The City of Wyoming is a political subdivision of the State of Iowa located in Jones County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Wyoming has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jones County Assessor's Conference Board, Jones County Emergency Management Commission and Jones County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.



The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for receipts from the local option sales tax. The receipts are used to finance road construction and maintenance in the City.

The Rohwedder Trust Fund is used to for the construction of concrete or equal to or better than concrete streets.

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

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Long Term Debt**

Annual debt service requirements to maturity for general obligation notes and revenue bonds are as follows:

Year Ending June 30,	General Obligation Notes		Sewer Revenue Bond		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 26,000	10,186	18,000	11,868	44,000	22,054
2012	26,000	9,168	19,000	11,094	45,000	20,262
2013	27,000	8,112	20,000	10,277	47,000	18,389
2014	27,000	7,053	21,000	9,417	48,000	16,470
2015	28,000	5,982	21,000	8,514	49,000	14,496
2016 - 2020	122,000	14,354	120,000	28,265	242,000	42,619
2021 - 2022	-	-	57,000	3,698	57,000	3,698
Total	\$ 256,000	54,855	276,000	83,133	532,000	137,988

The Code of Iowa requires principal and interest on general obligation notes be paid from the Debt Service Fund. However, during the year, \$20,601 of general obligation note interest and general obligation project anticipation note principal and interest were paid from the General Fund and \$14,223 of general obligation project anticipation note principal was paid from the Special Revenue, Rohwedder Trust Fund.

General Obligation Notes

On May 25, 2005, the City issued a \$60,000 general obligation demolition note to provide funds to pay the cost of demolishing dangerous buildings in the City. The note bears interest at 3.85% per annum and matures June 1, 2016. During fiscal year 2010, the City paid principal of \$6,000 and interest of \$1,609 on the notes. The balance on the note at June 30, 2010 was \$36,000.

On October 27, 2009, the City issued a \$220,000 general obligation corporate purpose note to provide funds to repay the remaining \$218,455 of a general obligation corporate purpose project anticipation note issued in May 2008. The remaining proceeds were used to pay \$1,545 of interest on the project anticipation note. The general obligation note bears interest at 4% per annum and matures on June 1, 2020. During fiscal year 2010, the City paid \$5,219 of interest on the note. The balance on the note at June 30, 2010 was \$220,000.

Sewer Revenue Bond

On March 1, 2001, the City issued a \$404,000 sewer revenue bond to provide funds to pay the cost of constructing improvements and extensions to the municipal sanitary sewer system. The bond bears interest at 4.3% per annum and matures on June 1, 2022. During fiscal year 2010, the City paid principal of \$17,000 and interest of \$12,599 on the bond. The balance on the bond at June 30, 2010 was \$276,000.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the sewer revenue bond issued in March 2001. The bond is payable solely from sewer customer net receipts. Annual principal and interest payments on the bond require more than 100% of net receipts. The total principal and interest remaining to be paid on the bond is \$359,133. For the current year, principal and interest paid and total customer net receipts were \$29,599 and \$23,761, respectively.

The resolution providing for the issuance of the sewer revenue bond issued under a loan agreement between the City of Wyoming, the Iowa Finance Authority and the Iowa Department of Natural Resources includes the following provisions:

- (1) The bond will only be redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (3) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bond falling due in the same year.

The City's net revenues for the year ended June 30, 2010 were less than the required 110% of principal and interest on the bond falling due during the year.

#### Water Revenue Bond

On August 5, 2009, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of a water revenue bond of up to \$473,000 with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bond was issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the water treatment plant. The City will draw down funds from the DNR upon request to reimburse the City for costs as they are incurred. At June 30, 2010, the City had drawn down \$304,000 of the authorized amount. An initiation fee of 1% of the authorized borrowing for the water revenue bond was charged by the Iowa Finance Authority. The total initiation fee was withheld from the first proceeds of the water revenue bond drawn by the City during the year ended June 30, 2010. A final repayment schedule has not yet been adopted. However, during fiscal year 2010, the City paid principal of \$17,000 and interest of \$7,186 on the bond under a preliminary repayment schedule. The balance on the bond at June 30, 2010 was \$287,000.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the water revenue bond. The bond is payable solely from water customer net receipts. Annual principal and interest payments on the bond require more than 100% of net receipts. The total amount of principal and interest remaining to be paid on the bond at June 30, 2010 is not available since a final repayment schedule has not been adopted. For the current year, principal and interest paid and total customer net receipts were \$24,186 and \$21,599, respectively.

The resolution providing for the issuance of the water revenue bond issued under a loan agreement between the City of Wyoming, the Iowa Finance Authority and the Iowa Department of Natural Resources includes the following provisions:

- (1) The bond will only be redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to a separate water revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (3) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bond falling due in the same year.

The City's net revenues for the year ended June 30, 2010 were less than the required 110% of principal and interest on the bond falling due during the year.

#### Forgivable Water Revenue Bond

On October 14, 2009, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of a \$312,000 forgivable water revenue bond with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The agreement states the bond was issued using proceeds of the American Recovery and Reinvestment Act of 2009 and includes a provision for forgiving the bond upon completion of the project and compliance with federal regulations. Principal or interest payments are not required until a determination of whether or not the bond will be forgiven is made. Accordingly, a repayment schedule has not yet been adopted.

The bond was issued pursuant to the provisions of Chapter 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the water treatment plan. At June 30, 2010, the City had drawn all \$312,000 of the authorized amount.

#### General Obligation Project Anticipation Notes

On May 28, 2008, the City entered into a general obligation corporate purpose project anticipation note for up to \$265,000 to be used for the purpose of paying costs of constructing sidewalk, curb and gutter, storm sewer, water system and street improvements. The note bears interest at 4% per annum. The note was issued pursuant to Chapters 76.13 and 384.24A of the Code of Iowa in anticipation of the receipt of and is payable from the proceeds of an authorized loan agreement and the corresponding issuance of general obligation corporate purpose notes in a principal amount not to exceed \$265,000. At June 30, 2010, the City had drawn \$251,699 against the project anticipation note, including \$1,323 drawn during fiscal year 2010. The note was redeemed during the year using a portion of the \$220,000 general obligation corporate purpose note issued on October 27, 2009 and other funds available in the General and the Special Revenue, Rohwedder Trust Funds. During the year ended June 30, 2010, the City paid principal of \$251,699 and interest of \$11,448 on the note.

On July 13, 2009, the City entered into a general obligation corporate purpose project anticipation note for up to \$180,000 to be used for the purpose of paying costs of constructing street, sidewalk, storm sewer, water system and curb and gutter improvements. The note bears interest at 4% per annum and matures on July 1, 2010. The note was issued pursuant to Chapters 76.13 and 384.24A of the Code of Iowa in anticipation of the receipt of and is payable from the proceeds of an authorized loan agreement and the corresponding issuance of general obligation corporate purpose notes in a principal amount not to exceed \$300,000. At June 30, 2010, the City had drawn \$159,000 against the project anticipation note. During the year ended June 30, 2010, the City paid interest of \$749 on the note.

#### Project Revenue Notes

On December 17, 2008, the City entered into an interest free interim project note agreement with the Iowa Finance Authority for up to \$243,500 to be used for the purpose of paying costs of planning, designing and constructing improvements and extensions to the sanitary sewer system. The note was issued pursuant to Chapters 76.13 and 384.24A of the Code of Iowa in anticipation of the receipt of and is payable from the proceeds of an authorized loan agreement and the corresponding issuance of sewer revenue bonds. At June 30, 2010, the City had drawn \$57,224 against the interim project note. During the year ended June 30, 2010, the City made no principal payments on the note.

On December 30, 2009, the City entered into a child care facility enterprise revenue project anticipation note for up to \$358,500 to be used for the purpose of paying costs of constructing, furnishing and equipping a child care center. The note bears interest at 4% per annum and matures on December 1, 2010. The note was issued pursuant to Chapter 76.13 of the Code of Iowa in anticipation of the receipt of and is payable from the proceeds of an authorized loan agreement and the corresponding issuance of child care facility enterprise revenue notes in a principal amount not to exceed \$265,000. At June 30, 2010, the City had drawn \$17,925 on the project anticipation note. During the year ended June 30, 2010, the City made no principal or interest payments on the note.

Capital Lease Purchase Agreement

In March 2006, the City entered into a lease-purchase agreement to purchase a tractor, loader and blade. The agreement has an effective interest rate of 7.50% and requires annual payments of \$5,906, including interest, with the final payment due on March 31, 2011. During the year ended June 30, 2010, the City paid \$5,906 on the agreement, including principal of \$4,779 and interest of \$1,127. The balance on the agreement at June 30, 2010 was \$4,779.

The following is a schedule of future minimum lease payments and the present value of new minimum lease payments under the above agreement in effect at June 30, 2010:

Year Ending June 30,	Amount
2011	\$ 5,906
Less amount representing interest	<u>(1,127)</u>
Present value of net minimum lease payments	<u><u>\$ 4,779</u></u>

**(4) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.30% of their annual covered salary and the City is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2010 was \$7,139, equal to the required contributions for the year.

**(5) Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are three active and no retired members in the plan. Retired participants must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a fully-insured plan with United Healthcare.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the health benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$350 for employee/child coverage, \$799 for employee/spouse coverage and \$950 for employee/spouse/child coverage. For the year end June 30, 2010, the City contributed \$23,110 to the plan.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, personal leave and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2010, primarily relating to the General Fund, is \$700. This liability has been computed based on rates of pay in effect at June 30, 2010.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Debt Service	\$ 1,155
Special Revenue: Local Option Sales Tax	Special Revenue: Rohwedder Trust	12,327
Debt Service	General	<u>14,291</u>
Total		<u>\$ 27,773</u>

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

**(8) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Construction Contracts**

During the previous and current fiscal years, the City entered into various construction contracts totaling \$835,630 for improvements to the water system. Unpaid contract commitments as of June 30, 2010 totaled \$127,567 and will be paid as work on the project progresses. The project was funded through a community development block grant and a State Revolving Fund loan.

**(10) Subsequent Event**

On July 1, 2010, the City issued a \$159,000 general obligation corporate purpose note, the proceeds of which were used to refund the general obligation corporate purpose project anticipation note issued on July 13, 2009 to pay the costs associated with constructing street, sidewalk, storm sewer, water system and curb and gutter improvements. The note will be repaid through an annual tax on all taxable property in the City.



**Required Supplementary Information**

City of Wyoming  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 129,257	-
Other city tax	52,092	-
Licenses and permits	3,629	-
Use of money and property	11,492	4,275
Intergovernmental	138,739	180,981
Charges for service	28,601	189,749
Special assessments	46,183	-
Miscellaneous	181,991	-
Total receipts	<u>591,984</u>	<u>375,005</u>
Disbursements:		
Public safety	33,833	-
Public works	243,595	-
Health and social services	250	-
Culture and recreation	254,212	-
Community and economic development	164,303	-
General government	72,722	-
Debt service	29,351	-
Capital projects	49,480	-
Business type activities	-	1,006,979
Total disbursements	<u>847,746</u>	<u>1,006,979</u>
Deficiency of receipts under disbursements	(255,762)	(631,974)
Other financing sources (uses), net	<u>179,793</u>	<u>597,148</u>
Deficiency of receipts and other financing sources under disbursements and other financing uses	(75,969)	(34,826)
Balances beginning of year	<u>699,114</u>	<u>132,516</u>
Balances end of year	<u>\$ 623,145</u>	<u>97,690</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
129,257	129,686	129,686	(429)
52,092	45,741	45,741	6,351
3,629	990	990	2,639
15,767	13,565	13,565	2,202
319,720	540,602	554,836	(235,116)
218,350	208,223	208,223	10,127
46,183	-	46,183	-
181,991	168,290	183,605	(1,614)
966,989	1,107,097	1,182,829	(215,840)
33,833	33,281	34,111	278
243,595	269,779	303,796	60,201
250	250	250	-
254,212	282,037	295,253	41,041
164,303	301,252	295,252	130,949
72,722	89,786	79,786	7,064
29,351	13,524	46,239	16,888
49,480	813,000	813,000	763,520
1,006,979	1,361,413	1,361,413	354,434
1,854,725	3,164,322	3,229,100	1,374,375
(887,736)	(2,057,225)	(2,046,271)	1,158,535
776,941	1,759,000	1,753,000	(976,059)
(110,795)	(298,225)	(293,271)	182,476
831,630	663,462	831,710	(80)
720,835	365,237	538,439	182,396

City of Wyoming

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$64,778. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

**Other Supplementary Information**

City of Wyoming

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2010

	Special Revenue		
	I-Jobs	Employee Benefits	Emergency Levy
Receipts:			
Property tax	\$ -	15,636	2,680
Other city tax	-	697	-
Intergovernmental	2,734	-	-
Total receipts	<u>2,734</u>	<u>16,333</u>	<u>2,680</u>
Disbursements:			
Operating:			
Public safety	-	-	-
Public works	2,734	7,015	-
Culture and recreation	-	1,747	-
General government	-	5,813	-
Debt service	-	-	-
Total disbursements	<u>2,734</u>	<u>14,575</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>1,758</u>	<u>2,680</u>
Other financing source (uses):			
Note proceeds	-	-	-
Project note redeemed	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	-	1,758	2,680
Cash balances beginning of year	-	9,079	2,469
Cash balances end of year	<u>\$ -</u>	<u>10,837</u>	<u>5,149</u>
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	\$ -	-	-
Unreserved:			
Special revenue funds	-	10,837	5,149
Total cash basis fund balances	<u>\$ -</u>	<u>10,837</u>	<u>5,149</u>

See accompanying independent auditor's report.

Community Disaster	Debt Service	Total
-	12,997	31,313
-	492	1,189
-	-	2,734
-	13,489	35,236
2,091	-	2,091
-	-	9,749
-	-	1,747
-	-	5,813
-	29,351	29,351
2,091	29,351	48,751
(2,091)	(15,862)	(13,515)
-	220,000	220,000
-	(218,455)	(218,455)
-	14,291	14,291
-	(1,155)	(1,155)
-	14,681	14,681
(2,091)	(1,181)	1,166
2,091	1,280	14,919
-	99	16,085
-	99	99
-	-	15,986
-	99	16,085

City of Wyoming  
Schedule of Indebtedness  
Year ended June 30, 2010

Obligation	Date of Issue	Interest Rates
General obligation notes:		
Demolition	May 25, 2005	3.85%
Corporate purpose	Oct 27, 2009	4.00
Total		
Revenue bonds:		
Sewer	Mar 1, 2001	4.30%
Water, Series 2009	Aug 5, 2009	3.00
Water, Series 2009A (forgivable)	Oct 14, 2009	3.00
Total		
General obligation project anticipation notes:		
Corporate purpose	May 28, 2008	4.00%
Corporate purpose	Jul 13, 2009	4.00
Total		
Revenue interim and project anticipation notes:		
Water revenue interim project	Aug 7, 2006	0.00%
Sewer revenue interim project	Dec 17, 2008	0.00
Child care facility enterprise revenue project anticipation	Dec 30, 2009	4.00
Total		
Capital lease purchase agreement:		
Tractor, loader and blade	March 21, 2006	7.50%

See accompanying independent auditor's report.



Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 60,000	42,000	-	6,000	36,000	1,609
220,000	-	220,000	-	220,000	5,219
	<u>\$ 42,000</u>	<u>220,000</u>	<u>6,000</u>	<u>256,000</u>	<u>6,828</u>
\$ 404,000	293,000	-	17,000	276,000	12,599
473,000	-	304,000	17,000	287,000	7,186
312,000	-	312,000	-	312,000	-
	<u>\$ 293,000</u>	<u>616,000</u>	<u>34,000</u>	<u>875,000</u>	<u>19,785</u>
\$ 251,699	250,376	1,323	251,699	-	11,448
159,000	-	159,000	-	159,000	749
	<u>\$ 250,376</u>	<u>160,323</u>	<u>251,699</u>	<u>159,000</u>	<u>12,197</u>
\$ 43,922	43,922	-	43,922	-	-
57,224	27,424	29,800	-	57,224	-
17,925	-	17,925	-	17,925	-
	<u>\$ 71,346</u>	<u>47,725</u>	<u>43,922</u>	<u>75,149</u>	<u>-</u>
\$ 23,894	\$ 9,558	-	4,779	4,779	1,127

**Schedule 3**

City of Wyoming  
 Bond and Note Maturities  
 June 30, 2010

Year Ending June 30,	General Obligation Capital Loan Notes					Total
	Demolition		Corporate Purpose			
	Issued May 25, 2005		Issued Nov 27, 2009			
	Interest Rates	Amount	Interest Rates	Amount		
2011	3.85%	\$ 6,000	4.00%	\$ 20,000	26,000	
2012	3.85	6,000	4.00%	20,000	26,000	
2013	3.85	6,000	4.00%	21,000	27,000	
2014	3.85	6,000	4.00%	21,000	27,000	
2015	3.85	6,000	4.00%	22,000	28,000	
2016	3.85	6,000	4.00%	22,000	28,000	
2017		-	4.00%	23,000	23,000	
2018		-	4.00%	23,000	23,000	
2019		-	4.00%	24,000	24,000	
2020		-	4.00%	24,000	24,000	
Total		<u>\$ 36,000</u>		<u>\$ 220,000</u>	<u>256,000</u>	

Year Ending June 30,	Revenue Bond	
	Sewer	
	Issued Mar 1, 2001	
Interest Rates	Amount	
2011	4.30%	\$ 18,000
2012	4.30	19,000
2013	4.30	20,000
2014	4.30	21,000
2015	4.30	21,000
2016	4.30	22,000
2017	4.30	23,000
2018	4.30	24,000
2019	4.30	25,000
2020	4.30	26,000
2021	4.30	28,000
2022	4.30	29,000
Total		<u>\$ 276,000</u>

See accompanying independent auditor's report.

City of Wyoming  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-WS-077	\$ 180,981
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	09-CF-018	41,789
			<u>222,770</u>
U.S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	DF0090R	<u>312,000</u>
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	S397A090016A	<u>748</u>
Total			<u>\$ 535,518</u>

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

See accompanying independent auditor's report.

**City of Wyoming**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Wyoming, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 12, 2011. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed qualified opinions since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2009. Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 a material misstatement of the City of Wyoming's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-10 to be a significant deficiency.

#### Compliance and Other Matters

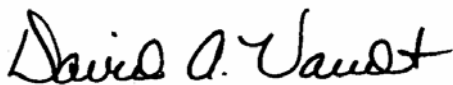
As part of obtaining reasonable assurance about whether the City of Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

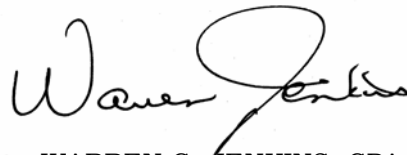
The City of Wyoming's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Wyoming's responses and, accordingly, we express no opinion on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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Wyoming and other parties to whom the City of Wyoming may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 12, 2011

**City of Wyoming**

**Independent Auditor's 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**





# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Independent Auditor's 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

To the Honorable Mayor and  
Members of the City Council:

### Compliance

We have audited the City of Wyoming, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Wyoming's major federal program for the year ended June 30, 2010. The City of Wyoming's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Wyoming's management. Our responsibility is to express an opinion on the City of Wyoming's compliance based on our audit.

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

In our opinion, the City of Wyoming complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

### Internal Control Over Compliance

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

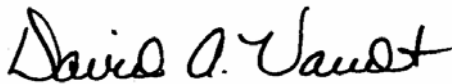
Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be a material weakness.

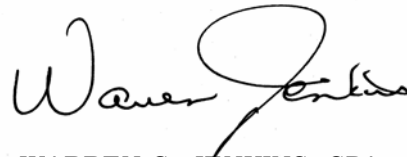
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-B-10 to be a significant deficiency.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of the City of Wyoming and other parties to whom the City of Wyoming may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 12, 2011

City of Wyoming  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

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

- (a) Qualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness and a significant deficiency in internal control over a major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was 66.468 – ARRA – Capitalization Grants for Drinking Water State Revolving Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Wyoming did not qualify as a low-risk auditee.

City of Wyoming

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One or two individuals have control over each of the following areas:

- (1) Cash – preparing bank reconciliations, cash receipt functions, handling and recording of cash.
- (2) Receipts – collecting, depositing, posting and reconciling.

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

Response and Corrective Action Planned – The City will review its procedures during January and February 2011 and will investigate alternatives and implement where possible.

Conclusion – Response accepted.

II-B-10 Information Systems – The City does not have written policies for requiring password changes every 60-90 days. Also, the City does not have a written disaster recovery plan.

Recommendation – The City should develop written policies and procedures addressing the above items to improve the City's control over computer based systems. A written disaster recovery plan should also be developed.

Response – The City will develop a written policy to change passwords every 60-90 days. The City will also develop a written disaster recovery plan.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Wyoming

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 66.468: ARRA – Capitalization Grants for Drinking Water State Revolving Funds**

**Federal Award Year: 2010**

**U.S. Environmental Protection Agency**

**Passed through the Iowa Department of Natural Resources**

III-A-10 Segregation of Duties – The City did not properly segregate collection, deposit and record-keeping for receipts, including those related to federal programs. See item II-A-10.

III-B-10 Buy America Act – Section 1605 of the American Recovery and Reinvestment Act of 2009 requires recipients of Clean Water State Revolving Loan Fund assistance to use domestic iron, steel and manufactured goods that are purchased in the United States. The City did not maintain sufficient documentation from certain vendors to evidence specific products met the requirements of the Buy America Act.

Recommendation – The City should establish policies and procedures to ensure sufficient support is required and maintained to document compliance with the Buy America Act.

Response and Corrective Action Planned – The City has obtained additional documents to comply with the Buy America Act and forwarded them to the Iowa Department of Natural Resources (IDNR) on January 6, 2011. The project inspector also took pictures of all equipment when being installed to show where the parts were made.

Conclusion – Response accepted.

City of Wyoming

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

- IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted
- IV-B-10 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s Opinion dated April 25, 1979 were noted.
- IV-C-10 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-10 Business Transactions – No business transactions between the City and City officials or employees are detailed as follows:
- IV-E-10 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- IV-H-10 Revenue Bonds – The City’s water and sewer revenue bond resolutions require the City to establish, impose, adjust and provide for the collection of rates to be charged to utility customers that produce net operating revenues equal to at least 110% of the principal and interest coming due in each fiscal year. The City’s fiscal year 2010 net water operating receipts of \$21,599 were less than 110% of the \$24,186 of water revenue bond principal and interest due during fiscal year 2010. Additionally, the fiscal year 2010 net sewer operating receipts of \$23,761 were less than 110% of the \$29,599 of sewer revenue bond principal and interest due during fiscal year 2010.

Recommendation – The City should review water and sewer rates and consult bond counsel to determine the disposition of the matter.

Response – The City raised sewer rates in February 2010 from \$11.70 to \$18.00 for the first 1,000 gallons. The City raised water rates in October 2009 from \$10.00 to \$13.00 for the first 1,000 gallons. The City is currently working on the 2012 budget and will adopt Ordinances to raise the rates to meet the requirements. The City Clerk will consult with bond counsel.

Conclusion – Response accepted.

- IV – K-10 Payment of General Obligation Note – A portion of the principal and interest due on certain of the City’s general obligation notes was paid from the General and the Special Revenue, Rohwedder Trust Funds. The Code of Iowa states, in part, “Moneys pledged or available to service general obligation notes, and received from sources other than property tax, must be deposited in the debt service fund.”

City of Wyoming

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The City should transfer from the General and the Special Revenue, Rohwedder Trust Funds to the Debt Service Fund for future funding contributions. Payments on the note should be made from the Debt Service Fund as required.

Response – The City Clerk was making a payment on the interim loan with funds available for the project. The City Clerk will make transfers in the future to the Debt Service Fund as required.

Conclusion – Response accepted.

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City of Wyoming

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Carrie L. Livingston, CPA, Senior Auditor  
Jacqueline E. Gulick, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, looped initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State