



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 8, 2010

Contact: Andy Nielsen
515/281-5834

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

The City's receipts totaled \$4,649,246 for the year ended June 30, 2009, a 55.9 percent increase over 2008. The receipts included \$940,146 from charges for service, \$362,634 from operating grants, contributions and restricted interest, \$15,361 from capital grants, contributions and restricted interest, \$1,020,222 in property tax, \$17,921 from tax increment financing, \$340,976 from local option sales tax, \$115,532 from unrestricted interest on investments, \$30,069 from other general receipts and \$1,806,385 from bond and note proceeds. The significant increase in receipts is due primarily to general obligation refunding bond and water revenue note proceeds.

Disbursements for the year totaled \$4,219,941, a 26.7 percent increase over the prior year, and included \$720,529 for public safety, \$385,730 for public works and \$359,467 for debt service. Disbursements for business type activities totaled \$1,981,434. The increase in disbursements is due primarily to the purchase of a fire truck pumper, a garbage truck and the purchase and installation of a water tower during fiscal 2009.

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/index.html>.

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

JUNE 30, 2009

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City of Wilton

Officials

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

City of Wilton



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wilton, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Wilton's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wilton Municipal Light and Power System, a discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us. Our opinion, insofar as it relates to the condensed financial information included in Note 11 for the discretely presented component unit, is based on the report of the other auditor.

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

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

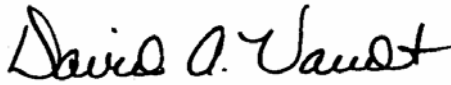
As described in Note 11, the City has chosen to present condensed financial information for the Wilton Municipal Light and Power System, a discretely presented component unit, since complete financial statements of the component unit have been audited by another auditor and are available from the component unit. The report of the other auditor, dated November 3, 2009, 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, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.


In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2010 on our consideration of the City of Wilton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 30 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilton's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 13, 2010

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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 8.3%, or approximately \$154,000, from fiscal 2008 to fiscal 2009. The decrease in receipts was primarily due to a decrease in tax increment financing and less operating grants, contributions and restricted interest.
- Disbursements of the City's governmental activities increased 3%, or approximately \$68,000, from fiscal 2008 to fiscal 2009.
- The City's total cash basis net assets increased 13.4%, or approximately \$429,000, from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities decreased \$9,900 and the assets of the business type activities increased approximately \$439,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

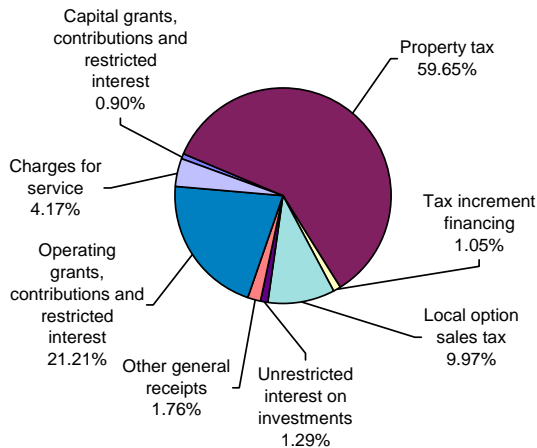
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash basis net assets for governmental activities decreased from a year ago, decreasing \$9,900 to \$1,238,749. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

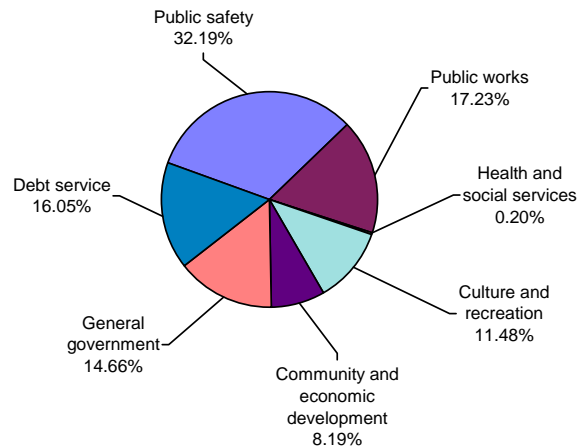
Changes in Cash Basis Net Assets of Governmental Activities

	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service	\$ 71,319	59,163
Operating grants, contributions and restricted interest	362,634	472,148
Capital grants, contributions and restricted interest	15,361	17,671
General receipts:		
Property tax	1,020,222	943,714
Tax increment financing	17,921	123,703
Local option sales tax	170,488	152,045
Unrestricted interest on investments	22,106	31,251
Other general receipts	30,069	64,270
Total receipts	1,710,120	1,863,965
Disbursements:		
Public safety	720,529	623,642
Public works	385,730	359,788
Health and social services	4,463	5,313
Culture and recreation	256,883	185,894
Community and economic development	183,223	4,462
General government	328,212	350,148
Debt service	359,467	641,057
Total disbursements	2,238,507	2,170,304
Change in cash basis net assets before transfers, bond proceeds and general obligation notes refunded	(528,387)	(306,339)
Transfers, net	(87,898)	330,309
Bond proceeds	606,385	-
General obligation notes refunded	-	(3,145,000)
Change in cash basis net assets	(9,900)	(3,121,030)
Cash basis net assets beginning of year	1,248,649	4,369,679
Cash basis net assets end of year	\$1,238,749	1,248,649

Receipts by Source



Disbursements by Function



Total governmental activities receipts for the fiscal year were \$1,710,120 compared to \$1,863,965 last year. The cost of all governmental activities this year was \$2,238,507 compared to \$2,170,304 last year. The decrease in receipts was due to the City receiving less tax increment financing as it continued to use funds on hand and less restricted interest in the Debt Service Fund. Prior to June 1, 2008, the City held \$2.6 million of refunding bond proceeds in escrow to be used to advance refund \$2.2 million of FY 2000 general obligation notes on June 1, 2008. The proceeds were invested in U.S. Government Securities. The increase in disbursements was primarily the result of fiscal 2009 purchases of public safety vehicles, including a fire truck pumper. Disbursements in the culture and recreation function increased due to improvements in the City park, including a walking trail and new lighting on the baseball field. The City also began paying rebate agreements from the culture and recreation function in fiscal 2009 rather than the debt service function. These increases were offset by a decrease in debt service function disbursements due to debt retired in fiscal 2008.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Water	\$ 292,511	289,797
Sewer	288,575	287,513
Garbage	232,278	249,228
Electric utility sales tax	55,463	64,920
General receipts:		
Local option sales tax	170,488	152,045
Unrestricted interest on investments	93,426	75,338
Total receipts	<u>1,132,741</u>	<u>1,118,841</u>
Disbursements:		
Water	1,272,905	248,735
Sewer	339,563	598,028
Garbage	308,082	244,832
Electric utility sales tax	60,884	67,563
Total disbursements	<u>1,981,434</u>	<u>1,159,158</u>
Change in cash basis net assets before transfers and note proceeds	(848,693)	(40,317)
Transfers, net	87,898	(330,309)
Note proceeds	<u>1,200,000</u>	<u>-</u>
Change in cash basis net assets	439,205	(370,626)
Cash basis net assets beginning of year	<u>1,956,667</u>	<u>2,327,293</u>
Cash basis net assets end of year	<u>\$ 2,395,872</u>	<u>1,956,667</u>

Total business type activities receipts for the fiscal year were \$1,132,741 compared to \$1,118,841 last year. Total disbursements were \$1,981,434 compared to \$1,159,158 in the prior year. The increase in receipts is primarily due to the City collecting more local option sales tax during fiscal 2009. The City also collected more interest on investments during fiscal 2009. The City received proceeds from a water revenue note totaling \$1,200,000 which were used in the installation of a water tower during fiscal 2009.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Wilton completed the year, its governmental funds reported a combined fund balance of \$1,238,749, a decrease of \$9,900 from last year's total of \$1,248,649. The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The General Fund cash balance decreased \$294,981 from the prior year to \$488,157. While receipts increased only 3.2%, disbursements increased 13.3%, primarily due to increased spending in the public safety function for a fire truck pumper, a pick-up truck and a used police vehicle. Culture and recreation function spending increased due to City park improvements.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$12,665, or 15.7%, from the prior year. Receipts increased less than one percent while disbursements increased 9.6%, primarily due to a seal coat project in fiscal 2009.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$159,537 from the prior year. Receipts were down in fiscal 2009 approximately \$106,000 while disbursements for rebate agreements were up approximately \$17,000. The City is utilizing cash on hand to pay TIF obligations to reduce the fund balance.
- The Debt Service Fund cash balance increased \$428,900 over the prior year. The increase was due to proceeds from a general obligation refunding bond issued during fiscal 2009. The proceeds were used to repay amounts borrowed in the prior year from the Debt Service and Enterprise, Water Funds to cover certain general obligation notes inadvertently called on June 1, 2008.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

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

- The Water Fund cash balance increased \$413,935 to \$1,039,066, due primarily to proceeds from a water revenue note issued in fiscal 2009 still held at June 30, 2009 and repayment of \$210,000 from the Debt Service Fund for a loan in the prior year to help cover general obligation notes inadvertently called early.
- The Sewer Fund cash balance increased \$114,018 to \$1,081,610, due primarily to an increase in receipts of 3.4% while disbursements decreased 43.2%. The City installed a clarifier at the wastewater treatment plant in fiscal 2008.
- The Garbage Fund cash balance decreased \$83,327 to \$288,959, due primarily to the purchase of a truck and hook lift in fiscal 2009.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 26, 2009 and resulted in an increase in operating disbursements, primarily related to cost overruns in the public safety function for the purchase of a fire truck pumper, the culture and recreation function for park improvements, the general government function for training, travel and health insurance costs and the business type activities function for construction costs on the water tower project. Other function budgets were amended for various operation and maintenance disbursements. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$140,810 more than budgeted. This was due primarily to approximately \$36,000 more in local option sales tax collected than expected and interest receipts greater than anticipated.

Total disbursements were \$478,667 less than the amended budget. The actual disbursements for the business type activities function were \$435,258 less than the amended budget. This was primarily due to the City budgeting for the water tower project which was not completed during the year.

During the year ended June 30, 2009, disbursements in the public safety and health and social services functions exceeded amounts budgeted prior to the May 26, 2009 budget amendment. At June 30, 2009, disbursements in the public works and community and economic development functions exceeded the amounts budgeted.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$5,307,000 in bonds and notes outstanding, compared to \$3,855,000 of bonds and notes outstanding last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2009	2008
General obligation refunding bonds	\$ 3,000,000	2,620,000
Revenue bonds and notes	2,307,000	1,235,000
Total	\$ 5,307,000	3,855,000

During the year ended June 30, 2009, the City issued a \$1,200,000 water revenue note for a water tower project and \$615,000 of general obligation refunding bonds.

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 \$3,000,000, plus tax increment financing rebate agreements of \$617,850 and net of cash on hand to service this debt of \$553,176, totals \$3,064,674 and is significantly below the City's constitutional debt limit of approximately \$7,000,000.

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 2010 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The Wilton City Council believes the future of Wilton will continue to improve and grow. The community looks forward to breaking ground in 2009 for a new library/community center. Also, a new 500,000 gallon water tower was completed in 2009. This will allow the City to be prepared to offer enhanced water service for new businesses in the future. All of these improvements will enhance our quality of life and promote economic growth for the future.

The City did not raise the tax rates for the 2010 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Wilton

Basic Financial Statements

City of Wilton

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2009

	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	\$ 720,529	23,659	77,786	-
Public works	385,730	4,912	244,604	-
Health and social services	4,463	-	-	-
Culture and recreation	256,883	13,043	29,925	-
Community and economic development	183,223	496	-	-
General government	328,212	29,209	-	-
Debt service	359,467	-	10,319	15,361
Total governmental activities	2,238,507	71,319	362,634	15,361
Business type activities:				
Water	1,272,905	292,511	-	-
Sewer	339,563	288,575	-	-
Garbage	308,082	232,278	-	-
Electric utility sales tax	60,884	55,463	-	-
Total business type activities	1,981,434	868,827	-	-
Total primary government	\$ 4,219,941	940,146	362,634	15,361
Component Unit:				
Wilton Library Foundation	\$ 60	-	4,191	-
General Receipts:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Unrestricted interest on investments				
General obligation bond and revenue note proceeds				
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:				
Urban renewal purposes				
Streets				
Debt service				
Water tower 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
(619,084)	-	(619,084)	-
(136,214)	-	(136,214)	-
(4,463)	-	(4,463)	-
(213,915)	-	(213,915)	-
(182,727)	-	(182,727)	-
(299,003)	-	(299,003)	-
(333,787)	-	(333,787)	-
(1,789,193)	-	(1,789,193)	-
-	(980,394)	(980,394)	-
-	(50,988)	(50,988)	-
-	(75,804)	(75,804)	-
-	(5,421)	(5,421)	-
-	(1,112,607)	(1,112,607)	-
(1,789,193)	(1,112,607)	(2,901,800)	-
-	-	-	4,131
\$ 652,745	-	652,745	-
17,921	-	17,921	-
367,477	-	367,477	-
170,488	170,488	340,976	-
22,106	93,426	115,532	-
606,385	1,200,000	1,806,385	-
30,069	-	30,069	-
(87,898)	87,898	-	-
1,779,293	1,551,812	3,331,105	-
(9,900)	439,205	429,305	4,131
1,248,649	1,956,667	3,205,316	104,623
\$ 1,238,749	2,395,872	3,634,621	108,754
\$ 108,192	-	108,192	-
68,135	-	68,135	-
444,985	267,493	712,478	-
-	218,740	218,740	-
129,280	43,507	172,787	-
488,157	1,866,132	2,354,289	108,754
\$ 1,238,749	2,395,872	3,634,621	108,754

City of Wilton

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

As of and for the year ended June 30, 2009

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 526,929	-	-
Tax increment financing	-	-	17,921
Other city tax	179,246	-	-
Licenses and permits	29,705	-	-
Use of money and property	25,893	-	1,175
Intergovernmental	83,446	240,620	-
Charges for service	22,264	-	-
Special assessments	-	-	-
Miscellaneous	23,294	3,984	-
Total receipts	890,777	244,604	19,096
Disbursements:			
Operating:			
Public safety	669,186	-	-
Public works	90,333	257,269	-
Health and social services	4,463	-	-
Culture and recreation	249,782	-	-
Community and economic development	4,590	-	178,633
General government	289,506	-	-
Debt service	-	-	-
Total disbursements	1,307,860	257,269	178,633
Excess (deficiency) of receipts over (under) disbursements	(417,083)	(12,665)	(159,537)
Other financing sources (uses):			
Bond proceeds (less discount and fees of \$6,765 and \$1,850, respectively)	-	-	-
Operating transfers in	122,102	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	122,102	-	-
Net change in cash balances	(294,981)	(12,665)	(159,537)
Cash balances beginning of year	783,138	80,800	267,729
Cash balances end of year	\$ 488,157	68,135	108,192
Cash Basis Fund Balances			
Reserved for debt service	\$ -	-	-
Unreserved:			
General fund	488,157	-	-
Special revenue funds	-	68,135	108,192
Total cash basis fund balances	\$ 488,157	68,135	108,192

See notes to financial statements.

Debt		
Service	Nonmajor	Total
361,521	115,139	1,003,589
-	-	17,921
5,956	1,920	187,122
-	-	29,705
9,144	1,433	37,645
-	-	324,066
-	-	22,264
15,361	-	15,361
-	45,169	72,447
<u>391,982</u>	<u>163,661</u>	<u>1,710,120</u>
-	51,343	720,529
-	38,128	385,730
-	-	4,463
-	7,101	256,883
-	-	183,223
-	38,706	328,212
359,467	-	359,467
<u>359,467</u>	<u>135,278</u>	<u>2,238,507</u>
<u>32,515</u>	<u>28,383</u>	<u>(528,387)</u>
606,385	-	606,385
-	-	122,102
(210,000)	-	(210,000)
<u>396,385</u>	<u>-</u>	<u>518,487</u>
428,900	28,383	(9,900)
<u>16,085</u>	<u>100,897</u>	<u>1,248,649</u>
<u>444,985</u>	<u>129,280</u>	<u>1,238,749</u>
444,985	-	444,985
-	-	488,157
-	129,280	305,607
<u>444,985</u>	<u>129,280</u>	<u>1,238,749</u>

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, 2009

	Enterprise Funds				Total
	Water	Sewer	Garbage	Nonmajor - Electric Utility Sales Tax	
Operating receipts:					
Charges for service	\$ 285,861	288,575	232,278	55,463	862,177
Miscellaneous	6,650	-	-	-	6,650
Total operating receipts	292,511	288,575	232,278	55,463	868,827
Operating disbursements:					
Business type activities	204,417	207,534	240,283	60,884	713,118
Excess (deficiency) of operating receipts over (under) operating disbursements	88,094	81,041	(8,005)	(5,421)	155,709
Non-operating receipts (disbursements):					
Other city tax	-	170,488	-	-	170,488
Interest on investments	52,431	27,518	13,477	-	93,426
Note proceeds	1,200,000	-	-	-	1,200,000
Acquisition of capital assets	(981,260)	-	(67,799)	-	(1,049,059)
Debt service	(87,228)	(132,029)	-	-	(219,257)
Total non-operating receipts (disbursements)	183,943	65,977	(54,322)	-	195,598
Excess (deficiency) of receipts over (under) disbursements	272,037	147,018	(62,327)	(5,421)	351,307
Transfers:					
Operating transfers in	210,000	-	-	-	210,000
Operating transfers out	(68,102)	(33,000)	(21,000)	-	(122,102)
Total transfers	141,898	(33,000)	(21,000)	-	87,898
Net change in cash balances	413,935	114,018	(83,327)	(5,421)	439,205
Cash balances beginning of year	625,131	967,592	372,286	(8,342)	1,956,667
Cash balances end of year	\$1,039,066	1,081,610	288,959	(13,763)	2,395,872
Cash Basis Fund Balances					
Reserved for:					
Debt service	\$ 205,156	62,337	-	-	267,493
Water tower improvements	218,740	-	-	-	218,740
Customer deposits	43,507	-	-	-	43,507
Unreserved	571,663	1,019,273	288,959	(13,763)	1,866,132
Total cash basis fund balances	\$1,039,066	1,081,610	288,959	(13,763)	2,395,872

See notes to financial statements.

City of Wilton

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

For financial reporting purposes, the City of Wilton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

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

Blended Component Units

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

Discretely Presented Component Units

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

The Wilton Municipal Light and Power System (System) was established under Chapter 388 of the Code of Iowa to operate the City's electric utility. The System is governed by a five-member board appointed by the Mayor and approved by the

City Council. In accordance with criteria set by the Governmental Accounting Standards Board, the System meets the definition of a component unit which should be discretely presented. Condensed financial statements presented in Note 11 were prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Complete financial statements can be obtained from the Wilton Municipal Light and Power System, 220 W. 3rd Street, Wilton, Iowa 52778.

Jointly Governed Organizations

The City participates in several jointly governed organizations 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: Cedar and Muscatine County Assessor's Conference Boards, E911 Joint Service Board, Muscatine County Solid Waste Management Agency and Cedar County Solid Waste Commission.

B. Basis of Presentation

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

The City reports the following major proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements in the public safety and health and social services functions exceeded amounts budgeted prior to the May 26, 2009 budget amendment. At June 30, 2009, disbursements in the public works and community and economic development functions exceeded the amounts budgeted.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 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

General Obligation Refunding Bonds, Sewer Revenue Bonds and Water Revenue Note

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

Year Ending June 30,	General Obligation Refunding Bonds		Sewer Revenue Bonds		Water Revenue Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 235,000	119,850	86,000	45,158	46,000	46,046	367,000	211,054
2011	240,000	112,255	89,000	41,787	47,000	44,347	376,000	198,389
2012	245,000	104,078	93,000	38,298	49,000	42,581	387,000	184,957
2013	245,000	95,110	96,000	34,653	50,000	40,743	391,000	170,506
2014	255,000	85,800	100,000	30,890	52,000	38,833	407,000	155,523
2015-2019	1,450,000	264,580	562,000	92,473	283,000	162,746	2,295,000	519,799
2020-2024	330,000	14,850	126,000	4,939	328,000	102,211	784,000	122,000
2025-2028	-	-	-	-	300,000	29,512	300,000	29,512
Total	\$ 3,000,000	796,523	1,152,000	288,198	1,155,000	507,019	5,307,000	1,084,721

General Obligation Refunding Bonds

On July 30, 2008, the City issued \$615,000 of general obligation refunding bonds, with interest rates ranging from 3.00% to 3.55%, for a current refunding of general obligation notes issued June 1, 2000 and maturing in 2009 through 2012.

The City refunded the notes to reduce its total debt service payments by approximately \$12,300 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$11,700.

Proceeds from this issue were used to repay \$210,000 to the Enterprise, Water Fund and replenish the Debt Service Fund for certain Series 2000 general obligation notes maturing in 2000 through 2012 which were inadvertently called by the bond registrar on June 1, 2008.

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 162 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$1,440,198. For the current year, principal and interest paid and total customer net receipts were \$131,412 and \$81,041, respectively.

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

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

The City's net revenues for the year ended June 30, 2009 were less than the required 110% of principal and interest on bonds falling due during the year.

Water Revenue Note

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,200,000 for a 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 99 percent of net receipts. The total principal and interest remaining to be paid on the note is \$1,662,019. For the current year, principal and interest paid and total customer net receipts were \$87,228 and \$88,094, respectively.

The resolution providing for the issuance of the water revenue note issued under a loan agreement between the City of Wilton and Community Bank, Wilton, IA 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 revenues 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's net revenues for the year ended June 30, 2009 were less than the required 110% on note principal and interest falling due during the 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.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$50,235, \$45,138 and \$42,556, 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 \$42,000 at June 30, 2009. This liability has been computed based on rates of pay in effect at June 30, 2009.

(6) Industrial Development Revenue Bonds

The City has issued a total of \$5,900,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$2,311,718 is outstanding at June 30, 2009. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the City.

(7) Urban Renewal Project Rebate Agreements

In prior years, the City entered into seven tax increment financing agreements. The City has agreed to assist in urban renewal projects by rebating incremental property tax paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental 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 15 years, 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 2023. The total amount that will be rebated in any fiscal year for the seven tax increment financing agreements is based on the assessed value of the land and buildings less the frozen property values times the property tax values for the City, Muscatine County and the Wilton Community School District, less the portion attributable to debt service for that year. The total amount rebated during the year ended June 30, 2009 was \$178,633. The total cumulative amount rebated since inception of the agreements is \$1,056,063. The estimated outstanding principal balance of the rebate agreements at June 30, 2009 is approximately \$778,000.

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

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

(8) Risk Management

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

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise:	
	Water	\$ 68,102
	Sewer	33,000
	Garbage	21,000
		122,102
Enterprise:	Debt Service	210,000
Water		210,000
Total		\$ 332,102

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

(10) Joint Venture

The City is a party to an agreement with the Wilton Community School District pursuant to Chapter 28E of the Code of Iowa to operate a public swimming pool. The pool was constructed by the District upon land donated by the City. The agreement established a separate entity known as the Recreational Swim Program governed by a five-member Board of Trustees, of whom two are appointed by the City, two 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, 2009 is as follows:

Receipts	\$ 153,355
Disbursements	<u>152,939</u>
Receipts over disbursements	416
Cash and investments at July 1, 2008	<u>4,808</u>
Cash and investments at June 30, 2009	<u><u>\$ 5,224</u></u>

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

(11) Wilton Municipal Light and Power System

The Wilton Municipal Light and Power System (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, 2009.

Condensed Statement of Net Assets	
Assets	
Current assets	\$ 1,865,712
Capital assets, net of accumulated depreciation	3,533,086
Other	5,124
Total assets	<u>5,403,922</u>
Liabilities	
Long-term debt	846,560
Other liabilities	215,456
Total liabilities	<u>1,062,016</u>
Net Assets	
Invested in capital assets, net of related debt	2,686,526
Restricted	326,970
Unrestricted	1,328,410
Total net assets	<u><u>\$ 4,341,906</u></u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating revenues:		
Electric sales		\$ 2,223,487
Other electric revenue		49,792
Other		4,678
Total operating revenues		<u>2,277,957</u>
Operating expenses:		
Production - power costs	\$ 1,527,343	
Transmission and distribution	379,048	
General and administrative	<u>306,571</u>	<u>2,212,962</u>
Operating income		<u>64,995</u>
Non-operating revenues (expenses):		
Interest income		44,453
Interest expense		<u>(48,178)</u>
Total non-operating revenues (expenses)		<u>(3,725)</u>
Net income		61,270
Net assets beginning of year		<u>4,280,636</u>
Net assets end of year		<u>\$ 4,341,906</u>

(12) Construction Contracts

During fiscal 2008, the City entered into a construction contract to build a new water tower. Unpaid contract commitments as of June 30, 2009 totaled \$277,556, which will be paid as work on the project progresses. The project was funded with a \$1.2 million water revenue note issued during the current fiscal year.

(13) Subsequent Events

On August 31, 2009, pursuant to Chapter 384.24A of the Code of Iowa, the City approved a resolution declaring its intent to enter into a loan agreement to be paid from the City's General Fund in a principal amount not to exceed \$1,300,000 for the purpose of paying the cost of constructing, furnishing and equipping the City's library and community center project.

On August 31, 2009, pursuant to Chapter 384.24A of the Code of Iowa, the City approved a resolution declaring its intent to enter into a loan agreement payable from revenues received from pledges made to support the City library and community center project in a principal amount not to exceed \$1,300,000.

In September 2009, the City entered into a construction contract totaling \$3.4 million to build a new library and community center. The project will be funded through a Vision Iowa grant and donations pledged and collected by the Wilton Community Foundation. At June 30, 2009, the Foundation is holding approximately \$629,000 of funds pledged for this project.

Required Supplementary Information

City of Wilton

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

Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required to be Budgeted	Total
Receipts:				
Property tax	\$ 1,003,589	-	-	1,003,589
Tax increment financing	17,921	-	-	17,921
Other city tax	187,122	170,488	-	357,610
Licenses and permits	29,705	-	-	29,705
Use of money and property	37,645	93,426	82	130,989
Intergovernmental	324,066	-	-	324,066
Charges for service	22,264	862,177	-	884,441
Special assessments	15,361	-	-	15,361
Miscellaneous	72,447	6,650	17,525	61,572
Total receipts	1,710,120	1,132,741	17,607	2,825,254
Disbursements:				
Public safety	720,529	-	9,353	711,176
Public works	385,730	-	-	385,730
Health and social services	4,463	-	-	4,463
Culture and recreation	256,883	-	2,351	254,532
Community and economic development	183,223	-	-	183,223
General government	328,212	-	-	328,212
Debt service	359,467	-	-	359,467
Business type activities	-	1,981,434	-	1,981,434
Total disbursements	2,238,507	1,981,434	11,704	4,208,237
Excess (deficiency) of receipts over (under) disbursements	(528,387)	(848,693)	5,903	(1,382,983)
Other financing sources, net	518,487	1,287,898	-	1,806,385
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(9,900)	439,205	5,903	423,402
Balances beginning of year	1,248,649	1,956,667	16,628	3,188,688
Balances end of year	\$ 1,238,749	2,395,872	22,531	3,612,090

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
993,174	993,174	10,415
-	-	17,921
176,815	176,815	180,795
4,950	4,950	24,755
52,475	52,475	78,514
453,500	453,500	(129,434)
915,830	915,830	(31,389)
26,300	26,300	(10,939)
61,400	61,400	172
<u>2,684,444</u>	<u>2,684,444</u>	<u>140,810</u>
398,250	725,050	13,874
365,200	378,600	(7,130)
4,262	4,522	59
236,265	266,265	11,733
155,024	158,524	(24,699)
334,964	357,664	29,452
361,587	379,587	20,120
<u>2,205,752</u>	<u>2,416,692</u>	<u>435,258</u>
<u>4,061,304</u>	<u>4,686,904</u>	<u>478,667</u>
(1,376,860)	(2,002,460)	619,477
<u>1,258,889</u>	<u>1,258,889</u>	<u>547,496</u>
(117,971)	(743,571)	1,166,973
<u>3,388,909</u>	<u>3,388,909</u>	<u>(200,221)</u>
<u>3,270,938</u>	<u>2,645,338</u>	<u>966,752</u>

City of Wilton

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended 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 and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$625,600. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements in the public safety and health and social services functions exceeded amounts budgeted prior to the May 26, 2009 budget amendment. At June 30, 2009, disbursements in the public works and community and economic development functions exceeded the amounts budgeted.

Other Supplementary Information

City of Wilton

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, 2009

	Special Revenue				Total
	Group Health Insurance	Road Equipment Reserve	Friends of the Wilton Public Library	Wilton Volunteer Fire Department	
Receipts:					
Property tax	\$ 115,139	-	-	-	115,139
Other city tax	1,920	-	-	-	1,920
Use of money and property	1,351	-	53	29	1,433
Miscellaneous	27,644	-	7,793	9,732	45,169
Total receipts	<u>146,054</u>	<u>-</u>	<u>7,846</u>	<u>9,761</u>	<u>163,661</u>
Disbursements:					
Operating:					
Public safety	41,990	-	-	9,353	51,343
Public works	38,128	-	-	-	38,128
Culture and recreation	4,750	-	2,351	-	7,101
General government	38,706	-	-	-	38,706
Total disbursements	<u>123,574</u>	<u>-</u>	<u>2,351</u>	<u>9,353</u>	<u>135,278</u>
Net change in cash balances	22,480	-	5,495	408	28,383
Cash balances beginning of year	84,097	172	11,735	4,893	100,897
Cash balances end of year	<u>\$ 106,577</u>	<u>172</u>	<u>17,230</u>	<u>5,301</u>	<u>129,280</u>
Cash Basis Fund Balances					
Unreserved:					
Special revenue funds	<u>\$ 106,577</u>	<u>172</u>	<u>17,230</u>	<u>5,301</u>	<u>129,280</u>

See accompanying independent auditor's report.

City of Wilton
Schedule of Indebtedness
Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
General obligation refunding bonds	Sep 15, 2005	3.40-4.50%	\$ 2,620,000
General obligation refunding bonds	Jul 30, 2008	3.00-3.55%	615,000
Total			
Sewer revenue bonds	Dec 13, 1999	3.92%	\$ 1,794,000
Water revenue note	Jul 7, 2008	3.94%	\$ 1,200,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
2,620,000	-	50,000	2,570,000	107,375
-	615,000	185,000	430,000	16,492
<u>\$ 2,620,000</u>	<u>615,000</u>	<u>235,000</u>	<u>3,000,000</u>	<u>123,867</u>
1,235,000	-	83,000	1,152,000	48,412
-	1,200,000	45,000	1,155,000	42,228

Schedule 3

City of Wilton
 Bond and Note Maturities
 June 30, 2009

Year Ending June 30,	General Obligation Refunding Bonds					Revenue Bonds		Revenue Note	
	Series 2005		Series 2008			Sewer		Water	
	Issued Sep 15, 2005		Issued Jul 30, 2008			Issued Dec 13, 1999		Issued Jul 7, 2008	
	Interest Rates	Amount	Interest Rates	Amount	Total	Interest Rates	Amount	Interest Rates	Amount
2010	3.50%	\$ 55,000	3.15%	\$ 180,000	235,000	3.92%	\$ 86,000	3.94%	\$ 46,000
2011	3.60	55,000	3.35	185,000	240,000	3.92	89,000	3.94	47,000
2012	3.70	180,000	3.55	65,000	245,000	3.92	93,000	3.94	49,000
2013	3.80	245,000		-	245,000	3.92	96,000	3.94	50,000
2014	3.90	255,000		-	255,000	3.92	100,000	3.94	52,000
2015	4.00	270,000		-	270,000	3.92	104,000	3.94	53,000
2016	4.10	280,000		-	280,000	3.92	108,000	3.94	55,000
2017	4.20	285,000		-	285,000	3.92	112,000	3.94	57,000
2018	4.30	305,000		-	305,000	3.92	117,000	3.94	58,000
2019	4.40	310,000		-	310,000	3.92	121,000	3.94	60,000
2020	4.50	330,000		-	330,000	3.92	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>\$ 2,570,000</u>		<u>\$ 430,000</u>	<u>3,000,000</u>		<u>\$1,152,000</u>		<u>\$1,155,000</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 Seven Years

	2009	2008	2007	2006	2005	2004	2003
Receipts:							
Property tax	\$ 1,003,589	927,919	1,014,582	982,361	976,515	902,414	985,518
Tax increment financing	17,921	123,703	147,003	141,591	122,677	506,339	343,281
Other city tax	187,122	167,839	190,298	177,478	165,013	175,378	155,248
Licenses and permits	29,705	27,575	5,053	5,328	5,646	4,947	5,492
Use of money and property	37,645	144,468	147,939	101,118	22,601	30,154	38,662
Intergovernmental	324,066	340,477	302,460	311,113	358,111	337,080	371,073
Charges for service	22,264	14,806	24,311	14,576	24,041	14,456	10,201
Special assessments	15,361	18,039	24,775	28,580	50,173	39,907	80,406
Miscellaneous	72,447	99,139	72,752	109,211	93,895	78,443	63,392
Total	\$ 1,710,120	1,863,965	1,929,173	1,871,356	1,818,672	2,089,118	2,053,273
Disbursements:							
Operating:							
Public safety	\$ 720,529	623,642	365,920	416,653	488,160	457,701	403,090
Public works	385,730	359,788	375,312	527,600	321,655	541,199	464,618
Health and social services	4,463	5,313	2,796	3,852	4,738	2,540	3,579
Culture and recreation	256,883	185,894	237,842	198,047	194,888	188,628	163,796
Community and economic development	183,223	4,462	1,050	945	610	1,969	12,770
General government	328,212	350,148	306,953	386,405	317,840	295,138	795,658
Debt service	359,467	641,057	654,458	612,543	519,410	666,540	401,926
Total	\$ 2,238,507	2,170,304	1,944,331	2,146,045	1,847,301	2,153,715	2,245,437

See accompanying independent auditor's report.

City of Wilton



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wilton, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 13, 2010. 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 that are reported on separately by the other auditor.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

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

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

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

Compliance and Other Matters

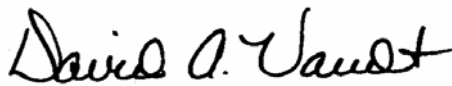
As part of obtaining reasonable assurance about whether the City of Wilton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

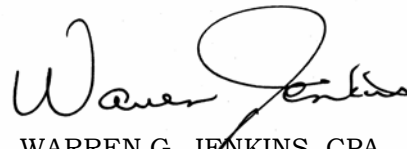
The City of Wilton's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Wilton's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Wilton and other parties to whom the City of Wilton may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 13, 2010

City of Wilton

Schedule of Findings

Year ended June 30, 2009

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:

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

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

Response – This will be addressed to ensure that reviewing and documentation of such is part of the control procedures.

Conclusion – Response accepted.

- (B) Utility Reconciliations – Although the City reconciles billings, collections and receivables monthly, the reconciliations are not reviewed by an independent person and monthly variances ranging from \$1,093 to \$4,327 for the year were not resolved.

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

Response – This has been discussed with office staff as to another staff member reviewing and documenting the reconciliations.

Conclusion – Response acknowledged. The City should also ensure all variances are resolved timely.

- (C) Financial Reporting – During the audit, we identified a material amount of township fire protection reimbursements and local option sales tax receipts misclassified as “property tax” and “utility excise tax” rather than “intergovernmental” and “local option tax” receipts, respectively. Adjustments were subsequently made by the City to properly report the amounts in the City’s financial statements.

Recommendation – The City should implement procedures to ensure township reimbursements and local option sales tax receipts are properly recorded in the City’s financial statements.

Response – This will be addressed for proper classification of recording.

Conclusion – Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2009

- (D) Credit Cards – The City has credit cards and various charge accounts for use by employees while on City business. The City has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges. During our review of credit card disbursements, we noted travel costs (including registration, hotel and meals) totaling \$1,731 for which there were no vendor receipts to support the disbursements.

Recommendation – The City should adopt a formal written policy regulating the use of City credit cards and charge accounts. The policy, at a minimum, should address who controls credit cards, who is authorized to use credit cards and charge accounts and for what purposes, as well as the types of supporting documentation required to substantiate charges.

Response – A policy will be put in place to address this.

Conclusion – Response accepted.

- (E) Electronic Data Processing Systems – Although the City has a disaster recovery plan, the plan does not identify equipment needed for temporary processing or a requirement that copies of all user documentation, policy/procedure manuals (including the disaster recovery plan) and stocks of paper supplies (i.e. checks, purchase orders, etc.) be located off-site.

Recommendation – The City should review and modify the current disaster recovery plan to identify a listing of computer equipment needed for temporary processing and to require copies of user documentation and policy/procedure manuals as well as stocks of paper supplies be maintained at an off-site location.

Response – The City will conduct a public safety forum to review the recovery plan. Also, extra inventory will be located off-site.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Wilton

Schedule of Findings

Year ended June 30, 2009

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the public safety and health and social services functions prior to the May 26, 2009 budget amendment. At June 30, 2009, disbursements exceeded the amounts budgeted in the public works and community and economic development 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.”

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.

Response – The City will strive to monitor the function expenses prudently.

Conclusion – Response accepted.

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

All City employees are provided an annual clothing allowance, regardless of whether a specific type of clothing is required to perform their duties. The amount allowed is \$100 for office employees and \$300 for employees classified as City public works employees. During the year ended June 30, 2009, we identified a total of \$2,646 reimbursed to office employees and City public works employees for clothing purchases. In addition, these payments were not processed through payroll and, accordingly, proper tax withholdings were not applied.

The City provides cell phones to employees of the police department, the public works department and the City Administrator. One cellular telephone service billing included \$10.80 in texting charges and a \$5.00 late fee. In addition, written policies governing the use of cellular phones have not been adopted.

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

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

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

City of Wilton

Schedule of Findings

Year ended June 30, 2009

Response – The City will establish written policies and procedures to ensure proper documentation in regard to the clothing allowance. Also, the City will establish a written policy for cell phone usage. The filing of City documentation will be scrutinized for accuracy and employees will try to be more conscientious of the filing.

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

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Richard L. Garrison, Mayor Pro tem, owner of Garrison's Garden Market and Greenhouse	Potting soil, mulch and grass seed	\$559

The above transactions do not appear to represent a conflict of interest in accordance with Chapter 362.5(10) 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) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (8) Revenue Bonds and Note – The City's sewer revenue bond resolution, Section 6, and the water note resolution, Section 5, require the City to establish, impose, adjust and provide for the collection of rates to be charged to utility customers that produce net operating revenues equal to at least 110% of the principal and interest coming due in each fiscal year. The City's fiscal 2009 net sewer operating revenues of \$81,041 were less than 110% of the \$131,412 of sewer revenue bond principal and interest due during fiscal 2009. Additionally, the 2009 net water operating revenues of \$88,094, were less than 110% of the \$87,228 of water revenue note principal and interest due during fiscal 2009.

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

Response – The City will consult with the bond counsel in regard to this.

Conclusion – Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2009

- (9) Employee Recognition – On December 8, 2008, the Council approved all full time City employees receive a \$25 expense allowance at a local market to signify employee recognition. The allowances were not processed through payroll and accordingly, proper tax withholdings were not applied in accordance with Internal Revenue Service (IRS) guidelines.

Recommendation – The City should ensure all taxable income, including allowances for employee recognition, are properly processed through payroll as required.

Response – Council will be advised of this comment and will take it into consideration.

Conclusion – Response acknowledged. The Council should ensure all taxable income is properly processed through payroll in accordance with IRS guidelines.

City of Wilton
Staff

This audit was performed by:

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

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

Andrew E. Nielsen, CPA
Deputy Auditor of State