



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

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NEWS RELEASE

FOR RELEASE

January 29, 2009

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

The City's receipts totaled \$2,982,806 for the year ended June 30, 2008, a less than one percent increase over 2007. The receipts included \$950,621 from charges for service, \$472,148 from operating grants, contributions and restricted interest, \$17,671 from capital grants, contributions and restricted interest, \$943,714 in property tax, \$123,703 from tax increment financing, \$304,090 from local option sales tax, \$106,589 from unrestricted interest on investments and \$64,270 from other general receipts.

Disbursements for the year totaled \$3,329,462, a 20 percent increase over the prior year, and included \$641,057 for debt service, \$623,642 for public safety and \$359,788 for public works. Disbursements for business type activities totaled \$1,159,158. The increase in disbursements is due primarily to the purchase of a police car and a fire truck and the purchase and installation of a clarifier for the wastewater treatment plant during fiscal 2008.

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/reports.htm>.

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

JUNE 30, 2008

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City of Wilton

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2008)		
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
(After January 2008)		
Carol J. Wade	Mayor	Jan 2010
Richard L. Garrison	Mayor Pro tem	Jan 2012
Keith Stanley	Council Member	Jan 2010
Bob Barrett	Council Member	Jan 2010
Ira Bowman	Council Member	Jan 2012
Matt Fowler	Council Member	Jan 2012
Mark Anderson	Administrator	Indefinite
Lori A. Brown	Clerk/Treasurer	Indefinite
Gerald Denning	Attorney	Indefinite

City of Wilton



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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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wilton, Iowa, as of and for the year ended June 30, 2008, 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 11 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 11, the City has chosen to present condensed financial information for the Wilton Municipal Light and Power System, a 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 September 10, 2008, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wilton as of June 30, 2008, 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 October 27, 2008 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 five years ended June 30, 2007 (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 by us in the 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

October 27, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 3.4%, or approximately \$65,000, from fiscal 2007 to fiscal 2008. The decrease in receipts was primarily due to receiving less property tax in fiscal 2008 than in fiscal 2007.
- Disbursements of the City's governmental activities increased 11.6%, or approximately \$226,000, from fiscal 2007 to fiscal 2008. Public safety disbursements increased approximately \$258,000. The cost of all City activities this year was approximately \$3,329,000, compared to approximately \$2,764,000 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 \$1,889,000 because some of the cost was paid by those directly benefited from the programs (\$950,621) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$489,819).
- The City's total cash basis net assets decreased 52.1%, or approximately \$3,492,000, from June 30, 2007 to June 30, 2008. Of this amount, the assets of the governmental activities decreased approximately \$3,121,000 and the assets of the business type activities increased approximately \$371,000.

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, health and social services, 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.

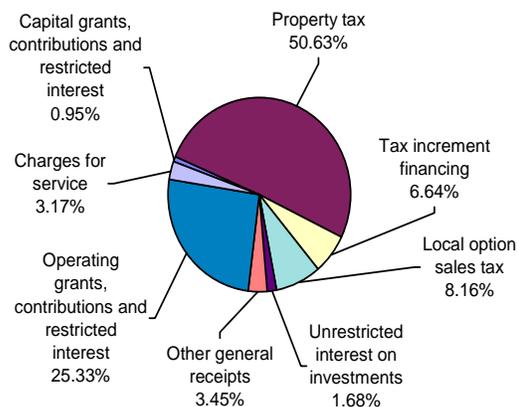
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

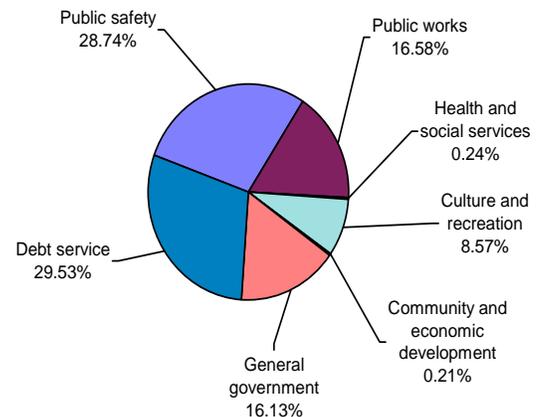
Net assets may serve over time as a useful indicator of financial position. The City's cash net assets for governmental activities decreased from a year ago, decreasing by \$3,121,030 to \$1,248,649. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2008	2007
Receipts:		
Program receipts:		
Charges for service	\$ 59,163	124,015
Operating grants, contributions and restricted interest	472,148	367,441
Capital grants, contributions and restricted interest	17,671	24,407
General receipts:		
Property tax	943,714	1,031,495
Tax increment financing	123,703	147,003
Local option sales tax	152,045	150,935
Unrestricted interest on investments	31,251	29,886
Other general receipts	64,270	53,991
Total receipts	1,863,965	1,929,173
Disbursements:		
Public safety	623,642	365,920
Public works	359,788	375,312
Health and social services	5,313	2,796
Culture and recreation	185,894	237,842
Community and economic development	4,462	1,050
General government	350,148	306,953
Debt service	641,057	654,458
Total disbursements	2,170,304	1,944,331
Change in cash basis net assets before transfers	(306,339)	(15,158)
Transfers, net	330,309	146,526
General obligation notes refunded	(3,145,000)	-
Change in cash basis net assets	(3,121,030)	131,368
Cash basis net assets beginning of year	4,369,679	4,238,311
Cash basis net assets end of year	\$1,248,649	4,369,679

Receipts by Source



Disbursements by Function



Total governmental activities receipts for the fiscal year were \$1,863,965 compared to \$1,929,173 last year. The cost of all governmental activities this year was \$2,170,304 compared to \$1,944,331 last year. The decrease in receipts was due to the City receiving less property tax than in the prior year, primarily due to decreased valuations. The increase in disbursements was primarily the result of fiscal 2008 purchases of public safety vehicles, including a new fire truck and a used police car. Additionally, there was an increase in the general government function due to capital outlay for a parking lot. These increases were offset by a decrease 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 in fiscal 2007.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2008	2007
Receipts:		
Program receipts:		
Water	\$ 289,797	265,839
Sewer	287,513	252,880
Garbage	249,228	233,966
Electric utility sales tax	64,920	64,661
General receipts:		
Local option sales tax	152,045	150,935
Unrestricted interest on investments	75,338	72,082
Total receipts	<u>1,118,841</u>	<u>1,040,363</u>
Disbursements:		
Water	248,735	183,846
Sewer	598,028	349,803
Garbage	244,832	221,505
Electric utility sales tax	67,563	64,661
Total disbursements	<u>1,159,158</u>	<u>819,815</u>
Change in cash basis net assets before transfers	(40,317)	220,548
Transfers, net	<u>(330,309)</u>	<u>(146,526)</u>
Change in cash basis net assets	(370,626)	74,022
Cash basis net assets beginning of year	<u>2,327,293</u>	<u>2,253,271</u>
Cash basis net assets end of year	<u>\$ 1,956,667</u>	<u>2,327,293</u>

Total business type activities receipts for the fiscal year were \$1,118,841 compared to \$1,040,363 last year. Total disbursements were \$1,159,158 compared to \$819,815 in the prior year. The increase in receipts is primarily due to the City increasing water and sewer rates during fiscal 2008. The City also collected more in recycling fees during fiscal 2008. The increase in disbursements is primarily due to the installation of a clarifier at the sewer plant during fiscal 2008. The City also began work on a new water tower during fiscal 2008, incurring engineering and other fees.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Wilton completed the year, its governmental funds reported a combined fund balance of \$1,248,649, a decrease of \$3,121,030 from last year's total of \$4,369,679. The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The General Fund cash balance decreased \$170,821 from the prior year to \$783,138. Property tax receipts were down approximately \$44,000 from fiscal 2007 due to a decrease in valuations. The decreased cash balance was also due to increased spending in public safety for a new fire truck and a used police car. General government spending increased due to the installation of a new parking lot.
- The Special Revenue, Road Use Tax Fund cash balance increased a nominal \$3,770 over the prior year.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$36,619 from the prior year. Receipts for rebate agreements were down in fiscal 2008 and \$38,196 was paid on a culvert project obligation.
- The Debt Service Fund cash balance decreased \$2,921,589 from the prior year. The decrease was due to refunding general obligation notes during fiscal 2008.

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 decreased \$206,791 to \$625,131, due primarily to a temporary transfer to the Debt Service Fund to assist with the refunding of general obligation notes. Disbursements remained fairly constant as the City made an effort to hold the line on spending.
- The Sewer Fund cash balance decreased \$160,262 to \$967,592, due primarily to an increase in spending for the installation of a clarifier at the wastewater treatment plant in fiscal year 2008.
- The Garbage Fund cash balance of \$372,286 did not change significantly from the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on June 9, 2008 and resulted in an increase in operating disbursements primarily related to cost overruns in the public safety function for the purchase of a used police car and a new fire truck and in the community and economic development function for payments on tax increment financing rebate agreements. Other function budgets were amended for various operation and maintenance disbursements. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$227,894 more than budgeted. This was due primarily to more receipts taken in from the following than originally anticipated. There was \$54,000 more in local option sales tax, which indicates consumers spent more during FY2008 than in previous years. Interest receipts were greater than anticipated due to interest earned on the escrow account for the general obligation notes refunded on the June 1, 2008 crossover date. Also, the Enterprise Funds receipts increased as the Water Fund was \$59,000 higher, the Sewer Fund was \$50,000 higher and the Garbage Fund was \$34,000 higher. Township tax contributions to the Fire Equipment Fund were \$27,000 higher, which can be attributed to some townships increasing their tax levy and an increase in taxable valuation for other townships.

Total disbursements were \$2,984,651 less than the amended budget. The actual disbursements for the debt service function were \$641,057, \$2,488,880 less than the amended budget. This was primarily due to the City budgeting for the general obligation notes refunded in the City's financial statements as an "other financing use" rather than as a function disbursement.

During the year ended June 30, 2008, disbursements in the public safety, health and social services and general government functions exceeded amounts budgeted prior to the June 9, 2008 budget amendment.

DEBT ADMINISTRATION

At June 30, 2008, the City had \$3,855,000 in bonds outstanding, compared to \$7,260,000 of bonds and notes outstanding last year, as shown below. As required, at June 30, 2007, the City reported the liability for both the debt to be retired on June 1, 2008 and the refunding bonds. On June 1, 2008, the City called and redeemed the general obligation notes.

Outstanding Debt at Year-End		
	June 30,	
	2008	2007
General obligation notes	\$ -	3,325,000
General obligation refunding bonds	2,620,000	2,620,000
Revenue bonds	1,235,000	1,315,000
Total	<u>\$ 3,855,000</u>	<u>7,260,000</u>

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 \$2,620,000, plus tax increment financing rebate agreements of \$762,080 and net of cash on hand to service this debt of \$267,729, totals \$3,114,351 and is significantly below the City's constitutional debt limit of approximately \$6,900,000.

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 2009 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. The community looks forward to breaking ground in 2009 for a new library/community center. Also, a new 500,000 gallon water tower is currently under construction to come on line in 2009. This will allow the City to be prepared to offer enhanced water service for new businesses in the future. All of these improvements will enhance our quality of life and promote economic growth for the future.

The City did not raise the tax rates for the 2009 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 4th 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, 2008

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety	\$ 623,642	15,629	90,021	-
Public works	359,788	3,622	246,500	-
Health and social services	5,313	-	-	-
Culture and recreation	185,894	12,336	30,278	-
Community and economic development	4,462	6,681	-	-
General government	350,148	20,895	-	-
Debt service	641,057	-	105,349	17,671
Total governmental activities	2,170,304	59,163	472,148	17,671
Business type activities:				
Water	248,735	289,797	-	-
Sewer	598,028	287,513	-	-
Garbage	244,832	249,228	-	-
Electric utility sales tax	67,563	64,920	-	-
Total business type activities	1,159,158	891,458	-	-
Total primary government	\$ 3,329,462	950,621	472,148	17,671
Component Unit:				
Wilton Library Foundation	\$ 15	-	3,917	-
General Receipts:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
General obligation notes refunded				
Total general receipts, transfers and refunded notes				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Urban renewal purposes				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

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
(517,992)	-	(517,992)	-
(109,666)	-	(109,666)	-
(5,313)	-	(5,313)	-
(143,280)	-	(143,280)	-
2,219	-	2,219	-
(329,253)	-	(329,253)	-
(518,037)	-	(518,037)	-
<u>(1,621,322)</u>	<u>-</u>	<u>(1,621,322)</u>	<u>-</u>
-	41,062	41,062	-
-	(310,515)	(310,515)	-
-	4,396	4,396	-
-	(2,643)	(2,643)	-
<u>-</u>	<u>(267,700)</u>	<u>(267,700)</u>	<u>-</u>
<u>(1,621,322)</u>	<u>(267,700)</u>	<u>(1,889,022)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,902</u>
\$ 574,060	-	574,060	-
123,703	-	123,703	-
369,654	-	369,654	-
152,045	152,045	304,090	-
31,251	75,338	106,589	-
64,270	-	64,270	-
330,309	(330,309)	-	-
<u>(3,145,000)</u>	<u>-</u>	<u>(3,145,000)</u>	<u>-</u>
<u>(1,499,708)</u>	<u>(102,926)</u>	<u>(1,602,634)</u>	<u>-</u>
<u>(3,121,030)</u>	<u>(370,626)</u>	<u>(3,491,656)</u>	<u>3,902</u>
<u>4,369,679</u>	<u>2,327,293</u>	<u>6,696,972</u>	<u>100,721</u>
<u>\$ 1,248,649</u>	<u>1,956,667</u>	<u>3,205,316</u>	<u>104,623</u>
\$ 267,729	-	267,729	-
80,800	-	80,800	-
16,085	61,928	78,013	-
100,897	-	100,897	-
<u>783,138</u>	<u>1,894,739</u>	<u>2,677,877</u>	<u>104,623</u>
<u>\$ 1,248,649</u>	<u>1,956,667</u>	<u>3,205,316</u>	<u>104,623</u>

City of Wilton

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

As of and for the year ended June 30, 2008

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 477,910	-	-
Tax increment financing	-	-	123,703
Other city tax	160,475	-	-
Licenses and permits	27,575	-	-
Use of money and property	37,252	-	1,472
Intergovernmental	93,977	246,500	-
Charges for service	14,806	-	-
Special assessments	368	-	-
Miscellaneous	51,010	-	-
Total receipts	<u>863,373</u>	<u>246,500</u>	<u>125,175</u>
Disbursements:			
Operating:			
Public safety	576,706	-	-
Public works	77,767	234,730	-
Health and social services	5,313	-	-
Culture and recreation	179,547	-	-
Community and economic development	4,462	-	-
General government	310,708	-	-
Debt service	-	-	161,794
Total disbursements	<u>1,154,503</u>	<u>234,730</u>	<u>161,794</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(291,130)</u>	<u>11,770</u>	<u>(36,619)</u>
Other financing sources (uses):			
General obligation notes refunded	-	-	-
Operating transfers in	120,309	-	-
Operating transfers out	-	(8,000)	-
Total other financing sources (uses)	<u>120,309</u>	<u>(8,000)</u>	<u>-</u>
Net change in cash balances	(170,821)	3,770	(36,619)
Cash balances beginning of year	<u>953,959</u>	<u>77,030</u>	<u>304,348</u>
Cash balances end of year	<u>\$ 783,138</u>	<u>80,800</u>	<u>267,729</u>
Cash Basis Fund Balances			
Reserved for debt service	\$ -	-	-
Unreserved:			
General fund	783,138	-	-
Special revenue funds	-	80,800	267,729
Total cash basis fund balances	<u>\$ 783,138</u>	<u>80,800</u>	<u>267,729</u>

See notes to financial statements.

<hr/>		
Debt		
Service	Nonmajor	Total
363,808	86,201	927,919
-	-	123,703
5,846	1,518	167,839
-	-	27,575
105,349	395	144,468
-	-	340,477
-	-	14,806
17,671	-	18,039
-	48,129	99,139
<u>492,674</u>	<u>136,243</u>	<u>1,863,965</u>
-	46,936	623,642
-	47,291	359,788
-	-	5,313
-	6,347	185,894
-	-	4,462
-	39,440	350,148
479,263	-	641,057
<u>479,263</u>	<u>140,014</u>	<u>2,170,304</u>
<u>13,411</u>	<u>(3,771)</u>	<u>(306,339)</u>
(3,145,000)	-	(3,145,000)
210,000	8,000	338,309
-	-	(8,000)
<u>(2,935,000)</u>	<u>8,000</u>	<u>(2,814,691)</u>
(2,921,589)	4,229	(3,121,030)
<u>2,937,674</u>	<u>96,668</u>	<u>4,369,679</u>
<u>16,085</u>	<u>100,897</u>	<u>1,248,649</u>
16,085	-	16,085
-	-	783,138
-	100,897	449,426
<u>16,085</u>	<u>100,897</u>	<u>1,248,649</u>

City of Wilton

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

As of and for the year ended June 30, 2008

	Enterprise Funds		
	Water	Sewer	Garbage
Operating receipts:			
Charges for service	\$ 279,923	287,513	249,228
Miscellaneous	9,874	-	-
Total operating receipts	289,797	287,513	249,228
Operating disbursements:			
Business type activities	171,064	156,022	244,832
Excess (deficiency) of operating receipts over (under) operating disbursements	118,733	131,491	4,396
Non-operating receipts (disbursements):			
Other city tax	-	152,045	-
Interest on investments	28,456	31,208	15,674
Acquisition of capital assets	(77,671)	(309,800)	-
Debt service	-	(132,206)	-
Total non-operating receipts (disbursements)	(49,215)	(258,753)	15,674
Excess (deficiency) of receipts over (under) disbursements	69,518	(127,262)	20,070
Other financing uses:			
Operating transfers out	(276,309)	(33,000)	(21,000)
Net change in cash balances	(206,791)	(160,262)	(930)
Cash balances beginning of year	831,922	1,127,854	373,216
Cash balances end of year	\$ 625,131	967,592	372,286
Cash Basis Fund Balances			
Reserved for debt service	\$ -	61,928	-
Unreserved	625,131	905,664	372,286
Total cash basis fund balances	\$ 625,131	967,592	372,286

See notes to financial statements.

Nonmajor - Electric Utility	
Sales Tax	Total
64,920	881,584
-	9,874
64,920	891,458
67,563	639,481
(2,643)	251,977
-	152,045
-	75,338
-	(387,471)
-	(132,206)
-	(292,294)
(2,643)	(40,317)
-	(330,309)
(2,643)	(370,626)
(5,699)	2,327,293
(8,342)	1,956,667
-	61,928
(8,342)	1,894,739
(8,342)	1,956,667

City of Wilton

Notes to Financial Statements

June 30, 2008

(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 11 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, 2008, disbursements in the public safety, health and social services and general government functions exceeded amounts budgeted prior to the June 9, 2008 budget amendment.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2008 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 had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Bonds and Notes Payable

General Obligation Refunding Bonds and Sewer Revenue Bonds

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

Year Ending June 30,	General Obligation Refunding Bonds		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 50,000	107,375	83,000	48,412	133,000	155,787
2010	55,000	105,675	86,000	45,158	141,000	150,833
2011	55,000	103,750	89,000	41,787	144,000	145,537
2012	180,000	101,770	93,000	38,298	273,000	140,068
2013	245,000	95,110	96,000	34,653	341,000	129,763
2014-2018	1,395,000	321,890	541,000	113,681	1,936,000	435,571
2019-2020	640,000	43,340	247,000	14,621	887,000	57,961
Total	\$ 2,620,000	878,910	1,235,000	336,610	3,855,000	1,215,520

Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,794,000 in sewer revenue bonds issued in December 1999. Proceeds from the bonds provided financing for the construction of improvements and extensions to the sanitary sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2020. Annual principal and interest payments on the bonds required 100 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$1,571,610. For the current year, principal and interest paid and total customer net receipts were \$131,548 and \$131,491, respectively.

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.

The City's net revenues for the year ended June 30, 2008 are less than the required 110% of principal and interest on bonds falling due during the year.

Notes Repaid

On June 1, 2008, the City used the proceeds from the \$2,620,000 general obligation refunding bonds issued on September 15, 2005 to refund \$2,200,000 of the 2000 general obligation essential corporate purpose notes and \$350,000 of the 2002 general obligation curb and gutter improvement notes. The bond registrar, however, inadvertently called the entire remaining balance of the 2000 general obligation essential corporate purpose notes totaling \$2,955,000, making these notes due and payable on June 1, 2008. To meet the additional \$755,000 obligation, the City used existing balances from property tax and special assessments available in the Debt Service Fund and borrowed \$210,000 from the Enterprise, Water Fund. On July 30, 2008, the City issued \$615,000 of general obligation refunding bonds, Series 2008. Proceeds from this issue were used to repay the Enterprise, Water Fund and replenish the Debt Service Fund in July 2008.

(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 3.90% of their annual covered salary and the City is required to contribute 6.05% 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, 2008, 2007 and 2006 were \$45,138, \$42,556 and \$42,490, 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 \$37,000 at June 30, 2008. This liability has been computed based on rates of pay in effect at June 30, 2008.

(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 \$2,418,295 is outstanding at June 30, 2008. 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 seven 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 2023. The total amount that will be rebated in any fiscal year for the seven 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, 2008 was \$123,598. The total cumulative amount rebated since inception of the agreements is \$877,430. The estimated outstanding principal balance on the rebate agreements at June 30, 2008 is approximately \$956,000.

The agreements are not general obligations of the City. However, the agreements are subject to the constitutional debt limitation of the City.

Two of the seven agreements include 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, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise:	
	Water	\$ 66,309
	Sewer	33,000
	Garbage	21,000
		<u>120,309</u>
Special Revenue:		
Road Equipment Reserve	Special Revenue:	
	Road Use Tax	8,000
Debt Service	Enterprise:	
	Water	<u>210,000</u>
Total		<u>\$ 338,309</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, 2008 is as follows:

Receipts	\$ 140,091
Disbursements	<u>152,446</u>
Receipts under disbursements	(12,355)
Cash and investments at July 1, 2007	<u>17,163</u>
Cash and investments at June 30, 2008	<u><u>\$ 4,808</u></u>

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

(11) 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, 2008.

Condensed Statement of Net Assets

Assets	
Current assets	\$ 1,874,096
Capital assets, net of accumulated depreciation	3,518,035
Other	<u>5,764</u>
Total assets	<u>5,397,895</u>
Liabilities	
Long-term debt	929,880
Other liabilities	<u>187,379</u>
Total liabilities	<u>1,117,259</u>
Net Assets	
Invested in capital assets, net of related debt	2,588,155
Restricted	328,733
Unrestricted	<u>1,363,748</u>
Total net assets	<u><u>\$ 4,280,636</u></u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues:		
Electric sales		\$ 2,202,347
Other electric revenue		48,903
Other		5,437
Total operating revenues		<u>2,256,687</u>
Operating expenses:		
Production - power costs	\$ 1,451,164	
Transmission and distribution	352,824	
General and administrative	275,950	2,079,938
Operating income		<u>176,749</u>
Non-operating revenues (expenses):		
Interest income		43,713
Interest expense		(52,031)
Total non-operating revenues (expenses)		<u>(8,318)</u>
Net income		168,431
Net assets beginning of year		<u>4,112,205</u>
Net assets end of year		<u>\$ 4,280,636</u>

(12) Construction Contract

On March 24, 2008, the Council approved a \$1,126,000 contract for construction of a new water tower. The project will be funded through the issuance of water revenue notes.

(13) Subsequent Events

On July 7, 2008, the City authorized the issuance of \$1,200,000 of water revenue notes to pay the cost of constructing improvements and extensions to the municipal water system.

On July 30, 2008, the City authorized the issuance of \$615,000 of general obligation refunding bonds, Series 2008, to defray the shortfall of funds that occurred when an additional \$755,000 of general obligation corporate purpose notes were inadvertently called on June 1, 2008. See Note 3.

City of Wilton

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, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required to be Budgeted	Total
Receipts:				
Property tax	\$ 927,919	-	-	927,919
Tax increment financing	123,703	-	-	123,703
Other city tax	167,839	152,045	-	319,884
Licenses and permits	27,575	-	-	27,575
Use of money and property	144,468	75,338	44	219,762
Intergovernmental	340,477	-	-	340,477
Charges for service	14,806	881,584	-	896,390
Special assessments	18,039	-	-	18,039
Miscellaneous	99,139	9,874	21,043	87,970
Total receipts	<u>1,863,965</u>	<u>1,118,841</u>	<u>21,087</u>	<u>2,961,719</u>
Disbursements:				
Public safety	623,642	-	14,223	609,419
Public works	359,788	-	-	359,788
Health and social services	5,313	-	-	5,313
Culture and recreation	185,894	-	1,023	184,871
Community and economic development	4,462	-	-	4,462
General government	350,148	-	-	350,148
Debt service	641,057	-	-	641,057
Business type activities	-	1,159,158	-	1,159,158
Total disbursements	<u>2,170,304</u>	<u>1,159,158</u>	<u>15,246</u>	<u>3,314,216</u>
Excess (deficiency) of receipts over (under) disbursements	(306,339)	(40,317)	5,841	(352,497)
Other financing sources, net	(2,814,691)	(330,309)	-	(3,145,000)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(3,121,030)	(370,626)	5,841	(3,497,497)
Balances beginning of year	4,369,679	2,327,293	10,787	6,686,185
Balances end of year	<u>\$ 1,248,649</u>	<u>1,956,667</u>	<u>16,628</u>	<u>3,188,688</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
929,637	929,637	(1,718)
137,300	137,300	(13,597)
141,620	141,620	178,264
4,850	4,850	22,725
47,998	47,998	171,764
429,400	429,400	(88,923)
937,000	937,000	(40,610)
28,300	28,300	(10,261)
77,720	77,720	10,250
<u>2,733,825</u>	<u>2,733,825</u>	<u>227,894</u>
348,410	638,922	29,503
364,350	384,350	24,562
3,862	5,320	7
221,251	221,751	36,880
3,000	178,530	174,068
314,253	376,703	26,555
509,937	3,129,937	2,488,880
1,205,454	1,363,354	204,196
<u>2,970,517</u>	<u>6,298,867</u>	<u>2,984,651</u>
(236,692)	(3,565,042)	3,212,545
<u>47,313</u>	<u>47,313</u>	<u>(3,192,313)</u>
(189,379)	(3,517,729)	20,232
<u>3,959,556</u>	<u>-</u>	<u>6,686,185</u>
<u>3,770,177</u>	<u>(3,517,729)</u>	<u>6,706,417</u>

City of Wilton

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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 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 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 \$3,328,350. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements in the public safety, health and social services and general government functions exceeded amounts budgeted prior to the June 9, 2008 budget amendment.

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, 2008

	Special	
	Group Health Insurance	Road Equipment Reserve
Receipts:		
Property tax	\$ 86,201	-
Other city tax	1,518	-
Use of money and property	351	-
Miscellaneous	27,086	-
Total receipts	<u>115,156</u>	<u>-</u>
Disbursements:		
Operating:		
Public safety	32,713	-
Public works	38,310	8,981
Culture and recreation	5,324	-
General government	39,440	-
Total disbursements	<u>115,787</u>	<u>8,981</u>
Excess (deficiency) of receipts over (under) disbursements	(631)	(8,981)
Other financing sources:		
Operating transfers in	-	<u>8,000</u>
Net change in cash balances	(631)	(981)
Cash balances beginning of year	84,728	1,153
Cash balances end of year	<u>\$ 84,097</u>	<u>172</u>
Cash Basis Fund Balances		
Unreserved:		
Special revenue funds	<u>\$ 84,097</u>	<u>172</u>

See accompanying independent auditor's report.

Revenue			
Friends of the Wilton Public Library	Wilton Volunteer Fire Department		Total
-	-		86,201
-	-		1,518
-	44		395
8,728	12,315		48,129
8,728	12,359		136,243
-	14,223		46,936
-	-		47,291
1,023	-		6,347
-	-		39,440
1,023	14,223		140,014
7,705	(1,864)		(3,771)
-	-		8,000
7,705	(1,864)		4,229
4,030	6,757		96,668
11,735	4,893		100,897
11,735	4,893		100,897

City of Wilton
Schedule of Indebtedness
Year ended June 30, 2008

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 improvement	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.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
2,955,000	-	2,955,000	-	171,740
370,000	-	370,000	-	19,398
<u>\$ 3,325,000</u>	<u>-</u>	<u>3,325,000</u>	<u>-</u>	<u>191,138</u>
2,620,000	-	-	2,620,000	107,375
<u>1,315,000</u>	<u>-</u>	<u>80,000</u>	<u>1,235,000</u>	<u>51,548</u>

Schedule 3

City of Wilton
Bond and Note Maturities
June 30, 2008

Year Ending June 30,	General Obligation Refunding Bonds		Revenue Bonds	
	Series 2005		Sewer	
	Issued Sept 15, 2005		Issued Dec 13, 1999	
	Interest Rates	Amount	Interest Rates	Amount
2009	3.40%	\$ 50,000	3.92%	\$ 83,000
2010	3.50	55,000	3.92	86,000
2011	3.60	55,000	3.92	89,000
2012	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>\$ 2,620,000</u>		<u>\$ 1,235,000</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 Six Years

	2008	2007	2006	2005	2004	2003
Receipts:						
Property tax	\$ 927,919	1,014,582	982,361	976,515	902,414	985,518
Tax increment financing	123,703	147,003	141,591	122,677	506,339	343,281
Other city tax	167,839	190,298	177,478	165,013	175,378	155,248
Licenses and permits	27,575	5,053	5,328	5,646	4,947	5,492
Use of money and property	144,468	147,939	101,118	22,601	30,154	38,662
Intergovernmental	340,477	302,460	311,113	358,111	337,080	371,073
Charges for service	14,806	24,311	14,576	24,041	14,456	10,201
Special assessments	18,039	24,775	28,580	50,173	39,907	80,406
Miscellaneous	99,139	72,752	109,211	93,895	78,443	63,392
Total	\$ 1,863,965	1,929,173	1,871,356	1,818,672	2,089,118	2,053,273
Disbursements:						
Operating:						
Public safety	\$ 623,642	365,920	416,653	488,160	457,701	403,090
Public works	359,788	375,312	527,600	321,655	541,199	464,618
Health and social services	5,313	2,796	3,852	4,738	2,540	3,579
Culture and recreation	185,894	237,842	198,047	194,888	188,628	163,796
Community and economic development	4,462	1,050	945	610	1,969	12,770
General government	350,148	306,953	386,405	317,840	295,138	795,658
Debt service	641,057	654,458	612,543	519,410	666,540	401,926
Total	\$ 2,170,304	1,944,331	2,146,045	1,847,301	2,153,715	2,245,437

See accompanying independent auditor's report.

City of Wilton



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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Des Moines, Iowa 50319-0004

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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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wilton, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated October 27, 2008. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Wilton Municipal Light and Power System, a discretely presented component unit, as described in our report on the City of Wilton's financial statements. This report does not include the results of the other auditor's testing on internal control over financial reporting or compliance and other matters that are reported on separately by the other auditor.

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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

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 deficiencies in internal control described in the accompanying Schedule of Findings to be a significant deficiencies 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 deficiencies described above are material weaknesses.

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, 2008 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

October 27, 2008

City of Wilton

Schedule of Findings

Year ended June 30, 2008

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) 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. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:

- (1) Cash – prepares bank reconciliations, signs checks and records cash. There is no evidence of independent review of the bank reconciliations.
- (2) Receipts – prepares bank reconciliations and records receipts. There is no evidence of review of initial receipts listings and no evidence of review for correct coding after receipts are entered in the system.

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

Response – The City will implement procedures in an effort to obtain the maximum internal control.

Conclusion – Response accepted.

- (B) Utility Reconciliation – Although the City reconciles billings, collections and receivables monthly, the reconciliations are not reviewed by an independent person and variances are not resolved.

Recommendations – The City’s monthly utility reconciliations should be reviewed by someone independent of collecting, recording and reconciling utility collections. Variances identified in the reconciliations should be resolved timely.

Response – Procedures will be implemented to address these issues.

Conclusion – Response accepted.

- (C) Financial Reporting – During the audit, we identified a material amount of township fire protection reimbursements were misclassified as “property tax” rather than “intergovernmental” receipts. We also noted a material amount of property tax misposted to the General Fund rather than the Debt Service Fund. Adjustments were subsequently made by the City to properly report the amounts in the City’s financial statements.

Recommendation – The City should implement procedures to ensure township reimbursements and debt service tax collections are properly recorded in the City’s financial statements.

Response – The City will ensure receipts are properly classified and recorded in the future.

Conclusion – Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2008

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Wilton

Schedule of Findings

Year ended June 30, 2008

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amounts budgeted in the public safety, health and social services and general government functions prior to the June 9, 2008 budget amendment. 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 – The City will strive to amend the budget as needed in order to minimize this concern.

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, 2008, we identified a total of \$2,219 reimbursed to office employees and City works employees for clothing purchases. These reimbursements were not processed through payroll and, accordingly, proper tax withholdings were not applied.

The City provides cell phones to employees of the Wilton Police Department, the City works employees and the City Administrator. One cellular telephone service billing reviewed included \$59 in roaming charges assessed for out of state calls to areas with no known association with City business. Written policies governing the use of cellular phones have not been adopted.

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.

The City should establish written policies governing the use of cellular telephones and should seek reimbursement for any inappropriate charges.

City of Wilton

Schedule of Findings

Year ended June 30, 2008

Response – The City will address both of these issues in regard to clarification on the clothing allowance and establishing a written cell phone policy.

Conclusion – Response acknowledged. The City should also seek reimbursement of any inappropriate cellular telephone charges.

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (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	\$ 268
Mark Leathers, brother of police chief Tim Leathers	Equipment installation for a new squad car	600

The above transactions do not appear to represent conflicts of interests in accordance with Chapter 362.5(10) of the Code of Iowa since total transactions with each individual were less than \$1,500 during the fiscal year.

- (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 ensure 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.
- (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 – The City's sewer revenue bond resolution, Section 6, requires 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 2008 net sewer operating revenues of \$131,491 were less than 110% of the \$131,548 of sewer revenue bond principal and interest due during fiscal 2008.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

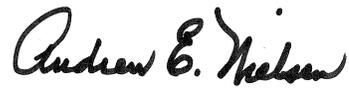
Response – Thank you for your clarification on this item indicating you do not consider the local option tax revenue as actual operations type revenue. The City will consult bond counsel to determine the disposition of this matter.

Conclusion – Response accepted.

City of Wilton
Staff

This audit was performed by:

Marlys K Gaston, CPA, Manager
Daniel L. Grady, Senior Auditor
Kristin M. Ockenfels, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State