

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

June 14, 2013

Contact: Andy Nielsen
515/281-5834

The Office of Auditor of State today released an audit report on the City of Wilton, Iowa.

The City's receipts totaled \$3,609,493 for the year ended June 30, 2012, a 13% decrease from the prior year. The receipts included \$1,157,871 in property tax, \$1,095,036 from charges for service, \$724,146 from operating grants, contributions and restricted interest, \$10,175 from capital grants, contributions and restricted interest, \$236,455 from tax increment financing, \$306,486 from local option sales tax, \$30,548 from unrestricted interest on investments and \$48,776 from other general receipts.

Disbursements for the year totaled \$3,570,879, a 19% decrease from the prior year, and included \$689,927 for debt service, \$481,639 for public safety and \$384,566 for culture and recreation. Also, disbursements for business type activities totaled \$1,080,986.

The significant decreases in receipts and disbursements are primarily due to disbursing note proceeds received last year for the library and community center building project where a significant portion of the project's disbursements were incurred in the prior year.

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/1220-0657-B00F.pdf>.

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

JUNE 30, 2012

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City of Wilton

Officials

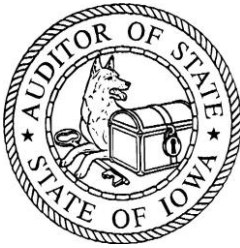
(Before January 2012)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ira Bowman	Mayor	Jan 2012
Richard L Garrison	Mayor Pro tem	Jan 2012
Steve Owens (Appointed)	Council Member	Nov 2011
Matt Fowler	Council Member	Jan 2012
Bob Barrett	Council Member	Jan 2014
Keith Stanley	Council Member	Jan 2014
Joel Laws	Administrator	Indefinite
Lori A. Brown	Clerk/Treasurer	Indefinite
Gerald Denning	Attorney	Indefinite

(After January 2012)

Ira Bowman	Mayor	Jan 2014
Richard L Garrison	Mayor Pro tem	Jan 2016
Robert Barrett	Council Member	Jan 2014
Keith Stanley	Council Member	Jan 2014
Matt Fowler	Council Member	Jan 2016
Steve Owens	Council Member	Jan 2016
Joel Laws	Administrator	(Resigned May 4, 2012)
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, 2012, 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 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 April 29, 2013, 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, 2012, and the respective changes in its 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 April 29, 2013 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 nine years ended June 30, 2011 (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. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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. Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 12 and 30 through 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 29, 2013

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, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased less than 1%, or approximately \$11,000, from fiscal year 2011 to fiscal year 2012.
- Disbursements of the City's governmental activities decreased 19.5%, or approximately \$604,000, from fiscal year 2011 to fiscal year 2012. The decrease in disbursements was primarily due to the library and community center building project completion during fiscal year 2011.
- The City's total cash basis net assets increased 1.3%, or \$38,614, from June 30, 2011 to June 30, 2012. Of this amount, the net assets of the governmental activities increased approximately \$82,300 and the net assets of the business type activities decreased approximately \$43,700.

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 financial 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.

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

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

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, debt service and capital projects. 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, Urban Renewal Tax Increment and Local Option Sales Tax, 3) the Debt Service Fund and 4) the Capital Projects 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.

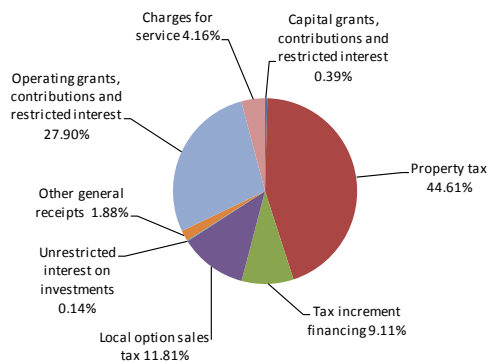
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

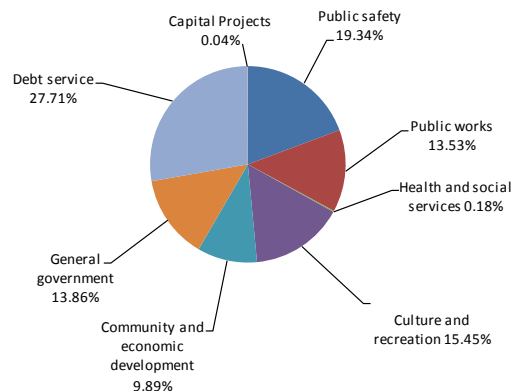
Net assets may serve over time as a useful indicator of financial position. The City's cash basis net assets of governmental activities increased from a year ago, increasing \$82,344 to \$1,385,032. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service	\$ 108,015	92,929
Operating grants, contributions and restricted interest	724,146	673,147
Capital grants, contributions and restricted interest	10,175	11,211
General receipts:		
Property tax	1,157,871	1,093,695
Tax increment financing	236,455	325,502
Local option sales tax	306,486	287,541
Unrestricted interest on investments	3,570	14,694
Other general receipts	48,776	85,928
Total receipts	2,595,494	2,584,647
Disbursements:		
Public safety	481,639	462,448
Public works	336,956	396,078
Health and social services	4,570	4,372
Culture and recreation	384,566	330,445
Community and economic development	246,222	242,391
General government	345,013	323,960
Debt service	689,927	579,656
Capital projects	1,000	754,248
Total disbursements	2,489,893	3,093,598
Change in cash basis net assets before transfers and note proceeds	105,601	(508,951)
Transfers, net	(23,257)	(125,065)
Note proceeds	-	646,190
Change in cash basis net assets	82,344	12,174
Cash basis net assets beginning of year	1,302,688	1,290,514
Cash basis net assets end of year	\$ 1,385,032	1,302,688

Receipts by Source



Disbursements by Function



Total governmental activities receipts for the fiscal year were \$2,595,494 compared to \$2,584,647 last year. The cost of all governmental activities this year was \$2,489,893 compared to \$3,093,598 last year. The decrease in disbursements was primarily the result of completion of the construction of the library and community center building in fiscal year 2011.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Water	\$ 377,830	320,735
Sewer	332,744	287,340
Garbage	276,447	271,237
Electric utility sales tax	-	3,137
General receipts:		
Unrestricted interest on investments	26,978	37,394
Total receipts	<u>1,013,999</u>	<u>919,843</u>
Disbursements:		
Water	294,139	492,136
Sewer	470,769	445,287
Garbage	316,078	372,060
Electric utility sales tax	-	3,237
Total disbursements	<u>1,080,986</u>	<u>1,312,720</u>
Change in cash basis net assets before transfers	(66,987)	(392,877)
Transfers, net	23,257	125,065
Change in cash basis net assets	(43,730)	(267,812)
Cash basis net assets beginning of year	1,526,425	1,794,237
Cash basis net assets end of year	<u>\$ 1,482,695</u>	<u>1,526,425</u>

Total business type activities receipts for the fiscal year were \$1,013,999 compared to \$919,843 last year, an increase of \$94,156, or 10.2%. Total disbursements were \$1,080,986 compared to \$1,312,720 in the prior year, a decrease of \$231,734, or 17.7%. The increase in receipts was due to an increase in water and sewer rates in fiscal year 2012. The decrease in disbursements was primarily due to the City not incurring similar costs in fiscal year 2012 related to the final payment on the water tower and completion of the water main project in fiscal year 2011.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Wilton completed the year, its governmental funds reported a combined fund balance of \$1,385,032, an increase of \$82,344 over last year's total of \$1,302,688. 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 \$55,580, or 10%, over the prior year to \$608,490, primarily due to an increase in property tax.
- The Special Revenue, Road Use Tax Fund cash balance increased \$56,598, or 83%, over the prior year to \$124,957. Disbursements decreased \$66,554, or 23.7%, primarily due to the Cypress Street Improvement project costs incurred in fiscal year 2011. The City intends to use this money to continue funding street department operations and street maintenance programs.

- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$8,373, or 34.8%, from the prior year to \$15,688. Tax increment financing collections decreased \$89,047 as a result of the City not including the \$91,000 internal loan on the December 2010 TIF debt certification.
- The Special Revenue, Local Option Sales Tax (LOST) Fund had LOST receipts of \$306,486 in fiscal year 2012. According to the vote referendum, one-half of the receipts are to be used for property tax relief and one-half of the receipts are to be used for sewer improvements. In accordance with the vote referendum, the City recorded transfers to the General Fund and Enterprise, Sewer Fund and did not retain a cash balance at year end.
- The Debt Service Fund cash balance decreased \$43,173, or 8.8%, from the prior year. Receipts increased \$47,199, primarily due to an increase of \$52,663 in donations from the Wilton Community Foundation to repay debt associated with the new library and community center. This increase was offset by a \$49,585 increase in debt service payments.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

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

- The Enterprise, Water Fund cash balance increased \$21,123 to \$653,542. Charges for service increased \$57,095, primarily due to the water rate increase during the year. Disbursements for the acquisition of capital assets decreased \$197,997 from the prior year.
- The Enterprise, Sewer Fund cash balance decreased \$10,189 to \$798,615. Charges for service increased \$45,404, primarily due to the sewer rate increase during the year. Disbursements for the acquisition of capital assets increased \$25,399 over the prior year and included a wastewater treatment plan survey totaling \$143,195 during fiscal year 2012.
- The Enterprise, Garbage Fund cash balance decreased \$54,664 to \$30,538, due primarily to increased personnel costs.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 29, 2012 and resulted in an increase in operating disbursements, primarily related to cost overruns in the debt service function to pay general obligation bonds. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$212,402 more than budgeted. This was due primarily to the City not budgeting for donations received from the Wilton Community Foundation for the payment of the special pledge revenue loan anticipation project note.

Total disbursements were \$105,521 less than the amended budget. Actual disbursements for the business type activities and the capital projects functions were \$136,465 and \$99,000, respectively, less than the amended budget due to fewer disbursements related to equipment acquisitions and capital projects than expected for fiscal year 2012.

During the year ended June 30, 2012, disbursements in the public safety, culture and recreation and debt service functions exceeded the amounts budgeted.

DEBT ADMINISTRATION

At June 30, 2012, the City had \$5,066,023 of bonds, notes and loans outstanding, compared to \$5,729,689 of bonds, notes and loans outstanding last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2012	2011
General obligation refunding bonds	\$ 2,280,000	2,525,000
Revenue bonds and notes	1,897,000	2,039,000
Anticipation project notes	817,023	1,069,689
Eastern Iowa Light and Power Cooperative loan	72,000	96,000
Total	\$ 5,066,023	5,729,689

During the year ended June 30, 2010, the City entered into two project anticipation notes. The first was a General Fund loan agreement anticipation project note for up to \$1,300,000 and the second was a special pledge revenue loan agreement anticipation project note for up to \$1,300,000, both to help fund the library and community center building project. At June 30, 2012, final loan amounts for the project anticipation notes have not been determined.

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 \$3,000,095 and tax increment financing rebate and economic development agreements of \$498,714, net of cash on hand of \$461,932 to service this debt, totals \$3,036,877 and is significantly below the City's constitutional debt limit of approximately \$7,398,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Wilton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget. The Wilton City Council has always tried to keep a steady tax rate. The Wilton community, Wilton Development Corporation and City Council have been very aggressive in attracting new businesses.

Amounts available for appropriation in the operating budget for fiscal year 2013 are \$6,245,022, including the beginning budgeted balance of \$2,803,030 plus budgeted receipts of \$3,441,992. The City hopes to have an increase in receipts as we move forward to improve economic development and urban renewal funding. The City is expecting a \$395,716 decrease in fiscal year 2013 disbursements compared to the final fiscal year 2012 budget. The City has added no major new programs in the fiscal year 2013 budget. However, increased health care costs, increases in street construction and maintenance and the urban renewal project represent the largest disbursement concerns.

These parameters were taken into account when adopting the budget for fiscal year 2013. The fiscal year 2013 levy is \$8.10000 per \$1,000 of taxable valuation, unchanged from fiscal year 2012.

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 the Chris Ball, City Administrator at Wilton City Hall, 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, 2012

	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	\$ 481,639	6,152	134,188	-
Public works	336,956	3,206	275,195	-
Health and social services	4,570	-	-	-
Culture and recreation	384,566	59,752	30,596	-
Community and economic development	246,222	579	-	-
General government	345,013	38,326	-	-
Debt service	689,927	-	284,166	10,175
Capital projects	1,000	-	1	-
Total governmental activities	2,489,893	108,015	724,146	10,175
Business type activities:				
Water	294,139	377,830	-	-
Sewer	470,769	332,744	-	-
Garbage	316,078	276,447	-	-
Total business type activities	1,080,986	987,021	-	-
Total primary government	\$ 3,570,879	1,095,036	724,146	10,175
Component Unit:				
Wilton Library Foundation	\$ 4,169	-	-	-
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Sale of capital assets				
Miscellaneous				
Transfers				
Total general receipts and transfers				
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:				
Streets				
Debt service				
Employee benefits				
Customer deposits				
Improvements				
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
(341,299)	-	(341,299)	
(58,555)	-	(58,555)	
(4,570)	-	(4,570)	
(294,218)	-	(294,218)	
(245,643)	-	(245,643)	
(306,687)	-	(306,687)	
(395,586)	-	(395,586)	
(999)	-	(999)	
(1,647,557)	-	(1,647,557)	
-	83,691	83,691	
-	(138,025)	(138,025)	
-	(39,631)	(39,631)	
-	(93,965)	(93,965)	
(1,647,557)	(93,965)	(1,741,522)	
			(4,169)
\$ 805,395	-	805,395	-
352,476	-	352,476	-
236,455	-	236,455	-
306,486	-	306,486	-
3,570	26,978	30,548	1,141
2,800	-	2,800	-
45,976	-	45,976	-
(23,257)	23,257	-	-
1,729,901	50,235	1,780,136	1,141
82,344	(43,730)	38,614	(3,028)
1,302,688	1,526,425	2,829,113	48,800
\$ 1,385,032	1,482,695	2,867,727	45,772
\$ 124,957	-	124,957	-
461,932	79,472	541,404	-
122,536	-	122,536	-
-	49,010	49,010	-
-	52,833	52,833	-
81,029	-	81,029	-
594,578	1,301,380	1,895,958	45,772
\$ 1,385,032	1,482,695	2,867,727	45,772

City of Wilton

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

As of and for the year ended June 30, 2012

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Local Option Sales Tax
Receipts:				
Property tax	\$ 655,932	-	-	-
Tax increment financing	-	-	236,455	-
Other city tax	5,359	-	-	306,486
Licenses and permits	38,905	-	-	-
Use of money and property	34,059	-	4	58
Intergovernmental	93,477	270,092	-	-
Charges for service	11,147	-	-	-
Special assessments	-	-	-	-
Miscellaneous	66,347	1,001	-	-
Total receipts	905,226	271,093	236,459	306,544
Disbursements:				
Operating:				
Public safety	380,119	-	-	-
Public works	83,685	214,495	-	-
Health and social services	4,570	-	-	-
Culture and recreation	362,718	-	-	-
Community and economic development	1,390	-	244,832	-
General government	303,251	-	-	-
Debt service	60,686	-	-	-
Capital projects	-	-	-	-
Total disbursements	1,196,419	214,495	244,832	-
Excess (deficiency) of receipts over (under) disbursements	(291,193)	56,598	(8,373)	306,544
Other financing sources (uses):				
Sale of capital assets	2,800	-	-	-
Operating transfers in	343,973	-	-	-
Operating transfers out	-	-	-	(306,544)
Total other financing sources (uses)	346,773	-	-	(306,544)
Change in cash balances	55,580	56,598	(8,373)	-
Cash balances beginning of year	552,910	68,359	24,061	-
Cash balances end of year	\$ 608,490	124,957	15,688	-
Cash Basis Fund Balances				
Restricted for:				
Streets	\$ -	124,957	-	-
Debt service	-	-	15,688	-
Employee benefits	-	-	-	-
Police department	4,641	-	-	-
Library	9,271	-	-	-
Other purposes	-	-	-	-
Unassigned	594,578	-	-	-
Total cash basis fund balances	\$ 608,490	124,957	15,688	-

See notes to financial statements.

Debt Service	Nonmajor	Total
349,855	142,936	1,148,723
-	-	236,455
2,621	1,168	315,634
-	-	38,905
4,939	805	39,865
-	-	363,569
-	-	11,147
10,175	-	10,175
279,164	81,709	428,221
646,754	226,618	2,592,694
-	101,520	481,639
-	38,776	336,956
-	-	4,570
-	21,848	384,566
-	-	246,222
-	41,762	345,013
629,241	-	689,927
-	1,000	1,000
629,241	204,906	2,489,893
17,513	21,712	102,801
-	-	2,800
-	-	343,973
(60,686)	-	(367,230)
(60,686)	-	(20,457)
(43,173)	21,712	82,344
489,417	167,941	1,302,688
446,244	189,653	1,385,032
-	-	124,957
446,244	-	461,932
-	122,536	122,536
-	-	4,641
-	-	9,271
-	67,117	67,117
-	-	594,578
446,244	189,653	1,385,032

Exhibit C

City of Wilton

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

As of and for the year ended June 30, 2012

	Enterprise			Total
	Water	Sewer	Garbage	
Operating receipts:				
Charges for service	\$ 370,760	332,744	276,447	979,951
Miscellaneous	7,070	-	-	7,070
Total operating receipts	377,830	332,744	276,447	987,021
Operating disbursements:				
Business type activities	186,861	190,624	316,078	693,563
Excess (deficiency) of operating receipts over (under) operating disbursements	190,969	142,120	(39,631)	293,458
Non-operating receipts (disbursements):				
Interest on investments	11,447	9,564	5,967	26,978
Acquisition of capital assets	(16,275)	(157,346)	-	(173,621)
Debt service	(91,003)	(122,799)	-	(213,802)
Net non-operating receipts (disbursements)	(95,831)	(270,581)	5,967	(360,445)
Excess (deficiency) of receipts over (under) disbursements	95,138	(128,461)	(33,664)	(66,987)
Transfers:				
Operating transfers in	-	153,272	-	153,272
Operating transfers out	(74,015)	(35,000)	(21,000)	(130,015)
Total transfers	(74,015)	118,272	(21,000)	23,257
Change in cash balances	21,123	(10,189)	(54,664)	(43,730)
Cash balances beginning of year	632,419	808,804	85,202	1,526,425
Cash balances end of year	\$ 653,542	798,615	30,538	1,482,695
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 31,957	47,515	-	79,472
Customer deposits	49,010	-	-	49,010
Improvements	-	52,833	-	52,833
Unrestricted	572,575	698,267	30,538	1,301,380
Total cash basis fund balances	\$ 653,542	798,615	30,538	1,482,695

See notes to financial statements.

City of Wilton

Notes to Financial Statements

June 30, 2012

(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 they are, in substance, the same as the City. They are reported as part of the City and blended as Special Revenue Funds of the City.

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 forth 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 forth 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 that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of or appoint representatives to the following boards and commissions: Cedar and Muscatine County Assessor's Conference Boards, E911 Joint Service Board, Muscatine County Solid Waste Management Agency, Muscatine County Emergency Management Commission and Cedar County Solid Waste Commission.

Related Organization

The Wilton Community Foundation is excluded from the reporting entity because the City's accountability does not extend beyond appointing a member of the organization's Board.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts, 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 the following categories/components:

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used for the road use tax allocation from the State to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing debt.

The Local Option Sales Tax Fund is used to account for local option sales tax collections used for sewer projects and property tax relief.

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

The City reports the following major proprietary funds:

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

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

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

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

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements in the public safety, culture and recreation and debt service functions exceeded the amounts budgeted.

(2) Cash and Pooled Investments

The City’s deposits in banks at June 30, 2012 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 Note Payable

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

Year Ending June 30,	General Obligation		Sewer		Water		Total	
	Refunding Bonds		Revenue Bonds		Revenue Note			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 245,000	95,110	96,000	26,520	50,000	40,743	391,000	162,373
2014	255,000	85,800	100,000	23,640	52,000	38,833	407,000	148,273
2015	270,000	75,855	104,000	20,640	53,000	36,847	427,000	133,342
2016	280,000	65,055	108,000	17,520	55,000	34,782	443,000	117,357
2017	285,000	53,575	112,000	14,280	57,000	32,635	454,000	100,490
2018-2022	945,000	84,945	364,000	22,110	310,000	127,850	1,619,000	234,905
2023-2027	-	-	-	-	358,000	59,800	358,000	59,800
2028	-	-	-	-	78,000	2,555	78,000	2,555
Total	\$ 2,280,000	460,340	884,000	124,710	1,013,000	374,045	4,177,000	959,095

Sewer Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,794,000 of 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 86% of net receipts. The total principal and interest

remaining to be paid on the bonds is \$1,008,710. For the current year, principal and interest paid and total customer net receipts were \$122,310 and \$142,120, respectively.

The resolution providing for the issuance of the sewer revenue bonds issued under an agreement between the City, 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 receipts at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

Pursuant to action taken by the Iowa Finance Authority, the interest rate on the sewer revenue bonds was reduced from 3.92% to 3.00% per annum, effective June 1, 2010.

Water Revenue Note

The City has pledged future water customer receipts, net of specified operating disbursements, to repay a \$1,200,000 water revenue note issued in July 2008. Proceeds from the note provided financing for the construction of improvements and extensions to the municipal waterworks system. The note is payable solely from water customer net receipts and is payable through 2028. Annual principal and interest payments on the note required 48% of net receipts. The total principal and interest remaining to be paid on the note is \$1,387,045. For the current year, principal and interest paid and total customer net receipts were \$91,003 and \$190,969, respectively.

The resolution providing for the issuance of the water revenue note issued under an agreement between the City and Community Bank, Wilton, Iowa includes the following provisions:

- (1) Sufficient monthly transfers shall be made to a separate water revenue note sinking account for the purpose of making the note principal and interest payments when due.
- (2) User rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the amount of principal and interest on the note falling due in the same year.

The City did not make the required transfers to the water revenue note sinking account as required by the water revenue note resolution.

Anticipation Project Notes

On March 1, 2010, the City entered into two anticipation project notes with Community Bank, Wilton, Iowa.

The first was a General Fund loan agreement anticipation project note for up to \$1,300,000 to be used for the purpose of paying costs in connection with constructing, furnishing and equipping the City's library and community center building project. The note was issued pursuant to Chapters 76.13 and 384.24A of the Code of Iowa in anticipation of the receipt of and is payable from the proceeds of an authorized loan agreement and a corresponding issuance of general obligation library and community center notes in a principal amount not to exceed \$1,300,000. At June 30, 2012, the City had drawn \$648,095 against the anticipation project note.

The second was a special pledge revenue loan agreement anticipation project note for up to \$1,300,000 to be used for the purpose of paying costs in connection with constructing, furnishing and equipping the City's library and community center building project. The note was issued pursuant to Chapters 76.13 and 384.24A of the Code of Iowa in anticipation of the receipt of and is payable solely from future proceeds of an authorized loan agreement and a corresponding issuance of special pledge revenue notes in a principal amount not to exceed \$1,300,000. The future notes are payable solely from revenues pledged and collected by the Wilton Community Foundation, Inc. At June 30, 2012, the City had drawn a total of \$648,095 against the anticipation project note and redeemed \$479,167 of principal with donations, leaving an ending balance of \$168,928.

Eastern Iowa Light and Power Cooperative Loan

On May 10, 2010, the City entered into a loan agreement with Eastern Iowa Light and Power Cooperative for \$96,000 to assist in financing the construction of a new library and community center for the City. The loan is interest free and requires four annual payments of \$24,000, beginning May 1, 2012. The City plans to repay the loan through the General Fund. At June 30, 2012, the City had paid \$24,000, leaving an outstanding loan balance of \$72,000.

(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 5.38% of their annual covered salary and the City is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$64,803, \$54,670 and \$54,497, 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 approximately \$35,000 at June 30, 2012. This liability has been computed based on rates of pay in effect at June 30, 2012.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 16 active and 2 retired members in the plan.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$367 for single coverage and \$1,127 for family coverage. For the year ended June 30, 2012, the City contributed \$172,728 and plan members eligible for benefits contributed \$43,182 to the plan.

(7) 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 \$1,338,675 is outstanding at June 30, 2012. 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.

(8) Urban Renewal Project Rebate and Economic Development Agreements

Project Rebate Agreements

The City has entered into eleven tax increment financing agreements. The City has agreed to assist in urban renewal projects by rebating incremental property tax paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental property tax 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 years determined by each agreement, beginning with the tax year in which the property tax on the completed value of the improvements is first paid. The agreements end by fiscal year 2028. The total amount that will be rebated in any fiscal year for the 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, 2012 was \$190,050. The total cumulative amount rebated since inception of the agreements is \$1,615,361. The estimated outstanding principal balance of the rebate agreements at June 30, 2012 is approximately \$706,500.

Economic Development Agreements

On August 10, 2009, the City entered into an agreement with the Wilton Development Corporation to provide the Corporation a \$90,000 grant to carry out economic development activities within the City's urban renewal area. The grant is to be annually appropriated from the incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa and paid to the Corporation in semi-annual installments of \$15,000 over a three year period. During the year ended June 30, 2012, the City paid the final \$30,000 under the agreement, leaving no remaining balance at June 30, 2012.

On November 22, 2010, the City entered into an agreement with Wilton Development Corporation to provide a \$210,000 economic development grant to the Corporation to provide grants, loans, tax incentives, guarantees and other financial assistance to or for the benefit of private persons as set forth in the urban renewal plan. The grant is to be annually appropriated from the incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa and paid to the Corporation in annual installments of \$21,000 over a ten year period. No installment payments were made during the year ended June 30, 2012. At June 30, 2012, the cumulative amount paid is \$7,500, leaving a balance of \$202,500.

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

Six of the twelve agreements described above include an annual appropriation clause and only the amount payable in the succeeding year is subject to the City's constitutional debt limitation. The remaining six agreements do not include an annual appropriation clause and, accordingly, the entire outstanding principal balance of these agreements is subject to the City's constitutional debt limitation.

(9) Risk Management

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

(10) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	\$ 153,272
	Debt Service	60,686
	Enterprise:	
	Water	74,015
	Sewer	35,000
	Garbage	21,000
		<u>343,973</u>
Enterprise:	Special Revenue:	
Sewer	Local Option Sales Tax	153,272
Total		<u>\$ 497,245</u>

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

(11) 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 are appointed by the District and one is appointed by the other 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, 2012 is as follows:

Receipts	\$ 160,639
Disbursements	<u>171,091</u>
Receipts over (under) disbursements	(10,452)
Cash and investments beginning of year	<u>35,921</u>
Cash and investments end of year	<u>\$ 25,469</u>

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

(12) Wilton Municipal Light and Power System

The Wilton Municipal Light and Power System (System) provides electric service for the City. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for this discretely presented component unit. Following is the condensed financial information for the System for the year ended June 30, 2012.

Condensed Statement of Net Assets	
Assets	
Current assets	\$ 2,219,915
Capital assets, net of accumulated depreciation	3,055,810
Other	1,278
Total assets	5,277,003
Liabilities	
Long-term debt	106,158
Other liabilities	429,448
Total liabilities	535,606
Net Assets	
Invested in capital assets, net of related debt	2,839,652
Restricted	152,873
Unrestricted	1,748,872
Total net assets	\$ 4,741,397

Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues:	
Electric sales	\$ 2,598,422
Other electric revenue	33,899
Other	8,511
Total operating revenues	2,640,832
Operating expenses:	
Production - power costs	\$ 1,800,386
Transmission and distribution	424,301
General and administrative	279,407
Operating income	136,738
Non-operating revenues (expenses):	
Interest income	8,667
Interest expense	(4,660)
Total non-operating revenues (expenses)	4,007
Net income	140,745
Net assets beginning of year	4,600,652
Net assets end of year	\$ 4,741,397

(13) Subsequent Events

In September 2012, the City entered into a contract for \$1,109,900 with Wendler Construction, Inc. for construction of an influent screening building at the wastewater treatment plant. The method of financing for this project has not been determined.

On March 26, 2013, the City issued \$4,100,000 of general obligation corporate purpose and refunding bonds, Series 2013A, as authorized by Chapter 384.24A of the Code of Iowa for the purpose of financing street, municipal waterworks and sanitary improvements, to refund the outstanding balance of the City's general obligation refunding bonds and to refund the outstanding balance of the City's General Fund anticipation project note.

Other 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

Other Information

Year ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required to be Budgeted	Total
Receipts:				
Property tax	\$ 1,148,723	-	-	1,148,723
Tax increment financing	236,455	-	-	236,455
Other city tax	315,634	-	-	315,634
Licenses and permits	38,905	-	-	38,905
Use of money and property	39,865	26,978	274	66,569
Intergovernmental	363,569	-	-	363,569
Charges for service	11,147	979,951	-	991,098
Special assessments	10,175	-	-	10,175
Miscellaneous	428,221	7,070	48,787	386,504
Total receipts	2,592,694	1,013,999	49,061	3,557,632
Disbursements:				
Public safety	481,639	-	27,148	454,491
Public works	336,956	-	-	336,956
Health and social services	4,570	-	-	4,570
Culture and recreation	384,566	-	8,809	375,757
Community and economic development	246,222	-	-	246,222
General government	345,013	-	-	345,013
Debt service	689,927	-	-	689,927
Capital projects	1,000	-	-	1,000
Business type activities	-	1,080,986	-	1,080,986
Total disbursements	2,489,893	1,080,986	35,957	3,534,922
Excess (deficiency) of receipts over (under) disbursements	102,801	(66,987)	13,104	22,710
Other financing sources (uses), net	(20,457)	23,257	-	2,800
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	82,344	(43,730)	13,104	25,510
Balances beginning of year	1,302,688	1,526,425	53,023	2,776,090
Balances end of year	\$ 1,385,032	1,482,695	66,127	2,801,600

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total Variance
Original	Final	
1,131,017	1,131,017	17,706
325,710	325,710	(89,255)
178,392	178,392	137,242
4,480	4,480	34,425
79,921	79,921	(13,352)
682,168	682,168	(318,599)
875,127	875,127	115,971
14,900	14,900	(4,725)
48,515	53,515	332,989
<u>3,340,230</u>	<u>3,345,230</u>	<u>212,402</u>
400,186	440,186	(14,305)
367,308	367,308	30,352
4,612	6,612	2,042
281,356	341,356	(34,401)
262,176	262,176	15,954
330,476	355,476	10,463
349,878	549,878	(140,049)
100,000	100,000	99,000
<u>1,217,451</u>	<u>1,217,451</u>	<u>136,465</u>
<u>3,313,443</u>	<u>3,640,443</u>	<u>105,521</u>
26,787	(295,213)	317,923
-	-	2,800
26,787	(295,213)	320,723
<u>3,063,519</u>	<u>3,063,519</u>	<u>(287,429)</u>
<u>3,090,306</u>	<u>2,768,306</u>	<u>33,294</u>

City of Wilton

Notes to Other Information – Budgetary Reporting

June 30, 2012

The budgetary comparison is presented as Other 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 and discretely presented 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 The Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$327,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements in the public safety, culture and recreation and debt service functions exceeded the amounts budgeted.

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, 2012

		Special Revenue	
	Group Health Insurance	Road Equipment Reserve	Friends of the Wilton Public Library
Receipts:			
Property tax	\$ 142,936	-	-
Other city tax	1,168	-	-
Use of money and property	530	-	238
Miscellaneous	32,922	-	-
Total receipts	<u>177,556</u>	-	<u>238</u>
Disbursements:			
Operating:			
Public safety	74,372	-	-
Public works	38,776	-	-
Culture and recreation	13,039	-	8,809
General government	41,762	-	-
Capital projects	-	-	-
Total disbursements	<u>167,949</u>	-	<u>8,809</u>
Excess (deficiency) of receipts over (under) disbursements	9,607	-	(8,571)
Cash balances beginning of year	112,929	167	33,663
Cash balances end of year	<u>\$ 122,536</u>	<u>167</u>	<u>25,092</u>
Cash Basis Fund Balances			
Restricted for:			
Employee benefits	\$ 122,536	-	-
Other purposes	-	167	25,092
Total	<u>\$ 122,536</u>	<u>167</u>	<u>25,092</u>

See accompanying independent auditor's report.

Wilton		
Volunteer		
Fire Department	Capital Projects	Total
-	-	142,936
-	-	1,168
36	1	805
48,787	-	81,709
48,823	1	226,618
27,148	-	101,520
-	-	38,776
-	-	21,848
-	-	41,762
-	1,000	1,000
27,148	1,000	204,906
21,675	(999)	21,712
19,360	1,822	167,941
41,035	823	189,653
-	-	122,536
41,035	823	67,117
41,035	823	189,653

City of Wilton
Schedule of Indebtedness
Year ended June 30, 2012

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
General obligation refunding	Sep 15, 2005	3.40-4.50%	\$ 2,620,000
General obligation refunding	Jul 30, 2008	3.00-3.55	615,000
Total			
Sewer revenue bonds	Dec 13, 1999	3.00%	\$ 1,794,000
Water revenue note	Jul 7, 2008	3.94%	\$ 1,200,000
General Fund anticipation project note	March 1, 2010	2.25%	\$ 648,095
Special pledge revenue loan anticipation project note	March 1, 2010	2.25%	\$ 648,095
Eastern Iowa Light and Power Cooperative loan	May 10, 2010	0%	\$ 96,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
2,460,000	-	180,000	2,280,000	101,770
65,000	-	65,000	-	2,307
\$ 2,525,000	-	245,000	2,280,000	104,077
977,000	-	93,000	884,000	29,310
1,062,000	-	49,000	1,013,000	42,003
648,095	-	-	648,095	36,686
421,594	-	252,666	168,928	26,498
96,000	-	24,000	72,000	-

City of Wilton

City of Wilton
Bond and Note Maturities
June 30, 2012

Year Ending June 30,	General Obligation		Revenue Bonds		Revenue Note	
	Refunding Bonds		Sewer		Water	
	Series 2005		Issued Dec 13, 1999		Issued Jul 7, 2008	
	Issued Sep 15, 2005		Issued Dec 13, 1999		Issued Jul 7, 2008	
Interest	Interest		Interest		Interest	
Rates	Rates	Amount	Rates	Amount	Rates	Amount
2013	3.80%	\$ 245,000	3.00%	\$ 96,000	3.94%	\$ 50,000
2014	3.90	255,000	3.00	100,000	3.94	52,000
2015	4.00	270,000	3.00	104,000	3.94	53,000
2016	4.10	280,000	3.00	108,000	3.94	55,000
2017	4.20	285,000	3.00	112,000	3.94	57,000
2018	4.30	305,000	3.00	117,000	3.94	58,000
2019	4.40	310,000	3.00	121,000	3.94	60,000
2020	4.50	330,000	3.00	126,000	3.94	62,000
2021		-		-	3.94	64,000
2022		-		-	3.94	66,000
2023		-		-	3.94	67,000
2024		-		-	3.94	69,000
2025		-		-	3.94	72,000
2026		-		-	3.94	74,000
2027		-		-	3.94	76,000
2028		-		-	3.94	78,000
Total		<u>\$ 2,280,000</u>		<u>\$ 884,000</u>		<u>\$ 1,013,000</u>

See accompanying independent auditor's report.

City of Wilton

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

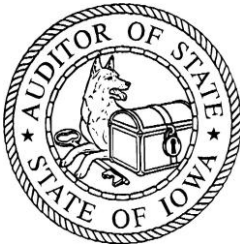
For the Last Ten Years

	2012	2011	2010	2009
Receipts:				
Property tax	\$ 1,148,723	1,084,877	1,045,346	1,003,589
Tax increment financing	236,455	325,502	-	17,921
Other city tax	315,634	296,359	179,452	187,122
Licenses and permits	38,905	34,180	33,374	29,705
Use of money and property	39,865	32,048	31,036	37,645
Intergovernmental	363,569	376,791	796,921	324,066
Charges for service	11,147	32,540	14,118	22,264
Special assessments	10,175	11,211	12,122	15,361
Miscellaneous	428,221	391,139	1,620,402	72,447
Total	\$ 2,592,694	2,584,647	3,732,771	1,710,120
Disbursements:				
Operating:				
Public safety	\$ 481,639	462,448	437,224	720,529
Public works	336,956	396,078	408,378	385,730
Health and social services	4,570	4,372	4,062	4,463
Culture and recreation	384,566	330,445	233,911	256,883
Community and economic development	246,222	242,391	250,821	183,223
General government	345,013	323,960	347,337	328,212
Debt service	689,927	579,656	355,650	359,467
Capital projects	1,000	754,248	2,661,986	-
Total	\$ 2,489,893	3,093,598	4,699,369	2,238,507

See accompanying independent auditor's report.

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

City of Wilton



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Mary Mosiman, CPA
Auditor of State

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, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated April 29, 2013. Our report was modified to include a reference to another auditor. 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. Another auditor 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 of internal control over financial reporting or compliance and other matters reported on separately by the other auditor.

Internal Control Over Financial Reporting

The management of the City of Wilton is responsible for establishing and maintaining effective 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 an 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Wilton's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (C) to be a significant deficiency.

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, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which 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, 2012 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.


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 29, 2013

City of Wilton

Schedule of Findings

Year ended June 30, 2012

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 receipt listings and no evidence of review for correct coding after receipts are entered in the accounting system.
 - (3) Journal entries – There is no evidence of independent review of journal entries.

For the Friends of the Wilton Public Library and the Wilton Library Foundation, one individual has control over each of the following areas:

- (1) Cash – handling and recording cash. Bank reconciliations are not consistently performed and there is no evidence of independent review.
- (2) Receipts – opening mail, collecting and depositing.
- (3) Disbursements – check writing, signing and approval. Checks only require one signature.

For the Wilton Volunteer Fire Department, one individual has control over each of the following areas:

- (1) Cash – handling and recording cash.
- (2) Receipts – opening mail, collecting and depositing.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City, the Library, the Foundation and the Fire Department should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. A monthly reconciliation of the book and bank balances should be prepared, reviewed and retained.

Response – The City will have the receipts, journals and reconciliations reviewed by other employees.

City Administrator will meet with the Friends of the Wilton Public Library, the Wilton Library Foundation and the Wilton Volunteer Fire Department and discuss segregation of duties and the recommendation.

Conclusion – Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2012

- (B) Financial Reporting – During the audit, we identified a material amount of township contribution receipts misclassified as “miscellaneous” rather than “intergovernmental” receipts. In addition, the City received \$279,164 in donations from the Wilton Community Foundation for the Library Community Center Project. These donations were not recorded in the City’s financial records. 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 receipts are properly recorded and classified in the City’s financial statements.

Response – Correction was made to the township classification and we will have the receipts reviewed at the end of each month.

Conclusion – Response accepted.

- (C) Computer Systems – During our review of internal control, existing control activities in the City’s computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weakness in the City’s computer systems was noted:

The City does not have written policies for:

- Password privacy and confidentiality.
- Storing back-up tapes at an appropriate off-site location.
- Internet usage.

Although the City has a disaster recovery plan, the plan does not include identification of critical applications.

Recommendation – The City should review and modify the current disaster recovery plan to include a listing of the critical applications of the City. Additionally, the City should develop written policies addressing the above items to improve the City’s control over its computer systems.

Response – We will work on getting written policies. We are also looking at an off site system for backups. The Police Department is working on updating the disaster recovery plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Wilton

Schedule of Findings

Year ended June 30, 2012

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amounts budgeted in the public safety, culture and recreation and debt service functions. 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.”

The notice of public hearing for the budget amendment was published only five days prior to the May 29, 2012 hearing date.

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

Before approving any budget amendment, the Council should set a date for a public hearing and give notice of the hearing at least ten but not more than twenty days prior to the hearing as required by Chapter 364.16(3) of the Code of Iowa.

Response – More attention will be taken when doing the budget amendment and it will be published within the correct time limit.

Conclusion – Response accepted.

- (2) Questionable Disbursements – Certain disbursements 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 were noted.

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, 2012, \$2,450 was reimbursed to office employees and City works employees for clothing purchases. These reimbursements were not processed through payroll and, accordingly, the proper tax withholdings were not applied to the reimbursements.

The City provides cell phones for use by the police department, City works employees and the City Administrator. One cellular telephone service billing reviewed included a \$5 late charge.

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 paying a clothing allowance to City employees. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation and inclusion of these clothing allowances in taxable income.

City of Wilton

Schedule of Findings

Year ended June 30, 2012

Response – The clothing allowance will be discussed with the Council. Every effort is being made to make sure payments are made on time.

Conclusion – Response acknowledged. The City should also ensure the clothing reimbursements are processed through payroll, as required.

- (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, Mayor Pro tem, owner of Garrison's Garden Market and Greenhouse	Grass seed, mulch and flowers	\$337

The above transactions do not appear to represent a conflict of interest in accordance with Chapter 362.5(3)(j) of the Code of Iowa since total transactions 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) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

The City Council went into closed session on July 11, 2011. However, the minutes record did not document the specific exemption for the closed session by reference to a specific provision of Chapter 21.5 of the Code of Iowa, commonly known as the open-meetings law.

Recommendation – The City should comply with Chapter 21.5 of the Code of Iowa.

Response – The Code will be complied with for further closed session meetings.

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 Note – The City did not make sufficient transfers from the Enterprise, Water Fund to the water revenue note sinking account for the revenue note payments as required by the revenue note resolution.

City of Wilton

Schedule of Findings

Year ended June 30, 2012

Recommendation – The City should make sufficient transfers from the Enterprise, Water Fund to the water revenue note sinking account sufficient to pay the revenue note payments as required.

Response – Transfer amounts will be reviewed before the transaction is made.

Conclusion – Response accepted.

- (9) Tax Increment Financing (TIF) Indebtedness Certification - Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness and, as such, the County Auditor shall provide incremental property tax in subsequent fiscal years without further certification until the amount of certified indebtedness is paid to the City. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. The following were noted regarding Form 1 of the City's November 2011 Tax Increment Financing Indebtedness Certification to the County Auditor:

- a. The certification included \$67,310 of payments pertaining to rebate and economic development agreements which include an annual appropriation clause. Until appropriated, these payments do not represent debt and, accordingly, should not have been certified as debt.
- b. On June 28, 2010, the City approved a loan of \$91,000 from the Enterprise, Sewer Fund to the Special Revenue, Urban Renewal Tax Increment Fund. The loan was to be repaid with tax increment financing collections. However, the City did not certify this internal borrowing on the December 2010 TIF debt certification to the County and, accordingly, TIF collections will not be generated to repay this debt. The City repaid the loan during fiscal year 2011 from the Special Revenue, Urban Renewal Tax Increment Fund using receipts already obligated for other TIF debt.

Recommendation – The City should certify the \$91,000 internal loan to ensure TIF collections are generated to repay this loan without using TIF receipts already obligated for other debt. The City Council should annually appropriate debt for development agreements which have an annual appropriation clause.

Response – The \$91,000 will be on the TIF certification this year. A resolution will be provided to the City Council for approval of the certified TIF amounts.

Conclusion – Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2012

- (10) Special Pledge Revenue Loan Agreement Anticipation Project Note – On March 1, 2010, the City entered into a special pledge revenue loan agreement anticipation project note with Community Bank to borrow up to \$1,300,000 for the purpose of paying costs in connection with constructing, furnishing and equipping the City's library and community center building project (project). The note is payable from future proceeds of an authorized loan agreement and corresponding issuance of special pledge revenue notes which are payable solely and only from future revenues pledged and collected by the Wilton Community Foundation, an organization legally separate from the City of Wilton. The City has not entered into a formal, legal agreement with the Wilton Community Foundation to ensure the pledged revenues collected by the Foundation will be made available to repay the City's obligation under the special pledge revenue notes.

Recommendation – The City should consult legal counsel to determine the disposition of this matter and should enter into a formal agreement with the Wilton Community Foundation to ensure revenues pledged and collected by the Foundation will be made available to meet the City's obligation under the special pledge revenue notes.

Response – The City has contacted Bond Counsel on this matter.

Conclusion – Response accepted.

- (11) Debt Service Fund Balance – The Debt Service Fund had a balance of \$446,224 at June 30, 2012, which may be excessive when compared to the annual debt service requirements and the amounts levied annually to cover the annual requirements.

The City appears to have been levying a debt service levy each year equal to the amount of principal and interest due during the budget year. However, the Debt Service Fund also collects interest and special assessments to help retire debt. These additional receipts should be considered when preparing the budget to help reduce the debt service levy. In addition, Chapter 384.68(5) of the Code of Iowa provides any excess of proceeds from special assessments remaining after all bonds and interest for a particular improvement have been paid may be credited to the fund from which deficiencies for the improvement could have been paid.

Recommendation – The City should review the Debt Service Fund activity and balances and determine whether a future reduction in the debt service levy or a transfer of balances to other funds in accordance with Chapter 384.68(5) of the Code of Iowa is appropriate to reduce the fund balance.

Response – The Debt Service Fund (#340) balance is being reviewed and we will present the information to the City Council for the money to be transferred for spending on street improvements.

Conclusion – Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2012

- (12) Local Option Sales Tax (LOST) – The City’s LOST ballot requires LOST receipts be used 50% for sanitary sewer projects and 50% for property tax relief. During the year ended June 30, 2012, the City transferred 50% of the LOST collections from the Special Revenue, Local Option Sales Tax Fund to the General Fund and 50% to the Enterprise, Sewer Fund. Because the LOST collections transferred to the General Fund are for property tax relief, there is no need for the City to account for expenditures or the balance of LOST receipts in this fund. However, because the LOST receipts transferred to the Enterprise, Sewer Fund are required by the ballot to be spent only for sewer improvements, the City is required to account for the disbursements and the balance of LOST receipts in this fund. The City does not have procedures in place to account for the beginning balance, receipts, disbursements and ending balance of LOST receipts in the Enterprise, Sewer Fund, as required. During the year ended June 30, 2012, the City transferred \$153,272 of LOST receipts to the Enterprise, Sewer Fund, but only spent \$122,799 on sewer improvement projects, leaving a balance of \$30,473 from current year receipts. The balance from fiscal year 2011 receipts was \$22,360. We were unable to determine the balance of unspent LOST funds at July 1, 2010.

Recommendation – To demonstrate compliance with the LOST ballot, the City should determine the amount of unspent LOST dollars at June 30, 2012 and establish procedures to account for future LOST receipts, disbursements and balances in the Enterprise, Sewer Fund.

Response – The City plans to camera the sewer lines and also reline them. Funds from the sewer improvement account within the Enterprise, Sewer Fund will be used for this project. We will also provide better tracking of the funds expended out of the Enterprise, Sewer Fund.

Conclusion – Response accepted.

- (13) Personal Use of City Credit Cards – The City has issued credit cards for City employees and the Wilton Volunteer Fire Department to purchase fuel for Fire Department vehicles. The City and the Fire Department investigated and reported several purchases made by a volunteer fireman for personal use. The individual was dismissed from the Fire Department and was charged with an aggravated misdemeanor and ordered to make restitution to the City.

Recommendation – City officials should review its current policy regulating the use of City credit cards. In addition, the City should continue to work with legal authorities regarding the proper resolution of this matter.


Response – Fuel cards for the Fire Department have been updated and cards are numbered to the trucks (fuel can only be used for that specific truck.) The receipt is signed, turned in and checked to the log book and monthly bill.

Conclusion – Response accepted.

City of Wilton
Staff

This audit was performed by:

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