



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

Richard D. Johnson, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ December 2, 2002

Contact: Andy Nielsen  
515/281-5515

Auditor of State Richard Johnson today released an audit report on the City of Wilton, Iowa.

Johnson reported that the City's receipts totaled \$2,825,228 for the year ended June 30, 2002, a four percent increase from 2001. The receipts included \$879,416 in property tax, \$44,762 in tax increment financing collections, \$248,478 in local option sales tax, \$284,289 from the state, and \$122,076 in interest on investments.

Disbursements for the year totaled \$4,181,489, a less than one percent decrease from the prior year, and included \$344,554 for community protection, \$176,623 for human development, \$3,383,374 for home and community environment, and \$276,938 for policy and administration.

A copy of the audit report is available for review in the office of the Auditor of State and the City Clerk's office.

###



**CITY OF WILTON**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2002**

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Financial Statements:	<u>Exhibit</u>	
Combined Statement of Cash Transactions - All Fund Types	A	8-9
Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget	B	10-11
Statement of Indebtedness	C	12-13
Notes to Financial Statements		14-20
Supplemental Information:	<u>Schedule</u>	
Combining and Individual Schedules of Cash Transactions:		
General Fund	1	22-25
Special Revenue Funds	2	26-27
Debt Service Funds	3	28-29
Capital Projects Funds	4	31
Enterprise Funds	5	32-35
Trust and Agency Funds	6	36-37
Bond and Note Maturities	7	38
Comparison of Taxes and Intergovernmental Receipts	8	39
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		41-42
Schedule of Findings		43-45
Staff		46

**City of Wilton**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2002)</b>		
Kenneth P. Lincoln	Mayor	Jan 2002
Richard L. Garrison	Mayor Pro tem	Jan 2004
Troy Bronner	Council Member	Jan 2002
Ronald A. Gradert	Council Member	Jan 2002
George W. Freeland	Council Member	Jan 2004
Ted Glenney	Council Member	Jan 2004
<b>(After January 2002)</b>		
Kenneth P. Lincoln	Mayor	Jan 2004
Richard L. Garrison	Mayor Pro tem	Jan 2004
George W. Freeland	Council Member	Jan 2004
Ted Glenney	Council Member	Jan 2004
Troy Bronner	Council Member	Jan 2006
Mark Lucas II	Council Member	Jan 2006
Richard E. Wardenburg	Administrator	Indefinite
Lori A. Brown	Clerk/Treasurer	Indefinite
Gerald Denning	Attorney	Indefinite

**City of Wilton**



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

Richard D. Johnson, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Wilton, Iowa, as of and for the year ended June 30, 2002. These financial statements are the responsibility of City of Wilton's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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.

The financial statements referred to above do not include the financial transactions of the Wilton Municipal Light and Power System, a component unit of the City of Wilton, pertaining to the Enterprise Funds, which should be included in order to conform with U. S. generally accepted accounting principles. The financial transactions that should have been recorded are on a different basis of accounting.

In our opinion, except for the effects on the financial statements due to the exclusion of the financial transactions of the Wilton Municipal Light and Power System from the reporting entity, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Wilton as of and for the year ended June 30, 2002, and its indebtedness at June 30, 2002, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued a report dated October 24, 2002 on our consideration of the City of Wilton's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed qualified opinions on those financial statements due to the exclusion of the financial transactions of the Wilton Municipal Light and Power System which were on a different basis of accounting. The supplemental information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 24, 2002



## **Financial Statements**

City of Wilton  
 Combined Statement of Cash Transactions  
 All Fund Types  
 Year ended June 30, 2002

	General
<b>Receipts:</b>	
Property tax	\$ 477,844
Tax increment financing collections	-
Other City tax	152,948
Licenses and permits	4,584
Use of money and property	43,242
Intergovernmental	117,042
Charges for service	11,894
Special assessments	1,590
Miscellaneous	26,839
Total receipts	835,983
<b>Disbursements:</b>	
Community Protection Program	295,640
Human Development Program	164,062
Home and Community Environment Program	73,467
Policy and Administration Program	246,014
Total disbursements	779,183
Excess (deficiency) of receipts over (under) disbursements	56,800
<b>Other financing sources (uses):</b>	
Sale of general fixed assets	2,500
General obligation note proceeds, net of \$9,300 discount and \$750 management fee	-
Special assessment note proceeds, net of \$3,460 management fee	-
Operating transfers in	48,000
Operating transfers out	(13,000)
Total other financing sources (uses)	37,500
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	94,300
Balance beginning of year	896,907
Balance end of year	\$ 991,207

See notes to financial statements.

Governmental Fund Types			Proprietary Fund Type Enterprise	Fiduciary	Total (Memorandum Only)
Special Revenue	Debt Service	Capital Projects		Fund Type Trust and Agency	
74,956	326,616	-	-	-	879,416
44,762	-	-	-	-	44,762
1,999	8,517	-	124,239	-	287,703
-	-	-	-	-	4,584
218	3,455	6,307	72,537	424	126,183
226,596	-	-	-	-	343,638
-	-	-	644,769	-	656,663
-	264,814	-	-	-	266,404
17,322	-	10,029	38,726	122,959	215,875
365,853	603,402	16,336	880,271	123,383	2,825,228
29,598	-	-	-	19,316	344,554
3,489	-	-	-	9,072	176,623
221,434	705,988	1,748,636	544,235	89,614	3,383,374
30,924	-	-	-	-	276,938
285,445	705,988	1,748,636	544,235	118,002	4,181,489
80,408	(102,586)	(1,732,300)	336,036	5,381	(1,356,261)
-	-	-	-	-	2,500
-	-	454,950	-	-	454,950
-	-	169,540	-	-	169,540
-	137,823	-	-	-	185,823
-	(2,156)	(3,827)	(166,840)	-	(185,823)
-	135,667	620,663	(166,840)	-	626,990
80,408	33,081	(1,111,637)	169,196	5,381	(729,271)
329,895	197,867	1,111,637	1,758,489	31,756	4,326,551
410,303	230,948	-	1,927,685	37,137	3,597,280

---

City of Wilton

Comparison of Receipts, Disbursements and Changes in Balances -  
Actual to Budget

Year ended June 30, 2002

	<u>Actual</u>
<b>Receipts:</b>	
Property tax	\$ 879,416
Tax increment financing collections	44,762
Other City tax	287,703
Licenses and permits	4,584
Use of money and property	126,183
Intergovernmental	343,638
Charges for service	656,663
Special assessments	266,404
Miscellaneous	215,875
Total receipts	<u>2,825,228</u>
<b>Disbursements:</b>	
Community Protection Program	344,554
Human Development Program	176,623
Home and Community Environment Program	3,383,374
Policy and Administration Program	276,938
Total disbursements	<u>4,181,489</u>
Excess (deficiency) of receipts over (under) disbursements	(1,356,261)
Other financing sources, net	<u>626,990</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(729,271)
Balance beginning of year	<u>4,326,551</u>
Balance end of year	<u>\$ 3,597,280</u>

See notes to financial statements.

Less Funds not Required to be Budgeted	Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
-	879,416	871,159	8,257	101%
-	44,762	43,156	1,606	104%
-	287,703	135,619	152,084	212%
-	4,584	15,750	(11,166)	29%
394	125,789	25,500	100,289	493%
-	343,638	249,100	94,538	138%
-	656,663	997,052	(340,389)	66%
-	266,404	22,823	243,581	1167%
24,667	191,208	144,600	46,608	132%
25,061	2,800,167	2,504,759	295,408	112%
18,179	326,375	350,000	23,625	93%
3,008	173,615	179,700	6,085	97%
-	3,383,374	3,239,567	(143,807)	104%
-	276,938	274,500	(2,438)	101%
21,187	4,160,302	4,043,767	(116,535)	103%
3,874	(1,360,135)	(1,539,008)		
-	626,990	-		
3,874	(733,145)	(1,539,008)		
31,879	4,294,672	3,362,588		
35,753	3,561,527	1,823,580		

City of Wilton  
Statement of Indebtedness  
Year ended June 30, 2002

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation corporate purpose and refunding notes:			
Essential corporate purpose	Jun 1, 2000	4.90-6.15%	\$ 3,905,000
Curb and gutter	Jan 1, 2002	3.25-5.80	465,000
Special assessment capital loan notes:			
Curb and gutter - Phase I	Mar 1, 1993	5.60-6.20%	\$ 95,000
Curb and gutter - Phase II	Oct 1, 1994	7.15-7.50	65,000
Curb and gutter - Phase IV	Jan 1, 2002	3.75-5.60	173,000
Total			
Revenue bonds:			
Sewer	Dec 13, 1999	3.92%	\$ 1,794,000
Lease-purchase agreement:			
Truck with hooklift system and sewer jetter	Feb 24, 1997	6.10%	\$ 60,831
Project warrants:			
South end curb and gutter project	Jul 26, 1999	4.55%	\$ 1,000,000

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
3,765,000	-	120,000	3,645,000	213,652
-	465,000	-	465,000	-
<b>\$ 3,765,000</b>	<b>465,000</b>	<b>120,000</b>	<b>4,110,000</b>	<b>213,652</b>
20,000	-	20,000	-	1,215
35,000	-	35,000	-	2,607
-	173,000	-	173,000	-
<b>\$ 55,000</b>	<b>173,000</b>	<b>55,000</b>	<b>173,000</b>	<b>3,822</b>
1,734,000	-	63,000	1,671,000	67,943
13,649	-	13,649	-	831
1,000,000	-	1,000,000	-	30,334

City of Wilton

Notes to Financial Statements

June 30, 2002

**(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 1857 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, culture, recreation, public improvements and general administrative services.

**A. Reporting Entity**

Except as discussed below, 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 present the City of Wilton (the primary government) and the following component units: Wilton Library Foundation, the Friends of the Wilton Public Library, and the Wilton Volunteer Fire Department. These 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.

The Wilton Library Foundation is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Trust and Agency Funds. The Wilton Library Foundation has been established pursuant to Chapter 504A of the Code of Iowa for the purpose of supporting the Wilton Public Library. The Wilton Public Library is the primary beneficiary of this charitable organization and it is the intent of the Board of Directors of the Wilton Library Foundation to continue this relationship with the City.

The Friends of the Wilton Public Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Trust and Agency Funds. The Friends of the Wilton Library has been established pursuant to Chapter 504A of the Code of Iowa for the purpose of supporting the Wilton



Public Library. The Wilton Public Library is the primary beneficiary of this charitable organization and it is the intent of the Friends of Wilton Public Library to continue this relationship with the City.

The Wilton Volunteer Fire Department was established pursuant to local ordinance and has the potential to provide specific benefits to, or impose specific financial burdens on the City. The Department consists of a Chief Engineer, Assistant Engineer, and such Fire Wardens as may from time to time be appointed by the Mayor. The Wilton Volunteer Fire Department is reported as part of the City and blended into the Trust and Agency Funds.

#### Excluded Component Unit

The Wilton Municipal Light and Power System was established pursuant to Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to, or impose specific financial burdens on the City. The System is governed by a five-member board of trustees appointed by the Council. Complete financial statements can be obtained from the System's administrative office. The financial transactions of this component unit have not been displayed because it uses a different basis of accounting.

#### Jointly Governed Organizations

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

#### Joint Ventures

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 the public swimming pool. The pool was constructed by the District upon land donated by the City. The agreement established a separate entity known as the Recreational Swim Program governed by a five-member Board of Trustees, of whom two are appointed by the City, two by the District and one by the four members. Operating expenses are shared equally by the City and District.

#### B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and fund balances. The various funds and their designated purposes are as follows:

## Governmental Funds

General Fund - The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are 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 that are not paid through other funds.

Special Revenue Funds - The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Funds - The Debt Service Funds are utilized to account for the payment of interest and principal on the City's general obligation and special assessment long-term debt.

Capital Projects Funds - The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

## Proprietary Funds

Enterprise Funds - The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

## Fiduciary Funds

Trust and Agency Funds - The Trust and Agency Funds are utilized to account for monies and properties received and held by the City in a trustee capacity as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. These include expendable trust funds and agency funds.

### C. Basis of Accounting

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

### D. Budgets and Budgetary Accounting

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

Formal and legal budgetary control is based upon four major classes of disbursements, known as programs, not by fund. These four programs are community protection, human development, home and community environment and policy and administration.

E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2002 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 Wilton Library Foundation's investments are categorized to give an indication of the level of risk assumed by the Foundation at year end. The Foundation's investments are all category 1 which means that the investments are insured or registered or the securities are held by the Foundation or its agent in the Foundation's name.

The Foundation's investments at June 30, 2002 are as follows:

Type	Carrying Amount	Fair Value
Common stock	<u>\$ 18,795</u>	<u>18,798</u>

**(3) Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Notes		Special Assessment Notes		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 140,000	230,638	13,000	8,413	66,000	65,503	219,000	304,554
2004	150,000	223,775	15,000	7,925	68,000	62,916	233,000	294,616
2005	160,000	216,380	15,000	7,325	71,000	60,250	246,000	283,955
2006	165,000	208,350	15,000	6,687	74,000	57,467	254,000	272,504
2007	170,000	199,937	15,000	6,012	77,000	54,566	262,000	260,515
2008	180,000	191,137	20,000	5,300	80,000	51,548	280,000	247,985
2009	190,000	181,697	20,000	4,300	83,000	48,412	293,000	234,409
2010	200,000	171,607	20,000	3,270	86,000	45,158	306,000	220,035
2011	210,000	160,807	20,000	2,210	89,000	41,787	319,000	204,804
2012	225,000	149,328	20,000	1,120	93,000	38,298	338,000	188,746
2013	235,000	136,877	-	-	96,000	34,653	331,000	171,530
2014	250,000	123,633	-	-	100,000	30,890	350,000	154,523
2015	265,000	109,423	-	-	104,000	26,970	369,000	136,393
2016	280,000	94,203	-	-	108,000	22,893	388,000	117,096
2017	290,000	77,832	-	-	112,000	18,659	402,000	96,491
2018	315,000	60,582	-	-	117,000	14,269	432,000	74,851
2019	330,000	41,683	-	-	121,000	9,682	451,000	51,365
2020	355,000	21,693	-	-	126,000	4,939	481,000	26,632
<b>Total</b>	<b>\$ 4,110,000</b>	<b>2,599,582</b>	<b>173,000</b>	<b>52,562</b>	<b>1,671,000</b>	<b>688,860</b>	<b>5,954,000</b>	<b>3,341,004</b>

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

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

**(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.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the

years ended June 30, 2002, 2001, and 2000 were \$38,696, \$37,822, and \$32,822, 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 \$23,000 at June 30, 2002. This liability has been computed based on rates of pay in effect at June 30, 2002.

**(6) Industrial Development Revenue Bonds**

The City has issued a total of \$4,250,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$2,300,000 is outstanding at June 30, 2002. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

**(7) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2002, disbursements in the Home and Community Environment and Policy and Administration Programs exceeded the amounts budgeted.

**(8) Urban Renewal Projects**

In a prior year, the City loaned \$53,046 to the Maple Street Extension Project from the Special Revenue, Road Use Tax Fund. The loan was used to extend Maple Street in TIF District Area 2. The Special Revenue, Road Use Tax Fund will be repaid by anticipated tax increment financing revenues as they are collected. At June 30, 2002, the outstanding principal balance of the loan was \$32,268.

In a prior year, the City loaned \$30,000 to the Industrial Park Project from the Enterprise, Sewer Fund. The loan was used to install a water main and collection system in TIF District Area 3. The Enterprise, Sewer Fund will be repaid by anticipated tax increment finance revenues as they are collected. At June 30, 2002, the outstanding principal balance of the loan was \$17,446.

In prior years, the City entered into three tax increment financing agreements. The City agreed to assist in urban renewal projects by rebating incremental taxes paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated for a period of 15 years, beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The agreements end by fiscal year 2013. The total amount that will be rebated in any fiscal year for the three increment financing agreements is not to exceed \$82,203. The total rebated during the year ended June 30, 2002 was \$54,990. The total cumulative amount rebated since the inception of the agreements was \$88,090.

**(9) Risk Management**

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

**(10) Deficit Fund Balance**

The Agency Fund, Electric Utility Sales Tax account had a deficit balance of \$2,794 at June 30, 2002. The deficit balance was a result of overpaying its sales tax liability during the year. The deficit was eliminated upon receipt of a state refund in July 2002.

**(11) Subsequent Event**

On August 12, 2002, the City Council approved the purchase of land for \$500,000. The City paid \$500 down and the remainder will be paid at time of closing. The City will use local sources in the General Fund to pay for the land purchase.

## **Supplemental Information**

**Schedule 1**

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2002

	General	Police Equipment Reserve	Fire Protection Equipment	Total
<b>Receipts:</b>				
Property tax	\$ 477,844	-	-	477,844
<b>Other City tax:</b>				
Cable franchise fee	16,345	-	-	16,345
Mobile home tax	4,484	-	-	4,484
Utility tax replacement excise tax	7,880	-	-	7,880
Local option sales tax	124,239	-	-	124,239
	<u>152,948</u>	-	-	<u>152,948</u>
<b>Licenses and permits:</b>				
Liquor	1,852	-	-	1,852
Cigarette	300	-	-	300
Beer	750	-	-	750
Building	852	-	-	852
Excavating	540	-	-	540
Special business	290	-	-	290
	<u>4,584</u>	-	-	<u>4,584</u>
<b>Use of money and property:</b>				
Interest on investments	32,599	93	6,640	39,332
Rent	3,910	-	-	3,910
	<u>36,509</u>	<u>93</u>	<u>6,640</u>	<u>43,242</u>
<b>Intergovernmental:</b>				
State allocation	37,726	-	-	37,726
Bank franchise tax	10,434	-	-	10,434
County Library and fire allocation	8,500	-	50,849	59,349
Motor fuel refund	3,979	-	-	3,979
Traffic grant	1,477	-	-	1,477
Library open access	4,077	-	-	4,077
	<u>66,193</u>	-	<u>50,849</u>	<u>117,042</u>



City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2002

	General	Police Equipment Reserve	Fire Protection Equipment	Total
<b>Receipts (continued):</b>				
Charges for service:				
Street sweeping and mowing	4,691	-	-	4,691
Zoning fees	679	-	-	679
Fire services	268	-	-	268
Police services	6,256	-	-	6,256
	11,894	-	-	11,894
Special assessments	1,590	-	-	1,590
<b>Miscellaneous:</b>				
Court fines	1,711	-	-	1,711
Library copies and miscellaneous	1,318	-	-	1,318
Refunds and reimbursements	5,729	-	-	5,729
Donations	8,224	-	-	8,224
Miscellaneous	9,857	-	-	9,857
	26,839	-	-	26,839
Total receipts	778,401	93	57,489	835,983
<b>Disbursements:</b>				
Community Protection Program:				
Police:				
Personal services	206,958	-	-	206,958
Contractual services	38,994	-	-	38,994
Commodities	13,806	-	-	13,806
Capital outlay	672	-	-	672
	260,430	-	-	260,430
Fire:				
Contractual services	27,039	-	-	27,039
Commodities	6,605	-	-	6,605
	33,644	-	-	33,644
Traffic control	1,566	-	-	1,566
	295,640	-	-	295,640

**Schedule 1**

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2002

	General	Police Equipment Reserve	Fire Protection Equipment	Total
Disbursements (continued):				
Human Development Program:				
Animal control	60	-	-	60
Library:				
Personal services	45,854	-	-	45,854
Contractual services	6,060	-	-	6,060
Commodities	1,759	-	-	1,759
Capital outlay	12,697	-	-	12,697
	66,370	-	-	66,370
Swimming pool	50,000	-	-	50,000
Park:				
Personal services	145	-	-	145
Contractual services	14,426	-	-	14,426
Commodities	10,353	-	-	10,353
Capital outlay	19,550	-	-	19,550
	44,474	-	-	44,474
Social services	3,158	-	-	3,158
	164,062	-	-	164,062
Home and Community Environment Program:				
Cemetery	10,000	-	-	10,000
Special services:				
Contractual services	857	-	-	857
Streets and sidewalks:				
Personal services	34,666	-	-	34,666
Contractual services	13,808	-	-	13,808
Commodities	3,210	-	-	3,210
Capital outlay	10,926	-	-	10,926
	62,610	-	-	62,610
	73,467	-	-	73,467

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2002

	General	Police Equipment Reserve	Fire Protection Equipment	Total
Disbursements (continued):				
Policy and Administration Program:				
Personal services	145,721	-	-	145,721
Contractual services	60,598	-	-	60,598
Commodities	17,931	-	-	17,931
Capital outlay	21,764	-	-	21,764
	<u>246,014</u>	<u>-</u>	<u>-</u>	<u>246,014</u>
Total disbursements	<u>779,183</u>	<u>-</u>	<u>-</u>	<u>779,183</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(782)</u>	<u>93</u>	<u>57,489</u>	<u>56,800</u>
Other financing sources (uses):				
Sale of general fixed assets	-	-	2,500	2,500
Operating transfers in (out):				
General:				
General	-	13,000	-	13,000
Police Equipment Reserve	(13,000)	-	-	(13,000)
Enterprise:				
Water	12,500	-	-	12,500
Sewer	10,000	-	-	10,000
Garbage	12,500	-	-	12,500
Total other financing sources (uses)	<u>22,000</u>	<u>13,000</u>	<u>2,500</u>	<u>37,500</u>
Excess of receipts and other financing sources over disbursements and other financing uses	21,218	13,093	59,989	94,300
Balance beginning of year	<u>708,943</u>	<u>3,870</u>	<u>184,094</u>	<u>896,907</u>
Balance end of year	<u>\$ 730,161</u>	<u>16,963</u>	<u>244,083</u>	<u>991,207</u>

See accompanying independent auditor's report.

**Schedule 2**

City of Wilton  
Combining Schedule of Cash Transactions  
Special Revenue Funds  
Year ended June 30, 2002

	Road Use Tax	Group Health Insurance	Urban Renewal Tax Increment	Road Use Equipment Reserve	Total
<b>Receipts:</b>					
Property tax	\$ -	74,956	-	-	74,956
Tax increment financing collections	-	-	44,762	-	44,762
<b>Other city tax:</b>					
Mobile home tax	-	725	-	-	725
Utility tax replacement excise tax	-	1,274	-	-	1,274
	-	1,999	-	-	1,999
<b>Use of money and property:</b>					
Interest on investments	-	218	-	-	218
<b>Intergovernmental:</b>					
Road use tax allocation	226,596	-	-	-	226,596
<b>Miscellaneous:</b>					
Insurance reimbursement	-	17,322	-	-	17,322
<b>Total receipts</b>	<b>226,596</b>	<b>94,495</b>	<b>44,762</b>	<b>-</b>	<b>365,853</b>
<b>Disbursements:</b>					
<b>Community Protection Program:</b>					
Personal services	-	29,598	-	-	29,598
<b>Human Development Program:</b>					
Personal services	-	3,489	-	-	3,489
<b>Home and Community Environment Program:</b>					
Personal services	49,894	19,839	-	-	69,733
Contractual services	45,940	-	54,990	-	100,930
Commodities	30,840	-	-	-	30,840
Capital outlay	11,931	-	-	-	11,931
<b>Debt service:</b>					
Principal redemption	7,508	-	-	-	7,508
Interest payments	492	-	-	-	492
	146,605	19,839	54,990	-	221,434

City of Wilton  
 Combining Schedule of Cash Transactions  
 Special Revenue Funds  
 Year ended June 30, 2002

	Road Use Tax	Group Health Insurance	Urban Renewal Tax Increment	Road Use Equipment Reserve	Total
Disbursements (continued):					
Policy and Administration Program:					
Personal services	-	30,924	-	-	30,924
Total disbursements	146,605	83,850	54,990	-	285,445
Excess (deficiency) of receipts over (under) disbursements	79,991	10,645	(10,228)	-	80,408
Balance beginning of year	250,382	25,580	13,739	40,194	329,895
Balance end of year	\$ 330,373	36,225	3,511	40,194	410,303

See accompanying independent auditor's report.

City of Wilton  
Combining Schedule of Cash Transactions  
Debt Service Funds  
Year ended June 30, 2002

	General Obligation Bonds	Sewer Bond and Interest
<b>Receipts:</b>		
Property tax	\$ 326,616	-
Other city tax:		
Mobile home tax	3,093	-
Utility tax replacement excise tax	5,424	-
	<u>8,517</u>	<u>-</u>
Use of money and property:		
Interest on investments	1,011	998
	<u>1,011</u>	<u>998</u>
Special assessments		
Total receipts	<u>336,144</u>	<u>998</u>
<b>Disbursements:</b>		
Home and Community Environment Program:		
Debt service:		
Principal redemption	120,000	63,000
Interest payments	213,652	67,943
Registrar fees	550	867
Total disbursements	<u>334,202</u>	<u>131,810</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,942</u>	<u>(130,812)</u>
<b>Other financing sources (uses):</b>		
Operating transfers in:		
Debt Service:		
Special Assessment Notes - Phase II	-	-
Special Assessment Notes - Phase III	-	-
Capital Projects:		
Curb and Gutter Phase IV	-	-
Enterprise:		
Sewer	-	63,000
Sewer Improvement	-	68,840
Total other financing sources (uses)	<u>-</u>	<u>131,840</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>1,942</u>	<u>1,028</u>
Balance beginning of year	<u>72,117</u>	<u>59,093</u>
Balance end of year	<u>\$ 74,059</u>	<u>60,121</u>

See accompanying independent auditor's report.

Special Assessment Notes - Phase I	Special Assessment Notes - Phase II	Special Assessment Notes - Phase III	Special Assessment Notes - Phase IV	Total
-	-	-	-	326,616
-	-	-	-	3,093
-	-	-	-	5,424
-	-	-	-	8,517
132	74	629	611	3,455
5,372	3,158	4,189	252,095	264,814
5,504	3,232	4,818	252,706	603,402
37,787	17,213	-	180,000	418,000
1,215	2,607	-	454	285,871
300	300	-	100	2,117
39,302	20,120	-	180,554	705,988
(33,798)	(16,888)	4,818	72,152	(102,586)
-	-	2,156	-	2,156
-	(2,156)	-	-	(2,156)
-	-	3,827	-	3,827
-	-	-	-	63,000
-	-	-	-	68,840
-	(2,156)	5,983	-	135,667
(33,798)	(19,044)	10,801	72,152	33,081
33,798	19,044	13,815	-	197,867
-	-	24,616	72,152	230,948

**City of Wilton**



City of Wilton  
Combining Schedule of Cash Transactions  
Capital Projects Funds  
Year ended June 30, 2002

	Curb and Gutter Phase IV
Receipts:	
Use of money and property:	
Interest on investments	\$ 6,307
Miscellaneous:	
Accrued interest on sale of general obligation notes	1,788
Accrued interest on sale of special assessment notes	654
Seeding reimbursement	7,587
	10,029
Total receipts	16,336
Disbursements:	
Home and Community Environment Program:	
Contractual services	54,320
Capital outlay	844,436
Debt service:	
Principal payments on project notes	820,000
Interest payments on project notes	29,880
Total disbursements	1,748,636
Deficiency of receipts under disbursements	(1,732,300)
Other financing sources (uses):	
Note proceeds:	
General obligation notes, net of \$9,300 discount and \$750 management fee	454,950
Special assessment notes, net of \$3,460 management fee	169,540
Operating transfer (out):	
Debt Service:	
Special Assessment Notes - Phase III	(3,827)
Total other financing sources (uses)	620,663
Deficiency of receipts and other financing sources under disbursements and other financing uses	(1,111,637)
Balance beginning of year	1,111,637
Balance end of year	\$ -

See accompanying independent auditor's report.

City of Wilton  
Combining Schedule of Cash Transactions  
Enterprise Funds  
Year ended June 30, 2002

	Water	Sewer	Garbage	Water Revenue Note and Interest	Garbage Equip- ment Reserve
<b>Receipts:</b>					
Other city tax:					
Local options sales tax	\$ -	-	-	-	-
Use of money and property:					
Interest on investments	11,266	14,526	11,709	9,002	6,665
Charges for service:					
Sale of water	214,058	-	-	-	-
Fire protection	7,445	-	-	-	-
Sewer rental fees	-	235,196	-	-	-
Garbage collection fees	-	-	145,160	-	-
Special collection fees	3,173	-	39,737	-	-
	224,676	235,196	184,897	-	-
Miscellaneous:					
Penalties	1,230	-	-	-	-
Customer deposits	-	-	-	-	-
Miscellaneous	3,123	5,158	22,843	-	-
	4,353	5,158	22,843	-	-
Total receipts	240,295	254,880	219,449	9,002	6,665
<b>Disbursements:</b>					
Home and Community Environment Program:					
Personal services	51,955	52,071	120,846	-	-
Contractual services	60,300	62,976	80,266	-	-
Commodities	24,266	5,913	7,623	-	-
Capital outlay	33,060	11,518	-	-	-
Debt service:					
Principal redemption	-	6,141	-	-	-
Interest payments	-	339	-	-	-
Total disbursements	169,581	138,958	208,735	-	-

Water Equip- ment Reserve	Sewer Equip- ment Reserve	Meter Deposits	Water Improve- ment and Reserve	Sewer Improve- ment	Sewer Treatment Plant	Total
-	-	-	-	124,239	-	124,239
2,928	2,291	1,252	2,448	10,076	374	72,537
-	-	-	-	-	-	214,058
-	-	-	-	-	-	7,445
-	-	-	-	-	-	235,196
-	-	-	-	-	-	145,160
-	-	-	-	-	-	42,910
-	-	-	-	-	-	644,769
-	-	-	-	-	-	1,230
-	-	3,630	-	-	-	3,630
-	-	-	-	-	2,742	33,866
-	-	3,630	-	-	2,742	38,726
2,928	2,291	4,882	2,448	134,315	3,116	880,271
-	-	-	-	680	-	225,552
-	-	3,800	-	-	-	207,342
-	-	-	-	-	-	37,802
-	-	-	-	22,481	-	67,059
-	-	-	-	-	-	6,141
-	-	-	-	-	-	339
-	-	3,800	-	23,161	-	544,235

**City of Wilton**  
**Combining Schedule of Cash Transactions**  
**Enterprise Funds**  
**Year ended June 30, 2002**

	Water	Sewer	Garbage	Water Revenue Note and Interest	Garbage Equip- ment Reserve
Excess of receipts over disbursements	70,714	115,922	10,714	9,002	6,665
Other financing (uses):					
Operating transfers (out):					
General	(12,500)	(10,000)	(12,500)	-	-
Debt Service:					
Sewer Bond and Interest	-	(63,000)	-	-	-
Total other financing sources (uses)	(12,500)	(73,000)	(12,500)	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	58,214	42,922	(1,786)	9,002	6,665
Balance beginning of year	284,730	378,117	265,614	230,836	123,649
Balance end of year	\$ 342,944	421,039	263,828	239,838	130,314

See accompanying independent auditor's report.

Water Equip- ment Reserve	Sewer Equip- ment Reserve	Meter Deposits	Water Improve- ment and Reserve	Sewer Improve- ment	Sewer Treatment Plant	Total
2,928	2,291	1,082	2,448	111,154	3,116	336,036
-	-	-	-	-	-	(35,000)
-	-	-	-	(68,840)	-	(131,840)
-	-	-	-	(68,840)	-	(166,840)
2,928	2,291	1,082	2,448	42,314	3,116	169,196
60,478	44,917	29,120	2,335	296,566	42,127	1,758,489
63,406	47,208	30,202	4,783	338,880	45,243	1,927,685

City of Wilton  
Combining Schedule of Cash Transactions  
Trust and Agency Funds  
Year ended June 30, 2002

	Agency Electric Utility Sales Tax
<b>Receipts:</b>	
Use of money and property:	
Interest on investments	\$ -
Dividends on investments	-
	-
<b>Miscellaneous:</b>	
Memorials and donations	-
Sales tax	89,614
Fundraisers and miscellaneous	-
	89,614
Total receipts	89,614
<b>Disbursements:</b>	
Community Protection Program:	
Capital outlay	-
Commodities and miscellaneous	-
	-
Human Development Program:	
Contractual services	-
Commodities	-
Capital outlay	-
	-
Home and Community Environment Program:	
Contractual services	89,614
Total disbursements	89,614
Excess (deficiency) of receipts over (under) disbursements	-
Balance beginning of year	(2,794)
Balance end of year	\$ (2,794)

See accompanying independent auditor's report.

Expendable Trust					
Library Trust	Wilton Library Foundation	Friends of Wilton Public Library	Wilton Volunteer Fire Department	Police	Total
10	145	-	52	20	227
-	197	-	-	-	197
10	342	-	52	20	424
7,806	1,728	3,641	1,880	872	15,927
-	-	-	-	-	89,614
-	-	-	17,418	-	17,418
7,806	1,728	3,641	19,298	872	122,959
7,816	2,070	3,641	19,350	892	123,383
-	-	-	6,560	-	6,560
-	-	-	11,619	1,137	12,756
-	-	-	18,179	1,137	19,316
-	18	758	-	-	776
-	-	119	-	-	119
6,064	-	2,113	-	-	8,177
6,064	18	2,990	-	-	9,072
-	-	-	-	-	89,614
6,064	18	2,990	18,179	1,137	118,002
1,752	2,052	651	1,171	(245)	5,381
269	24,876	4,112	2,891	2,402	31,756
2,021	26,928	4,763	4,062	2,157	37,137

**Schedule 7**

City of Wilton  
Bond and Note Maturities  
June 30, 2002

Year Ending June 30,	General Obligation Corporate Purpose and Refunding Notes					Special Assessment		Revenue Bonds	
	Essential Corporate Purpose		Curb and Gutter		Total	Capital Loan Notes		Sewer	
	Issued Jun 1, 2000		Issued Jan 1, 2002			Curb and Gutter			
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rate	Amount	
2003	5.10%	\$ 125,000	3.25%	\$ 15,000	140,000	3.75%	\$ 13,000	3.92%	\$ 66,000
2004	5.15	130,000	3.50	20,000	150,000	4.00	15,000	3.92	68,000
2005	5.20	140,000	3.75	20,000	160,000	4.25	15,000	3.92	71,000
2006	5.25	145,000	4.00	20,000	165,000	4.50	15,000	3.92	74,000
2007	5.30	150,000	4.25	20,000	170,000	4.75	15,000	3.92	77,000
2008	5.35	160,000	4.40	20,000	180,000	5.00	20,000	3.92	80,000
2009	5.40	170,000	4.55	20,000	190,000	5.15	20,000	3.92	83,000
2010	5.50	175,000	4.70	25,000	200,000	5.30	20,000	3.92	86,000
2011	5.55	185,000	4.85	25,000	210,000	5.45	20,000	3.92	89,000
2012	5.60	200,000	5.00	25,000	225,000	5.60	20,000	3.92	93,000
2013	5.70	210,000	5.10	25,000	235,000	-	-	3.92	96,000
2014	5.75	220,000	5.20	30,000	250,000	-	-	3.92	100,000
2015	5.80	235,000	5.30	30,000	265,000	-	-	3.92	104,000
2016	5.90	250,000	5.40	30,000	280,000	-	-	3.92	108,000
2017	6.00	260,000	5.50	30,000	290,000	-	-	3.92	112,000
2018	6.05	280,000	5.60	35,000	315,000	-	-	3.92	117,000
2019	6.10	295,000	5.70	35,000	330,000	-	-	3.92	121,000
2020	6.15	315,000	5.80	40,000	355,000	-	-	3.92	126,000
Total		<u>\$ 3,645,000</u>		<u>\$ 465,000</u>	<u>\$ 4,110,000</u>		<u>\$ 173,000</u>		<u>\$ 1,671,000</u>

See accompanying independent auditor's report.



## City of Wilton

## Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2002	2001	2000	1999
Property tax	\$ 879,416	897,119	876,505	847,100
Tax increment financing collections	44,762	48,581	98,913	54,886
Other City tax:				
Cable franchise fee	16,345	15,357	8,006	12,691
Mobile home tax	8,302	8,663	-	-
Utility tax replacement exise tax	14,578	14,563	-	-
Local option sales tax	248,478	261,342	235,812	245,553
	287,703	299,925	243,818	258,244
Intergovernmental:				
Road use tax	226,596	211,478	209,033	197,664
State allocation	37,726	38,019	38,131	38,103
Bank franchise tax	10,434	10,216	4,151	17,960
Sales tax refund	-	63,004	10,052	-
Revitalize Iowa's Sound Economy grant	-	-	29,288	-
County allocations	59,349	49,711	-	-
Local law enforcement block grant	-	1,433	3,285	-
Bullet proof vest partnership	-	-	615	-
Other	9,533	10,255	20,267	46,530
	343,638	384,116	314,822	300,257
Total	\$ 1,555,519	1,629,741	1,534,058	1,460,487

See accompanying independent auditor's report.

**City of Wilton**



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

Richard D. Johnson, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

**Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting**

To the Honorable Mayor and  
Members of the City Council:

We have audited the financial statements of the City of Wilton, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 24, 2002. Our report expressed a qualified opinion on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, due to the exclusion of the financial transactions of the Wilton Municipal Light and Power System, which should be included. We conducted our audit in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

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 grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2002 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. Prior year statutory comments have been resolved except for item 2.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Wilton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 24, 2002

City of Wilton

Schedule of Findings

Year ended June 30, 2002

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over financial reporting were identified.

**Findings Related to Required Statutory Reporting:**

- (1) Official Depository - A resolution naming an official depository has been approved by the City. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Disbursements exceeded the amount budgeted in the Home and Community Environment Program prior to the budget being amended in May, 2002. Disbursements also exceeded the amounts budgeted in the Home and Community Environment and Policy and Administration Programs at June 30, 2002. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation. Additionally, the City published the May, 2002 budget amendment on May 9, 2002 and held the hearing on May 13, 2002, which is less than ten days later as required by Chapter 384.16 of the Code of Iowa.

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. Also, publications for budget amendments should comply with Chapter 384.16(5) of the Code of Iowa.

Response - The City will comply in the future.

Conclusion - Response accepted.

- (3) Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Wilton

Schedule of Findings

Year ended June 30, 2002

- (5) 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	Plants and trees	\$682

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

- (6) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (7) Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- (8) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (9) Revenue Bond - No instances of non-compliance with the provisions of the sewer revenue bond indenture were noted.
- (10) Financial Condition - The Agency Fund, Electric Utility Sales Tax Account had a deficit balance at June 30, 2002 of \$2,794.

Recommendation - The City should investigate alternatives to eliminate this deficit in order to return this account to a sound financial position.

Response - We received a refund check from the State of Iowa and corrected this in July 2002.

Conclusion - Response accepted.

- (11) Sewer Rates - The most recently adopted City sewer rental rates were not properly charged due to a data input error.

Recommendation - The City should ensure that the authorized sewer rental rates are charged as required by the City Ordinance. Also, all changes in utility rates should be tested to ensure that authorized rates are applied as intended.

Response - The City Utility has contacted the software company and corrected this problem in October of 2002.

Conclusion - Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2002

- (12) Accrued Interest on the Sale of General Obligation and Special Assessment Notes - The note resolutions require that the accrued interest on these notes totaling \$2,442 be credited to the Debt Service Fund, General Obligation Bond account and the Special Assessment Phase IV account. The accrued interest was erroneously credited to the Capital Projects, Curb and Gutter Phase IV Fund.

Recommendation - The City should transfer \$1,788 to the Debt Service Fund, General Obligation Bond account and \$654 to the Debt Service Fund, Special Assessment Note - Phase IV account to correct this posting error.

Response - The City will make this transfer.

Conclusion - Response accepted.

- (13) Corrective Transfer - Property tax collections of \$5,056 were erroneously credited to the General Fund, General account in the fiscal year ended June 30, 2002.

Recommendation - The City should transfer \$3,792 to the Debt Service Fund, General Obligation account and \$1,264 to the Special Revenue Fund, Group Health Insurance account to correct this posting error.

Response - The City will make this transfer.

Conclusion - Response accepted.

---

City of Wilton

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager  
John G. Vanis, CGFM, Senior Auditor  
Sara D. McFadden, Staff Auditor  
Kristen E. Harang, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State