



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

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**NEWS RELEASE**

FOR RELEASE

January 2, 2008

Contact: Andy Nielsen  
515/281-5834

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

The City's receipts totaled \$2,969,536 for the year ended June 30, 2007, a 45 percent decrease from 2006. The receipts included \$933,119 from charges for service, \$367,441 from operating grants, contributions and restricted interest, \$24,407 from capital grants, contributions and restricted interest, \$1,031,495 in property tax, \$147,003 from tax increment financing, \$301,870 from local option sales tax, \$101,968 from unrestricted interest on investments and \$62,233 from other general receipts. The significant decrease in receipts is primarily due to general obligation bond proceeds received in the prior year.

Disbursements for the year totaled \$2,764,146, an 11 percent decrease from the prior year, and included \$654,458 for debt service, \$375,312 for public works and \$365,920 for public safety. Disbursements for business type activities totaled \$819,815. The decrease in disbursements is due primarily to the purchase of land, capital equipment and disbursements for certain capital projects during fiscal year 2006.

A copy of the 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/reports.htm>.

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**CITY OF WILTON**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2007**

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets – Cash Basis	A	14-15
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	16-17
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	18-19
Notes to Financial Statements		20-28
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		30-31
Notes to Required Supplementary Information – Budgetary Reporting		32
Other Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1	34-35
Schedule of Indebtedness	2	36-37
Bond and Note Maturities	3	38
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4	39
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>		41-42
Schedule of Findings		43-46
Staff		47

**City of Wilton**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dick Summy	Mayor	(Resigned)
Carol J. Wade (Appointed)	Mayor	Jan 2008
Richard L. Garrison	Mayor Pro tem	Jan 2008
George W. Freeland	Council Member	Jan 2008
Ted Glenney	Council Member	Jan 2008
Keith Stanley	Council Member	Jan 2010
Bob Barrett	Council Member	Jan 2010
Mark Anderson	Administrator	Indefinite
Lori A. Brown	Clerk/Treasurer	Indefinite
Gerald Denning	Attorney	Indefinite

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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 Wilton, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Wilton's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wilton Municipal Light and Power System, a discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us. Our opinion, insofar as it relates to the condensed financial information included in Note 12 for the discretely presented component unit, is based on the report of the other auditor.

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 and the report of the other auditor provide 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.

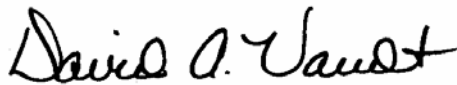
As described in Note 12, the City has chosen to present condensed financial information for its discretely presented component unit since complete financial statements of the component unit have been audited by another auditor and are available from the component unit. The report of the other auditor, dated November 8, 2007, expressed an unqualified opinion on the financial statements.

In our opinion, based on our audit and the report of the other auditor, 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 Wilton as of June 30, 2007, 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.

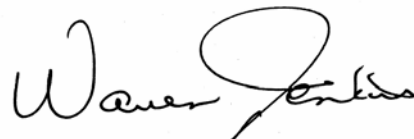
In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2007 on our consideration of the City of Wilton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 30 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Wilton's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 8, 2007



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Wilton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2007 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 56.7%, or approximately \$2,522,000, from fiscal 2006 to fiscal 2007. The decrease in receipts was primarily due to receipt of general obligation refunding bond proceeds during fiscal year 2006.
- Disbursements of the City's governmental activities decreased 9.1%, or approximately \$195,000, from fiscal 2006 to fiscal 2007. Public safety and public works disbursements decreased approximately \$51,000 and \$152,000, respectively. The cost of all City activities this year was approximately \$2,764,000, compared to \$3,102,000 last year. However, as shown in the Statement of Activities and Net Assets on pages 14-15, the amount taxpayers ultimately financed for these activities was approximately \$1,439,000 because some of the cost was paid by those directly benefited from the programs (\$933,000) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$392,000).
- The City's total cash basis net assets increased 3.16%, or approximately \$205,000, from June 30, 2006 to June 30, 2007. Of this amount, the assets of the governmental activities increased approximately \$131,000 and the assets of the business type activities increased approximately \$74,000.

### USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's long-term debt.

## **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. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government and debt service. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer and refuse collection systems. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, and 3) the Debt Service Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains separate Enterprise Funds to provide separate information for the water, sewer and garbage funds, considered to be major funds of the City.

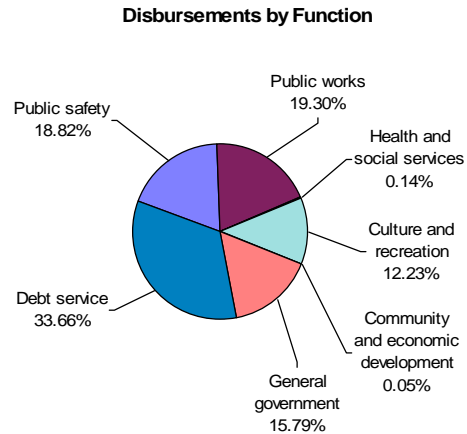
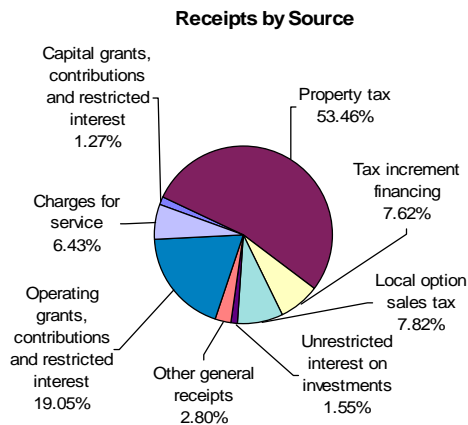
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As described in Note 11 on page 26, beginning cash basis net assets of the governmental activities decreased to correct for a previously unrecorded investment held by the Wilton Library Foundation and to reclassify the Foundation from a blended presentation to a discrete presentation. To enhance comparability, all amounts presented for fiscal 2006 in this discussion and analysis were restated, where applicable, to reflect these changes as if the changes had been made in the prior year.

Net assets may serve over time as a useful indicator of financial position. The City's cash net assets for governmental activities increased from a year ago, increasing by \$131,368 to \$4,369,679. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2007	2006
Receipts:		
Program receipts:		
Charges for service	\$ 124,015	41,157
Operating grants, contributions and restricted interest	367,441	407,559
Capital grants, contributions and restricted interest	24,407	28,622
General receipts:		
Property tax	1,031,495	1,006,148
Tax increment financing	147,003	141,591
Local option sales tax	150,935	122,197
Unrestricted interest on investments	29,886	23,596
Bond proceeds	-	2,580,700
Other general receipts	53,991	99,195
Total receipts	1,929,173	4,450,765
Disbursements:		
Public safety	365,920	416,653
Public works	375,312	527,600
Health and social services	2,796	3,852
Culture and recreation	237,842	191,032
Community and economic development	1,050	945
General government	306,953	386,405
Debt service	654,458	612,543
Total disbursements	1,944,331	2,139,030
Change in cash basis net assets before transfers	(15,158)	2,311,735
Transfers, net	146,526	125,359
Change in cash basis net assets	131,368	2,437,094
Cash basis net assets beginning of year, as restated	4,238,311	1,801,217
Cash basis net assets end of year	\$ 4,369,679	4,238,311



Total governmental activities receipts for the fiscal year were \$1,929,173, compared to \$4,450,765 last year. The cost of all governmental activities this year was \$1,944,331, compared to \$2,139,030 last year. The decrease in receipts was due to general obligation refunding bond proceeds received during fiscal year 2006. The decrease in disbursements was primarily the result of fiscal 2006 purchases of public works equipment and a storage building and general government disbursements for professional fees and land. These decreases were offset by an increase in culture and recreation for an additional allocation to the Wilton Community School District to help cover the costs of pool repairs, installation of lights at the City park and resurfacing the City tennis courts.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2007	2006
<b>Receipts:</b>		
<b>Program receipts:</b>		
Water	\$ 257,597	268,937
Sewer	252,880	258,866
Garbage	233,966	223,606
Electric utility sales tax	64,661	66,096
<b>General receipts:</b>		
Local option sales tax	150,935	130,258
Unrestricted interest on investments	72,082	43,483
Other general receipts	8,242	-
<b>Total receipts</b>	<b>1,040,363</b>	<b>991,246</b>
<b>Disbursements:</b>		
Water	183,846	158,142
Sewer	349,803	455,173
Garbage	221,505	274,096
Electric utility sales tax	64,661	68,695
<b>Total disbursements</b>	<b>819,815</b>	<b>956,106</b>
Change in cash basis net assets before transfers	220,548	35,140
Transfers, net	(146,526)	(125,359)
Change in cash basis net assets	74,022	(90,219)
Cash basis net assets beginning of year	2,253,271	2,343,490
<b>Cash basis net assets end of year</b>	<b>\$ 2,327,293</b>	<b>2,253,271</b>

Total business type activities receipts for the fiscal year were \$1,040,363, compared to \$991,246 last year. Total disbursements were \$819,815 compared to \$956,106 in the prior year. The decrease in disbursements is primarily due to the installation of a trickling filter on the sewer plant during fiscal 2006. No such improvements were made in fiscal 2007.

### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Wilton completed the year, its governmental funds reported a combined fund balance of \$4,369,679, an increase of \$131,368 over last year's total of \$4,238,311. The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The General Fund cash balance increased \$123,655 from the prior year to \$953,959. The increase is primarily due to an increase property tax and local option sales tax receipts and an effort to minimize spending.
- The Road Use Tax Fund cash balance increased \$14,804 over the prior year. This increase is due to receipts remaining relatively constant while disbursements decreased due to fewer equipment purchases.
- The Urban Renewal Tax Increment Fund cash balance decreased \$99,626 from the prior year. Disbursements for rebate agreements were up in fiscal 2007 and \$25,000 was paid on a highway project obligation.
- The Debt Service Fund cash balance increased \$59,361 over the prior year. Receipts in this fund increased at a higher rate than disbursements. In addition, during fiscal year 2007, the Urban Renewal Tax Increment Fund transferred \$30,772 to the Debt Service Fund to correct an error in posting tax increment financing receipts from a previous year.

### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The Water Fund cash balance increased \$42,913 to \$831,922 due to increases in interest rates and fewer transfers out to service general obligation debt. The City also made an effort to hold the line on spending.
- The Sewer Fund cash balance increased \$50,060 to \$1,127,854 due to increases in interest rates, an increase in local option sales tax receipts and less spending in fiscal year 2007.
- The Garbage Fund cash balance of \$373,216 did not change significantly.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 30, 2007 and resulted in an increase in operating disbursements related to a cost overrun of approximately \$83,500 on public safety equipment and other operation and maintenance disbursements in various City departments. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$9,085 more than budgeted. This was primarily due to the City over budgeting in the areas of intergovernmental and miscellaneous receipts and under budgeting other City tax and use of money and property.

Total disbursements were \$177,229 less than the amended budget. The actual disbursements for business type activities function was \$819,815, \$203,263 less than the amended budget. This was primarily due to the City budgeting to avoid cost over runs.

The City exceeded the amount budgeted in the debt service function during the year ended June 30, 2007. The over expenditure in the debt service function was due to the budget not including disbursements from the escrow account for the general obligation refunding debt payments.

**DEBT ADMINISTRATION**

At June 30, 2007, the City had \$7,260,000 in bonds and notes outstanding, compared to \$7,507,000 last year, as shown below. As required and as more fully discussed in Note 3 to the financial statements, the City is reporting the liability for the debt to be retired on June 1, 2008 and the refunding bonds.

	Outstanding Debt at Year-End	
	June 30,	
	2007	2006
General obligation notes	\$ 3,325,000	3,495,000
General obligation refunding bonds	2,620,000	2,620,000
Revenue bonds	1,315,000	1,392,000
Total	\$ 7,260,000	7,507,000

The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt of \$3,578,128, including tax increment financing rebate agreements of \$875,150 and net of cash on hand to service this debt of \$3,242,022, is below the City’s constitutional debt limit of approximately \$6,600,000.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The City of Wilton’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The Wilton City Council believes the future of Wilton will continue to improve and grow. As CDS is planning an expansion, we expect new jobs in the future. The community is also working to raise funds to build a new library/community center within the next few years. Also, a banking entity from out of town is building a new bank in the community. There is also a new warehousing business being built in the Industrial Park. These two new businesses will add new jobs and increase the tax base for the City of Wilton.

The City did not raise the tax rates for the 2008 fiscal year.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact City Administrator Mark Anderson, 104 E 4<sup>th</sup> Street, PO Box 27, Wilton, Iowa, 52778, or by phone at (563) 732-2115.

## **Basic Financial Statements**

City of Wilton

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2007

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 365,920	77,522	195	-
Public works	375,312	3,145	239,796	-
Health and social services	2,796	-	-	-
Culture and recreation	237,842	15,621	18,376	-
Community and economic development	1,050	1,090	-	-
General government	306,953	26,637	-	-
Debt service	654,458	-	109,074	24,407
	1,944,331	124,015	367,441	24,407
Business type activities:				
Water	183,846	257,597	-	-
Sewer	349,803	252,880	-	-
Garbage	221,505	233,966	-	-
Electric utility sales tax	64,661	64,661	-	-
Total business type activities	819,815	809,104	-	-
Total primary government	\$ 2,764,146	933,119	367,441	24,407
<b>Component Unit:</b>				
Wilton Library Foundation	\$ 15	-	14,372	-
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year, as restated				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Urban renewal purposes				
Streets				
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			Component Unit
Governmental Activities	Business Type Activities	Total	Wilton Library Foundation
(288,203)	-	(288,203)	-
(132,371)	-	(132,371)	-
(2,796)	-	(2,796)	-
(203,845)	-	(203,845)	-
40	-	40	-
(280,316)	-	(280,316)	-
(520,977)	-	(520,977)	-
(1,428,468)	-	(1,428,468)	-
-	73,751	73,751	-
-	(96,923)	(96,923)	-
-	12,461	12,461	-
-	-	-	-
-	(10,711)	(10,711)	-
(1,428,468)	(10,711)	(1,439,179)	-
-	-	-	14,357
\$ 653,932	-	653,932	-
147,003	-	147,003	-
377,563	-	377,563	-
150,935	150,935	301,870	-
29,886	72,082	101,968	-
53,991	8,242	62,233	-
146,526	(146,526)	-	-
1,559,836	84,733	1,644,569	-
131,368	74,022	205,390	14,357
4,238,311	2,253,271	6,491,582	86,364
\$ 4,369,679	2,327,293	6,696,972	100,721
\$ 304,348	-	304,348	-
77,030	-	77,030	-
2,937,674	61,351	2,999,025	-
96,668	-	96,668	-
953,959	2,265,942	3,219,901	100,721
\$ 4,369,679	2,327,293	6,696,972	100,721

City of Wilton

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

As of and for the year ended June 30, 2007

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 521,864	-	-
Tax increment financing	-	-	147,003
Other city tax	182,282	-	-
Licenses and permits	5,053	-	-
Use of money and property	37,449	-	1,210
Intergovernmental	62,664	239,796	-
Charges for service	24,311	-	-
Special assessments	368	-	-
Miscellaneous	26,759	-	-
Total receipts	<u>860,750</u>	<u>239,796</u>	<u>148,213</u>
Disbursements:			
Operating:			
Public safety	321,181	-	-
Public works	86,801	251,107	-
Health and social services	2,796	-	-
Culture and recreation	228,482	-	-
Community and economic development	1,050	-	-
General government	255,488	-	-
Debt service	-	-	172,003
Total disbursements	<u>895,798</u>	<u>251,107</u>	<u>172,003</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(35,048)</u>	<u>(11,311)</u>	<u>(23,790)</u>
Other financing sources (uses):			
Operating transfers in	158,703	26,115	-
Operating transfers out	-	-	(75,836)
Total other financing sources (uses)	<u>158,703</u>	<u>26,115</u>	<u>(75,836)</u>
Net change in cash balances	123,655	14,804	(99,626)
Cash balances beginning of year, as restated	830,304	62,226	403,974
Cash balances end of year	<u>\$ 953,959</u>	<u>77,030</u>	<u>304,348</u>
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	\$ -	-	-
Unreserved:			
General fund	953,959	-	-
Special revenue funds	-	77,030	304,348
Total cash basis fund balances	<u>\$ 953,959</u>	<u>77,030</u>	<u>304,348</u>

See notes to financial statements.

Debt Service	Nonmajor	Total
371,609	121,109	1,014,582
-	-	147,003
5,954	2,062	190,298
-	-	5,053
109,074	206	147,939
-	-	302,460
-	-	24,311
24,407	-	24,775
-	45,993	72,752
511,044	169,370	1,929,173
-	44,739	365,920
-	37,404	375,312
-	-	2,796
-	9,360	237,842
-	-	1,050
-	51,465	306,953
482,455	-	654,458
482,455	142,968	1,944,331
28,589	26,402	(15,158)
30,772	6,772	222,362
-	-	(75,836)
30,772	6,772	146,526
59,361	33,174	131,368
2,878,313	63,494	4,238,311
2,937,674	96,668	4,369,679
2,937,674	-	2,937,674
-	-	953,959
-	96,668	478,046
2,937,674	96,668	4,369,679

City of Wilton

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

As of and for the year ended June 30, 2007

	Enterprise		
	Water	Sewer	Garbage
Operating receipts:			
Charges for service	\$ 257,597	252,880	233,966
Miscellaneous	8,242	-	-
Total operating receipts	<u>265,839</u>	<u>252,880</u>	<u>233,966</u>
Operating disbursements:			
Business type activities	<u>170,346</u>	<u>217,541</u>	<u>221,505</u>
Excess of operating receipts over operating disbursements	<u>95,493</u>	<u>35,339</u>	<u>12,461</u>
Non-operating receipts (disbursements):			
Other city tax	-	150,935	-
Interest on investments	27,331	29,048	15,703
Acquisition of capital assets	(13,500)	-	-
Debt service	-	(132,262)	-
Total non-operating receipts (disbursements)	<u>13,831</u>	<u>47,721</u>	<u>15,703</u>
Excess of receipts over disbursements	109,324	83,060	28,164
Other financing uses:			
Operating transfers out	<u>(66,411)</u>	<u>(33,000)</u>	<u>(47,115)</u>
Net change in cash balances	42,913	50,060	(18,951)
Cash balances beginning of year	<u>789,009</u>	<u>1,077,794</u>	<u>392,167</u>
Cash balances end of year	<u>\$ 831,922</u>	<u>1,127,854</u>	<u>373,216</u>
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	\$ -	61,351	-
Unreserved	<u>831,922</u>	<u>1,066,503</u>	<u>373,216</u>
Total cash basis fund balances	<u>\$ 831,922</u>	<u>1,127,854</u>	<u>373,216</u>

See notes to financial statements.

Funds	
Nonmajor - Electric Utility Sales Tax	Total
64,661	809,104
-	8,242
64,661	817,346
64,661	674,053
-	143,293
-	150,935
-	72,082
-	(13,500)
-	(132,262)
-	77,255
-	220,548
-	(146,526)
-	74,022
(5,699)	2,253,271
(5,699)	2,327,293
-	61,351
(5,699)	2,265,942
(5,699)	2,327,293

City of Wilton

Notes to Financial Statements

June 30, 2007

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

The City of Wilton is a political subdivision of the State of Iowa located in Cedar and Muscatine Counties. 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, sewer and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Wilton 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.

These financial statements include the City of Wilton (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Friends of the Wilton Public Library and the Wilton Volunteer Fire Department are entities which are legally separate from the City but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of the City and blended into the nonmajor governmental funds.

Discretely Presented Component Units

The Wilton Library Foundation (Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, scientific and educational purposes for the enhancement and improvement of the Wilton Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Foundation are substantially for the direct benefit of the City of Wilton Library.

The Wilton Municipal Light and Power System (System) was established under Chapter 388 of the Code of Iowa to operate the City's electric utility. The System is governed by a five-member board appointed by the Mayor and approved by the City Council. In accordance with criteria set by the Governmental Accounting Standards Board, the System meets the definition of a component unit which should be discretely presented. Condensed financial statements presented in Note 12 were prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Complete financial statements can be obtained from the Wilton Municipal Light and Power System, 220 W. 3rd Street, Wilton, Iowa 52778.

#### Jointly Governed Organizations

The City participates in several jointly governed organizations for which the City is not financially accountable or the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of or appoint representatives to the following boards: Cedar and Muscatine County Assessor's Conference Boards, E911 Joint Service Board, Muscatine County Solid Waste Management Agency and Cedar County Solid Waste Commission.

#### 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 proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds and proprietary funds are aggregated and reported as nonmajor governmental funds and proprietary funds, respectively.

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 Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

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

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 waste water treatment and sanitary sewer system.

The Garbage Fund accounts for the operation and maintenance of the City's solid waste disposal system.

C. Measurement Focus and Basis of Accounting

The City of Wilton 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 incurred, 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, 2007, disbursements exceeded the amount budgeted in the debt service function.



**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2007 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.

At June 30, 2007, City had the following investments:

Type	Carrying Amount	Fair Value	Maturity
U.S. Government Treasury Note	\$ 2,338	2,338	December 2007
U.S. Government Treasury Note	<u>2,552,385</u>	<u>2,552,385</u>	June 2008
Total	<u>\$ 2,554,723</u>	<u>2,554,723</u>	

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

**(3) Bonds and Notes Payable**

General Obligation Notes and Refunding Bonds and Sewer Revenue Bonds

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

Year Ending June 30,	General Obligation Notes		General Obligation Refunding Bonds		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 2,730,000	191,137	-	107,375	80,000	51,548	2,810,000	350,060
2009	170,000	32,712	50,000	107,375	83,000	48,412	303,000	188,499
2010	175,000	23,533	55,000	105,675	86,000	45,158	316,000	174,366
2011	185,000	13,907	55,000	103,750	89,000	41,787	329,000	159,444
2012	65,000	3,640	180,000	101,770	93,000	38,298	338,000	143,708
2013-2017	-	-	1,335,000	375,395	520,000	134,065	1,855,000	509,460
2018-2020	-	-	945,000	84,945	364,000	28,890	1,309,000	113,835
Total	<u>\$ 3,325,000</u>	<u>264,929</u>	<u>2,620,000</u>	<u>986,285</u>	<u>1,315,000</u>	<u>388,158</u>	<u>7,260,000</u>	<u>1,639,372</u>

The resolution providing for the issuance of the sewer revenue bonds issued under a loan agreement between the City of Wilton, the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. includes the following provisions:

- (1) The bonds 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 bonds falling due in the same year.

#### Refunding Bonds

On September 15, 2005, the City issued \$2,620,000 of general obligation refunding bonds. The City entered into an escrow agreement with Bankers Trust Company and deposited the proceeds from the refunding bonds. The proceeds will be used to advance refund in a crossover refunding \$2,200,000 of FY2000 general obligation corporate purpose and refunding notes on the crossover date of June 1, 2008. In addition, the funds in the escrow account will be used to advance refund \$350,000 of 2002 general obligation curb and gutter improvement notes on the call date of June 1, 2008. The remaining funds in the escrow account will be used temporarily to meet the debt service requirements of the refunding bonds until the crossover date of June 1, 2008. Any remaining funds in the escrow account after the payment made on the crossover date shall be remitted to the City. As required, the City will report the liability for both the FY2000 and FY2002 general obligation notes and the general obligation refunding bonds until the crossover date. The amount available in the refunding bonds trust escrow account at June 30, 2007 was \$2,554,723, consisting of investments in U.S. government securities.

#### **(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 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual 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, 2007, 2006 and 2005 were \$42,556, \$42,490 and \$44,330, respectively, equal to the required contributions for each year.

#### **(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation 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 compensated absences payable to employees, primarily relating to the General Fund, totaled \$33,000 at June 30, 2007. This liability has been computed based on rates of pay in effect at June 30, 2007.

**(6) Industrial Development Revenue Bonds**

The City has issued a total of \$5,900,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$2,523,066 is outstanding at June 30, 2007. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

**(7) Urban Renewal Project Rebate Agreements**

In prior years, the City entered into six tax increment financing agreements. The City has agreed to assist in urban renewal projects by rebating incremental taxes paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated for a period of 15 years, beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The agreements end by fiscal year 2018. The total amount that will be rebated in any fiscal year for the six tax increment financing agreements is based on the assessed value of the land and buildings less the frozen property values times the property tax values for the City, Muscatine County and the Wilton Community School District, less the portion attributable to debt service for that year. The total amount rebated during the year ended June 30, 2007 was \$147,003. The total cumulative amount rebated since inception of the agreements is \$753,832. The estimated outstanding principal balance on the rebate agreements at June 30, 2007 is approximately \$924,000.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City’s financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

One of the six agreements includes an annual appropriation clause and only the amount payable in the succeeding year is subject to the constitutional debt limitation. The remaining five agreements do not include an annual appropriation clause and, accordingly, the entire outstanding principal balance of these agreements is subject to the constitutional debt limitation.

**(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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Urban Renewal	
	Tax Increment	\$ 38,292
	Enterprise:	
	Water	66,411
	Sewer	33,000
	Garbage	21,000
		<u>158,703</u>

Transfer to	Transfer from	Amount
Special Revenue:	Enterprise:	
Road Use Tax	Garbage	26,115
Group Health Insurance	Special Revenue:	
	Urban Renewal	
	Tax Increment	6,772
Debt Service	Special Revenue:	
	Urban Renewal	
	Tax Increment	30,772
Total		<u>\$ 222,362</u>

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

**(10) Joint Venture**

The City is a party to an agreement with the Wilton Community School District pursuant to Chapter 28E of the Code of Iowa to operate a public swimming pool. The pool was constructed by the District upon land donated by the City. The agreement established a separate entity known as the Recreational Swim Program governed by a five-member Board of Trustees, of whom two are appointed by the City, two by the District and one by the four members. Operating expenses are shared equally by the City and the District.

Selected unaudited information for the Wilton Community School District Swimming Pool for the year ended June 30, 2007 is as follows:

Receipts	\$ 135,522
Disbursements	<u>131,978</u>
Receipts in excess of disbursements	3,544
Cash and investments at July 1, 2006	<u>13,619</u>
Cash and investments at June 30, 2007	<u>\$ 17,163</u>

The financial statements for the swimming pool can be obtained from the Wilton Community School District.

**(11) Restatements**

The beginning cash basis net assets of the governmental activities and governmental funds have been restated to add a previously unrecorded investment held by the Wilton Library Foundation and the reclassification of the Wilton Library Foundation from a component unit blended into the special revenue funds to a discrete presentation pursuant to criteria established by the Governmental Accounting Standards Board. The detail of the restatement is as follows:

Governmental activities and governmental funds:	
Cash basis net assets and fund balances, June 30, 2006, as previously reported	\$ 4,263,738
Correction for previously unrecorded investment held by the Wilton Library Foundation	60,937
Reclassification of Wilton Library Foundation to a discrete presentation	<u>(86,364)</u>
Cash basis net assets and fund balances July 1, 2006, as restated	<u>\$ 4,238,311</u>

**(12) Wilton Municipal Light and Power System**

The Wilton Municipal Light and Power System provides electric service for the City. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the condensed financial information for the System for the year ended June 30, 2007.

Condensed Statement of Net Assets	
<b>Assets</b>	
Current assets	\$ 1,682,927
Capital assets, net of accumulated depreciation	3,659,911
Other	6,405
<b>Total assets</b>	<b>5,349,243</b>
<b>Liabilities</b>	
Long-term debt	1,013,200
Other liabilities	223,838
<b>Total liabilities</b>	<b>1,237,038</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	2,646,711
Restricted	321,313
Unrestricted	1,144,181
<b>Total net assets</b>	<b>\$ 4,112,205</b>

Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues:	
Electric sales	\$ 2,159,178
Other electric revenue	39,898
Other	5,754
Total operating revenues	2,204,830
Operating expenses:	
Production - power costs	\$ 1,413,000
Transmission and distribution	353,386
General and administrative	238,379
Operating income	200,065
Non-operating revenues (expenses):	
Interest income	45,676
Interest expense	(55,179)
Total non-operating revenues (expenses)	(9,503)
Net income	190,562
Net assets beginning of year	3,921,643
Net assets end of year	\$ 4,112,205

**(13) Pending Litigation**

The City is a defendant in a lawsuit. The probability and amount of loss, if any, is indeterminable.

**(14) Subsequent Event**

On October 8, 2007, the City approved the purchase of a rescue pumper for the Wilton Volunteer Fire Department for \$386,408. The City plans to use funds currently on hand in the General Fund to fund this purchase.

**Required Supplementary Information**

City of Wilton  
 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, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required to be Budgeted	Total
<b>Receipts:</b>				
Property tax	\$ 1,014,582	-	-	1,014,582
Tax increment financing	147,003	-	-	147,003
Other city tax	190,298	150,935	-	341,233
Licenses and permits	5,053	-	-	5,053
Use of money and property	147,939	72,082	37	219,984
Intergovernmental	302,460	-	-	302,460
Charges for service	24,311	809,104	-	833,415
Special assessments	24,775	-	-	24,775
Miscellaneous	72,752	8,242	14,794	66,200
Total receipts	<u>1,929,173</u>	<u>1,040,363</u>	<u>14,831</u>	<u>2,954,705</u>
<b>Disbursements:</b>				
Public safety	365,920	-	7,742	358,178
Public works	375,312	-	-	375,312
Health and social services	2,796	-	-	2,796
Culture and recreation	237,842	-	3,954	233,888
Community and economic development	1,050	-	-	1,050
General government	306,953	-	-	306,953
Debt service	654,458	-	-	654,458
Business type activities	-	819,815	-	819,815
Total disbursements	<u>1,944,331</u>	<u>819,815</u>	<u>11,696</u>	<u>2,752,450</u>
Excess (deficiency) of receipts over (under) disbursements	(15,158)	220,548	3,135	202,255
Other financing sources, net	146,526	(146,526)	-	-
Excess of receipts and other financing sources over disbursements and other financing uses	131,368	74,022	3,135	202,255
Balances beginning of year, as restated	4,238,311	2,253,271	7,652	6,483,930
Balances end of year	<u>\$ 4,369,679</u>	<u>2,327,293</u>	<u>10,787</u>	<u>6,686,185</u>

See accompanying independent auditor's report.



Budgeted Amounts		Final to Total Variance
Original	Final	
997,295	997,295	17,287
157,485	157,485	(10,482)
142,215	142,215	199,018
4,250	4,250	803
47,275	47,275	172,709
427,300	427,300	(124,840)
923,000	923,000	(89,585)
49,300	49,300	(24,525)
197,500	197,500	(131,300)
2,945,620	2,945,620	9,085
359,660	364,660	6,482
391,440	421,440	46,128
3,862	3,862	1,066
211,804	248,804	14,916
3,000	3,000	1,950
324,413	335,913	28,960
528,922	528,922	(125,536)
1,023,078	1,023,078	203,263
2,846,179	2,929,679	177,229
99,441	15,941	186,314
10,356	10,356	(10,356)
109,797	26,297	175,958
3,905,863	3,905,863	2,578,067
4,015,660	3,932,160	2,754,025

City of Wilton

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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 except blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Proprietary 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, one budget amendment increased budgeted disbursements by \$83,500. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the debt service function.

**Other Supplementary Information**

City of Wilton

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

As of and for the year ended June 30, 2007

	Special	
	Group Health Insurance	Road Use Equipment Reserve
Receipts:		
Property tax	\$ 121,109	-
Other city tax	2,062	-
Use of money and property	169	-
Miscellaneous	31,199	-
Total receipts	<u>154,539</u>	<u>-</u>
Disbursements:		
Operating:		
Public safety	36,997	-
Public works	37,404	-
Culture and recreation	5,406	-
General government	51,465	-
Total disbursements	<u>131,272</u>	<u>-</u>
Excess of receipts over disbursements	23,267	-
Other financing sources:		
Operating transfers in	<u>6,772</u>	<u>-</u>
Net change in cash balances	30,039	-
Cash balances beginning of year, as restated	54,689	1,153
Cash balances end of year	<u>\$ 84,728</u>	<u>1,153</u>
<b>Cash Basis Fund Balances</b>		
Unreserved:		
Special revenue funds	<u>\$ 84,728</u>	<u>1,153</u>

See accompanying independent auditor's report.

Revenue		
Friends of the Wilton Public Library	Wilton Volunteer Fire Department	Total
-	-	121,109
-	-	2,062
-	37	206
4,255	10,539	45,993
4,255	10,576	169,370
-	7,742	44,739
-	-	37,404
3,954	-	9,360
-	-	51,465
3,954	7,742	142,968
301	2,834	26,402
-	-	6,772
301	2,834	33,174
3,729	3,923	63,494
4,030	6,757	96,668
4,030	6,757	96,668

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City of Wilton  
Schedule of Indebtedness  
Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Essential corporate purpose	Jun 1, 2000	5.20-6.15%	\$ 3,905,000
Curb and gutter	Jan 1, 2002	3.75-5.80	465,000
Total			
General obligation refunding bonds	Sep 15, 2005	3.40-4.50%	\$ 2,620,000
Sewer revenue bonds	Dec 13, 1999	3.92%	\$ 1,794,000

See accompanying independent auditor's report.

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Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
3,105,000	-	150,000	2,955,000	179,690
390,000	-	20,000	370,000	20,248
\$ 3,495,000	-	170,000	3,325,000	199,938
\$ 2,620,000	-	-	2,620,000	107,375
\$ 1,392,000	-	77,000	1,315,000	54,566

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**Schedule 3**

City of Wilton  
 Bond and Note Maturities  
 June 30, 2007

Year Ending June 30,	General Obligation Notes					General Obligation		Revenue Bonds	
	Essential		Curb and Gutter		Total	Refunding Bonds		Sewer	
	Corporate Purpose		Issued Jan 1, 2002			Series 2005		Issued Dec 13, 1999	
	Interest	Amount	Interest	Amount	Interest	Amount	Interest	Amount	
Rates		Rates			Rates		Rates		
2008	4.40%	\$ 2,360,000	4.40%	\$ 370,000	2,730,000		\$ -	3.92%	\$ 80,000
2009	4.55	170,000		-	170,000	3.40%	50,000	3.92	83,000
2010	4.70	175,000		-	175,000	3.50	55,000	3.92	86,000
2011	4.85	185,000		-	185,000	3.60	55,000	3.92	89,000
2012	5.00	65,000		-	65,000	3.70	180,000	3.92	93,000
2013		-		-	-	3.80	245,000	3.92	96,000
2014		-		-	-	3.90	255,000	3.92	100,000
2015		-		-	-	4.00	270,000	3.92	104,000
2016		-		-	-	4.10	280,000	3.92	108,000
2017		-		-	-	4.20	285,000	3.92	112,000
2018		-		-	-	4.30	305,000	3.92	117,000
2019		-		-	-	4.40	310,000	3.92	121,000
2020		-		-	-	4.50	330,000	3.92	126,000
Total		<u>\$ 2,955,000</u>		<u>\$ 370,000</u>	<u>3,325,000</u>		<u>\$ 2,620,000</u>		<u>\$ 1,315,000</u>

See accompanying independent auditor's report.



## City of Wilton

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Five Years

	2007	2006	2005	2004	2003
<b>Receipts:</b>					
Property tax	\$ 1,014,582	982,361	976,515	902,414	985,518
Tax increment financing	147,003	141,591	122,677	506,339	343,281
Other city tax	190,298	177,478	165,013	175,378	155,248
Licenses and permits	5,053	5,328	5,646	4,947	5,492
Use of money and property	147,939	101,118	22,601	30,154	38,662
Intergovernmental	302,460	311,113	358,111	337,080	371,073
Charges for service	24,311	14,576	24,041	14,456	10,201
Special assessments	24,775	28,580	50,173	39,907	80,406
Miscellaneous	72,752	109,211	93,895	78,443	63,392
<b>Total</b>	<b>\$ 1,929,173</b>	<b>1,871,356</b>	<b>1,818,672</b>	<b>2,089,118</b>	<b>2,053,273</b>
<b>Disbursements:</b>					
<b>Operating:</b>					
Public safety	\$ 365,920	416,653	488,160	457,701	403,090
Public works	375,312	527,600	321,655	541,199	464,618
Health and social services	2,796	3,852	4,738	2,540	3,579
Culture and recreation	237,842	198,047	194,888	188,628	163,796
Community and economic development	1,050	945	610	1,969	12,770
General government	306,953	386,405	317,840	295,138	795,658
Debt service	654,458	612,543	519,410	666,540	401,926
<b>Total</b>	<b>\$ 1,944,331</b>	<b>2,146,045</b>	<b>1,847,301</b>	<b>2,153,715</b>	<b>2,245,437</b>

See accompanying independent auditor's report.

**City of Wilton**



**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 Wilton, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated November 8, 2007. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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 Wilton'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 Wilton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Wilton'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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Wilton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Wilton's financial statements that is more than inconsequential will not be prevented or detected by the City of Wilton's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Wilton's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

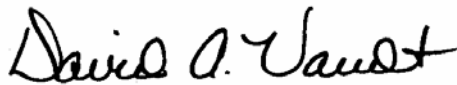
As part of obtaining reasonable assurance about whether the City of Wilton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 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 Wilton's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Wilton'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 Wilton and other parties to whom the City of Wilton may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Wilton 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

November 8, 2007

City of Wilton

Schedule of Findings

Year ended June 30, 2007

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

- (A) Financial Reporting – During the audit, we identified a previously unrecorded certificate of deposit for \$60,000 held by the Wilton Library Foundation at June 30, 2006. An adjustment to the Foundation’s July 1, 2006 cash basis net assets was made by the City to properly report the Foundation’s balance.

Recommendation – The City should implement procedures to ensure all amounts are identified and included in the financial statements.

Response – Inadvertent oversight, will note for future reference.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Wilton

Schedule of Findings

Year ended June 30, 2007

**Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in sufficient amount as required by Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Effort to minimize this concern will be addressed.

Conclusion – Response accepted.

- (2) Questionable Disbursements – Certain disbursements were noted we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

All City employees are provided an annual clothing allowance, regardless of whether a specific type of clothing is required to perform their duties. The amount allowed is \$100 for office employees and \$300 for employees classified as City works employees. During the year ended June 30, 2007, we identified a total of \$170 reimbursed to an office employee and a City works employee for clothing purchases. These reimbursements were not processed through payroll and, accordingly, the proper tax withholdings were not applied.

We also noted \$29 spent for pizza for the Library’s Teen Board.

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

Recommendation – The City should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures establishing the public benefit, including the requirement for proper documentation.

The City should ensure clothing allowances are properly processed through payroll.

Response – City will review and address this issue for compliance.

Conclusion – Response accepted.

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Wilton

Schedule of Findings

Year ended June 30, 2007

- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Richard L. Garrison, Council Member, owner of Garrison's Garden Market and Greenhouse	Potting soil and grass seed	\$ 291

This transaction does not represent a conflict of interest in accordance with Chapter 362.5(10) of the Code of Iowa because the cumulative total during the fiscal year was less than \$1,500.

- (5) 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 insure the coverage is adequate for current operations.
- (6) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

Interfund transfers were not approved by the Council.

Recommendation – The Council should ensure all interfund transfers are approved through the certified budget, resolutions or in the minutes record.

Response – These transfers will be submitted to the Council for approval.

Conclusion – Response accepted.

- (7) 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.
- (8) Revenue Bonds – No instances of non-compliance with the provisions of the sewer revenue bond indenture were noted.
- (9) Tax Increment Financing – The City's tax increment financing (TIF) certification required by Chapter 403 of the Code of Iowa and filed December 1, 2006 certified \$191,107 of TIF debt. The City's TIF debt consists entirely of developer rebate agreements in which the City agrees to rebate TIF taxes to the developer(s) over a specified period of time in exchange for certain infrastructure and other improvements. While these agreements represent debt to the City, we were unable to substantiate the amount certified.

For the majority of the City's rebate agreements, debt is represented as the total estimated rebate amount due each developer over a specified period of time. Certain of the agreements, however, contain "annual appropriation" language which limits the City's liability to the amount annually appropriated by the Council for payment to the developer in the next year, if any.

City of Wilton

Schedule of Findings

Year ended June 30, 2007

The City's Urban Renewal Tax Increment fund balance at June 30, 2006 was \$403,974. In accordance with guidance provided by the Iowa Department of Management, funds on hand in the TIF fund should be deducted from TIF debt with the net amount certified December 1, 2006. Had the City deducted the Urban Renewal Tax Increment fund cash balance from its TIF debt, the result would have been a debt certification of zero at December 1, 2006.

During our review of the City's Urban Renewal Tax Increment fund and corresponding balance at July 1, 2006, we noted \$75,836 of machinery and equipment credit collected in a prior year which should have been apportioned to the General, Special Revenue, Group Health Insurance and Debt Service Funds. This error was subsequently corrected by the City through interfund transfers.

Recommendation – The City should review the developer rebate agreements to determine the correct amount of TIF debt for future certifications. Any cash on hand in the Urban Renewal Tax Increment fund should be deducted from the debt amount in determining the amount to certify.

Response – The rebate agreements that do not currently have the “annual appropriation” language will be amended to include such. Cash in the TIF fund will be deducted from future amounts certified.

Conclusion – Response acknowledged. Developer rebate agreements should also be reviewed to determine the correct amount of TIF debt for future certifications.

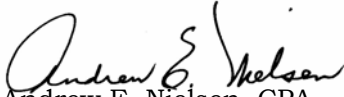


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City of Wilton  
Staff

This audit was performed by:

Marlys K Gaston, CPA, Manager  
Daniel L. Grady, Staff Auditor  
Kristin M. Ockenfels, Audit Intern

  
Andrew E. Nielsen, CPA  
Deputy Auditor of State