CITY OF DEWITT, IOWA

FINANCIAL STATEMENTS
June 30, 2005

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CITY OF DEWITT

OFFICIALS

Name	Title	Term Expires
Donald J. Thiltgen	Mayor	January 1, 2006
Verlyn Scheckel	Mayor Pro Tem	January 1, 2008
Carole Dunkin	Council Member	January 1, 2006
Peggy McAvan	Council Member	January 1, 2006
Steven Hasenmiller	Council Member	January 1, 2008
Kurt Ketelsen	Council Member	January 1, 2008
Verlyn Scheckel	Council Member	January 1, 2008
Steven M. Lindner	City Administrator	Appointed
Deanna Rodriguez	Director of Finance/Treasurer	Appointed
Robert J. McGee	City Attorney	Appointed
Larry Kloth	Director of Public Works	Appointed
Gary "Gene" Ellis	Chief of Police	Appointed
Cathie Benthin	City Clerk/Safety Coordinator	Appointed
Kevin Lake	Director of Parks & Recreation	Appointed
Giles Looney	Building Official	Appointed
Kevin Rice	City Forester	Appointed

Clifton
Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeWitt, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeWitt's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 that our audit provides a reasonable basis for our opinions.

As described in the Summary of Significant Accounting Policies, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeWitt as of June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in the Summary of Significant Accounting Policies.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2005 on our consideration of the City of DeWitt's internal control over financial reporting and on 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 of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Offices in 14 states and Washington, DC

Member of HLB International

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 35 through 37 are not a required part of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental 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 DeWitt'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 three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 5, 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 the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

DeWitt, Iowa
July 28, 2005

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

This discussion and analysis is intended to be an easily readable analysis of the City of DeWitt's financial activities for the fiscal year ended June 30, 2005 based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the City's financial statements that begin on page 14.

Basis of Accounting

The City has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Report Layout

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules of nonmajor funds and supplemental information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public safety, public works, health and social services, culture and recreation, community and economic development, general government administration, debt service, and capital projects. Business-type activities are water, sewer, garbage and recycling collection, and storm water utility.

Statement of Activities and Net Assets

The focus of the Statement of Activities and Net Assets is to present the major program costs and match major resources with each. To the extent a program's cost is not recovered by grants, donations and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Following the Statement of Activities and Net Assets is a section containing fund financial statements. In the Statement of Cash Receipts, Disbursements and Changes in Cash Balances the City's major funds are presented in their own column and the remaining funds are combined into a column titled "Nonmajor Governmental Funds." Readers who wish to obtain information on nonmajor funds can find it in the Combining Schedules of Nonmajor Funds. Finally, completing the document is a series of other financial schedules and the reports by the independent certified public accountants as required by statute.

The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

City as a Whole

Government-Wide Financial Statements

To aid in the understanding of the Statement of Activities and Net Assets, some additional explanation is given. First all receipts and disbursements are categorized as either governmental activities or business-type activities. These are defined as follows:

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The City's major governmental funds are the General Fund, the DeWitt Economic Development TIF Fund, and the DeWitt Economic Development TIF Debt Service Fund. All other governmental funds are aggregated in a single column entitled Nonmajor governmental funds. Governmental funds are further broken down into the following activities:

Public Safety - This category includes police operations including reserves, civil service commission, emergency management, fire protection, ambulance service, building inspections, and animal control services.

Public Works - This category includes roads, bridges, and sidewalks, equipment replacement, street lighting, traffic safety, snow removal, and compost facility.

Health and Social Services - This category includes welfare assistance and referral building maintenance.

Culture and Recreation - This category includes library services, parks, recreation, aquatic center operations, cemetery, community center, and fitness center operations.

Community and Economic Development - This category includes community betterment, trees forever, economic development, housing, TIF, planning and zoning, and community activities.

General Government - This category includes mayor/administrator, city council, director of finance/city clerk, elections, legal services, city hall, insurance, and safety program.

Debt Service - This category includes general, TIF, and road use debt service.

Capital Projects - This category includes 6th Ave. reconstruction project, 8th Ave./14th St. Intersection project, 5th Ave. reconstruction project, Silver Creek Trail project, Robinson Industries/Hawkeye Iron project, Custom Pak project, 14th Ave. project, 2004 housing grant, 2005 housing grant, and Thiel property project.

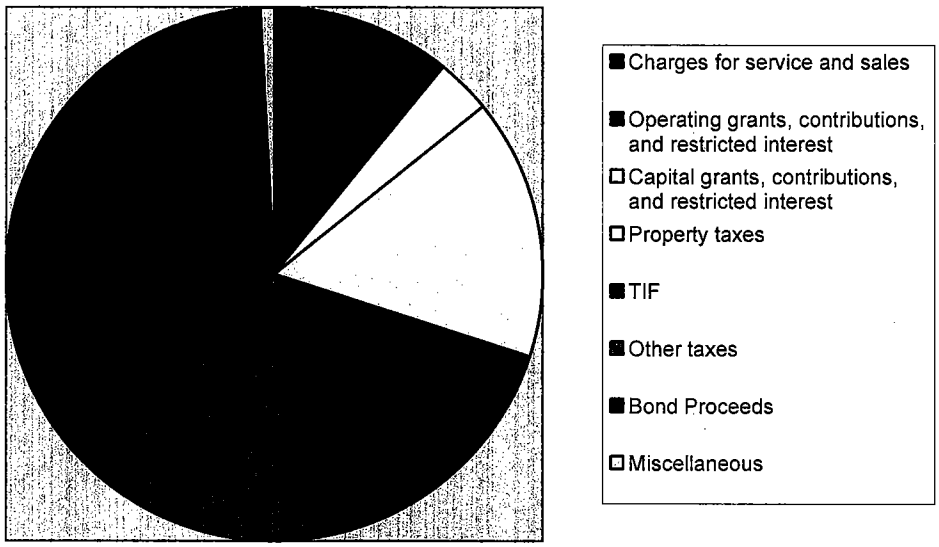
Business-type (Proprietary) Funds - When the City charges customers for the services it provides, these services are generally reported in business-type or proprietary funds. These are self-sufficient funds. The City's business-type funds are water, sewer, storm water utility, and garbage and recycling collection. This also includes all debt service and capital projects associated specifically with the above listed utilities.

Second, of particular interest is the format that is significantly different than a typical Statement of Revenue, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes and bond proceeds are classified as general revenue even if restricted for a specific purpose.

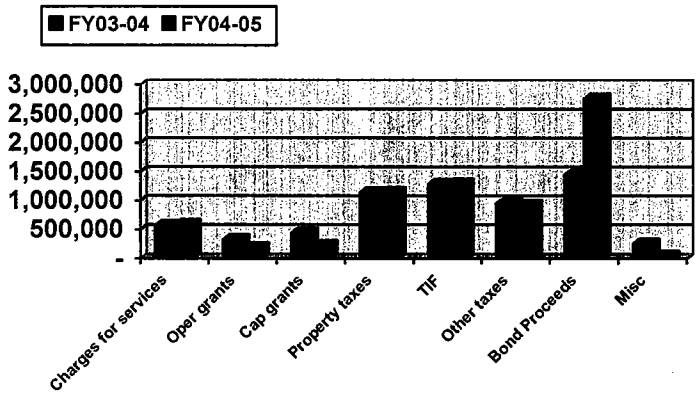
Governmental Activities

For the year ended June 30, 2005, the City's governmental activities were funded as follows:

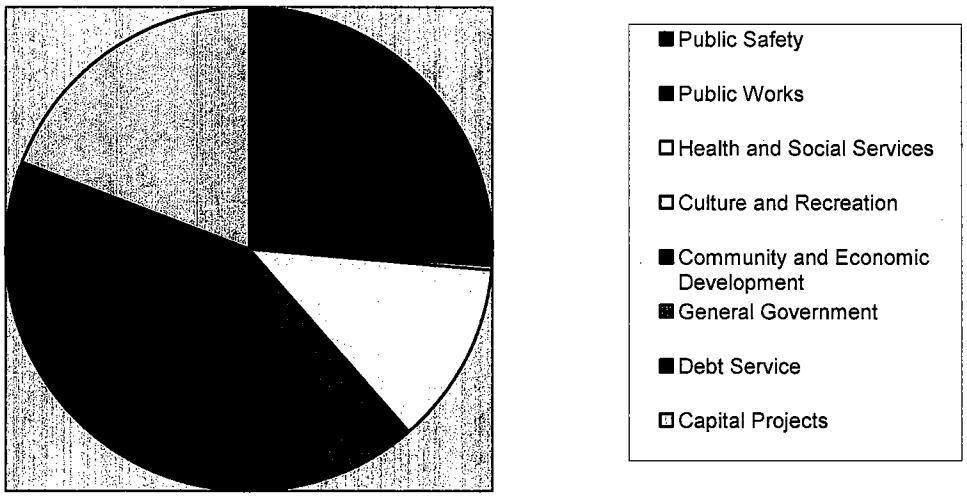
Sources of Funds for Governmental Activities



With a few exceptions, governmental program revenues remain similar to the prior year. Revenues overall decreased. Major differences by revenue source are outlined below. Charges for services increased in total. The largest increases were in public safety functions due to the increases in rental inspection revenue and false alarm revenue. In public works area sale of compost began this year. In the culture and recreation functions both recreation fees and aquatic center daily admissions decreased. Operating grants, contributions, and restricted interest revenues were only about 59% of last fiscal year. This is due mostly to the fact that the donation campaign for the purchase and development of Irwin Field (now named Little Trees Park) was done last fiscal year. In other areas operating grants, contributions, and restricted interest revenue increased. For example STEP grant revenue increase and a gaming grant for landscaping at the community center. Capital grants, contributions, and restricted interest were slightly more than 52% of last year's amount. This is mostly attributable to the 2002 housing grant and the RISE grant for the East Industrial Street extension being finished last fiscal year. The 2004 housing grant was started this year but not completed. Property tax revenues and TIF revenues were both up slightly. Other tax revenues decreased due to the elimination of the bank franchise tax, reduction of utility tax replacement revenues, as well as, decrease in both local option sales tax receipts and road use tax revenues. Bond proceeds nearly doubled from last year due to the projects scheduled for the upcoming year and the refunding of a couple of bond issues to take advantage of better interest rates. Miscellaneous revenues decreased significantly mostly due to the sale of an old fire truck and the sale of the old city hall last fiscal year. Total governmental revenues this year as compared to last fiscal year are shown in the following graph.

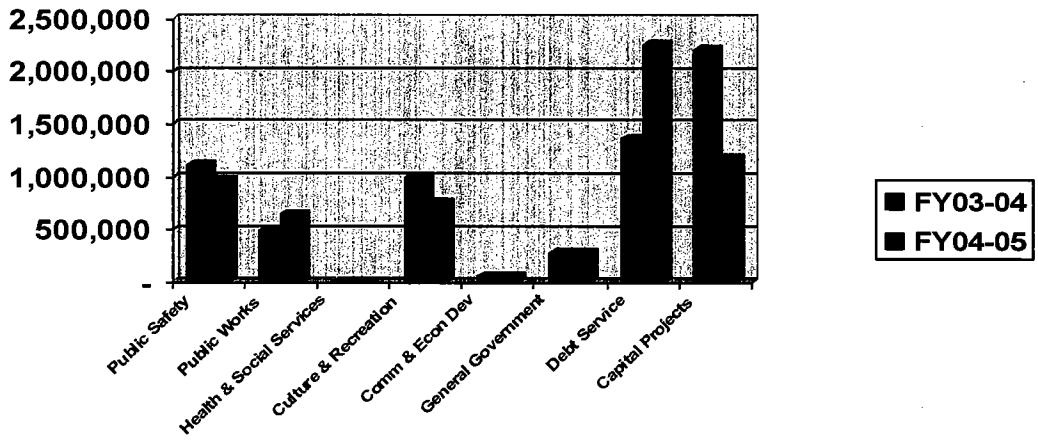


Uses of Funds in Governmental Activities



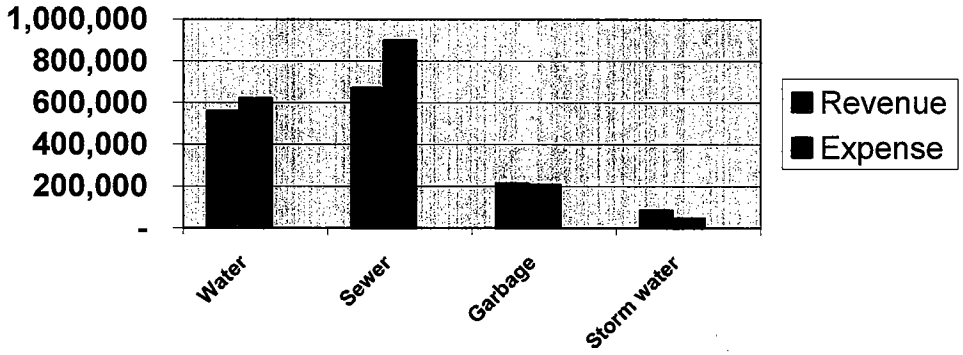
With one major exception, governmental program expenses also remain similar to the prior year. Public safety expenditures decreased overall. The major changes are no new fire engine ($275,000 last year), two new (used) police cars, and additional equipment/uniforms for the fire department personnel. Public works increased by about $150,000. This is due to additional capital equipment expenditures and additional street maintenance costs. Expenditures for health and social services decreased very slightly. Culture and recreation expenditures decreased by about $246,000. This is attributable to the purchase and development of Little Trees Part (formerly known as Irwin Field) that occurred last fiscal year. Community and economic development expenditures increased due mostly to the increase of engineering fees for subdivision reviews. The general government expenditures decreased very slightly overall. Debt service expenditures are the major exception. The debt service expenditures nearly quadrupled due to the refunding and early retirement of multiple bond issues. Capital project expenditures decreased in total by over one million dollars as many were completed last fiscal year.

This year's capital projects included: 1) 2004 Housing Grant which was started but not completed, 2) 2005 Housing Grant which was just started, 3) Thiel building property taxes were paid, 4) 8th Ave./14th St. Intersection is nearing completion, 5) Silver Creek Trail was started, 6) 14th Ave. Reconstruction Project was completed, 7) 5th Ave. Project was completed, 8) 6th Ave. Reconstruction Project was still in the planning phase, as well as other capital projects in the planning stages. Total governmental expenses this year as compared to last fiscal year are shown in the graph below.



Business-type Activities

For the year ended June 30, 2005, the City's business-type activities, revenues, and expenses were as follows:



The water revenues and expenses are back to normal after two years of running high due to the $1.2 million water well project that is now complete. This project was nearly complete as of June 30, 2004. The final items are finished and this project is now complete. This was being funded with a state revolving loan that was received on a draw-down basis as costs are incurred. Water rates were increased previously in anticipation of this project. The water utility expenses also include $76,165 for meter repair and installation which is a multiple year project to replace existing meters with radio-read meters. This is estimated to take four to five years to complete. This was the second year of this project. Water debt service increased due to the beginning of payments on the new water revenue debt issued for the new water well project. The sewer fund had no significant changes from the prior year other than beginning of the sewer plant expansion/sludge solution project. This is still in the planning stages. This was the third full year that the storm water utility was in existence. The only significant changes were the installation of new culverts ($8,211). The garbage and recycling collection fund had no significant changes from the prior year. Garbage fees were increased slightly to cover an increase in the cost of our garbage contract.

Budgetary Highlights

City Council approved two budget amendments during the year. The first amendment was to increase revenues and expenditures for capital projects and grants that carried over into fiscal 2004-2005, to add capital projects and grants that were not known of at the time the original budget was adopted, to adjust bond payment schedules, and to reclassify TIF rebate agreement expenditures. The second budget amendment also included adjustments for capital projects and grants that were not know about previously or for which the timetable needed adjustment. It also increased various revenues such as police and fire revenues, donations, dog pound reimbursements, interest, and safety group refund. 2005 TIF bond proceeds were also adjusted. Expenses were adjusted to increase longevity payouts, IPERS adjustments, street maintenance projects, and purchase of Bloom art. Debt service expenditures were increased to reflect the payoff of three bonds.

For the year ended June 30, 2005, total actual revenues including other financing sources were $237,321 under the final budget while total actual expenditures were $3,510,077 under the final budget. The large difference between budgeted and actual expenditures is mostly due to the fact that several large capital projects were not completed and will therefore carryover into the new fiscal year.

Capital Assets and Debt Administration

As of June 30, 2005, the City had fund balances on hand of $3,338,376 in governmental fund types and $1,657,951 in business-type funds. These decreased by $1,689,265 and $242,807 respectively during fiscal year 2004-2005. The main reasons for the decrease of funds on hand is the spending of funds already on hand for capital projects and large equipment purchases, as well as, a choice by city council to try to keep property tax rate increases to a minimum.

Debt Outstanding

As of year-end, the City had $12,079,000 in debt outstanding compared to $13,932,000 in 2004.

Outstanding Debt at Year End

	Totals 2005	Totals 2004
Governmental		
General obligation	$ 7,404,000	$ 7,154,000
Tax increment	1,065,000	2,840,000
Road use revenue	1,510,000	1,575,000
Subtotal	9,979,000	11,569,000
Business-type		
Water revenue	1,065,000	1,113,000
Sewer revenue	1,035,000	1,250,000
Subtotal	2,100,000	2,363,000
Total	$ 12,079,000	$ 13,932,000

There was one new bond issued during the year. This was for refunding both the 1998 refunding G.O. bonds and the 1998 TIF bonds. This refunding debt issue both reduced the interest rate and changed the time frame for repayment. The state revolving loan debt was increased by $100,000 to a total of $1,200,000 due to unexpected costs on the water well project last fiscal year. The state revolving loan is drawn as the City incurs expenses. At June 30, 2005, all but $2,000 had been drawn. The City is at 73.7% of its bonding capacity down from 87.5% at June 30, 2004. For more detailed information on the City's debt and amortization terms refer to Schedules 3 and 4 and Note 2 which is on pages 26 - 31.

TIF Rebates

The City has four TIF rebate agreements with four industries. The agreements each require a specific amount of taxes to be paid in order to receive the whole rebate amount. Taxes to be paid are based on an estimate of taxable value added at the time of development or expansion. Any underpayment of taxes results in a dollar for dollar reduction in the rebate to be paid to the industry. Only two of the four industries received 100% of the scheduled rebate amounts this fiscal year. Each agreement is written so that each year stands alone. Rebates for fiscal year 2004-2005 were as follows:

	Rebate Scheduled	Actual Rebate
Car Freshner #2	$ 77,556	$ 77,556
Plasti Paint	25,852	25,852
Brazeway	30,054	17,358
GI Plastek	38,778	-
Total	$ 172,240	$ 120,766

Economic Factors

While property taxes are important to the City, they represent less than 20% of total program resources excluding other financing sources. Property taxes were less than expected due to only partial state reimbursement on property tax credits. TIF revenues comprised just under 22% of revenues. The largest resource, at just over 31%, comes from fees and charges for services and includes utility charges. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly. During fiscal year 2004-2005 the City increased water utility fees, sewer utility fees, garbage fees, cemetery lot fees and several other miscellaneous fees and charges. Due to the slow economy interest revenues have been down drastically. There are also a couple of companies for which the City has received and passed through grant funds which have not been able to meet their job creation goals due to the slow economy. Repayments to the state have been or will need to be done on these.

Next Year's Budget and Rates

For the year ending June 30, 2006, the general fund has been budgeted fairly consistently with this year. However, the budget does include the contribution by employees for 5% of their health insurance premiums. The City is also expecting to purchase a park utility vehicle, mower/gator, and new dump truck. $8,000 is included for new heat exchangers at the aquatic center and fitness center. $5,000 is also included for the Chamber to do additional marketing for DeWitt during the 6th Ave. construction project. The emergency tax levy is being utilized for the first time. The fitness center bond payment is budgeted to be paid with TIF monies rather than fitness center revenues. Capital projects being budgeted in governmental activities for next year include 6th Ave. reconstruction, Skatepark project, 8th Ave. and 14th St. Intersection project completion, and Silver Creek trail completion.

Legislative changes passed the last couple of years already have and will continue to negatively impact the city's budget. Property tax credit reimbursements and machinery and equipment reimbursements continue to be funded at less than 100%. The state consolidated payment was eliminated completely two years ago. Bank franchise fee revenue has been eliminated completely. Utility tax replacement revenue has been negatively impacted by a state settlement with Alliant Energy which will reduce revenue for the year ended June 30, 2005 and for the next year. DeWitt's utility tax replacement for fiscal year 2004-2005 was 16.6% less than originally anticipated and will remain at that level for another year.

The business-type activities include a sewer plant expansion/sludge solution project for the wastewater treatment plant for which the City has been approved for additional state revolving loans. The City has also been approved for an EDA grant for the expansion project. Sewer rates were already increased by about 10% to cover the debt for the sewer plant expansion/sludge project and operation costs. Sewer rates had not been increased since 1997 until fiscal year 2004-2005. The budget also calls for a water rate increase of 8% to cover operating and debt service expenses. This rate increase has already been approved.

Financial Contact

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City's Director of Finance at 510 9th Street, P.O. Box 407, DeWitt, Iowa 52742 or telephone 563-659-3811.

Deanna Rodriguez
Director of Finance

BASIC FINANCIAL STATEMENTS

CITY OF DEWITT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the Year Ended June 30, 2005

		Program Receipts		
	Disbursements	Charges for Service and Sales	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
FUNCTIONS/PROGRAMS				
Governmental activities:				
Public safety	$ 959,495	$ 126,954	$ 39,293	$ -
Public works	649,060	7,633	7,284	-
Health and social services	8,569	2,400	207	-
Culture and recreation	755,569	393,967	109,827	34,500
Community and economic development	60,134	17,225	8,181	201
General government	278,124	41,644	11,353	-
Debt service	2,248,872	-	12,104	-
Capital projects	1,185,104	-	6,039	198,161
Total governmental activities	6,144,927	589,823	194,288	232,862
Business-type activities:				
Water	620,686	544,459	8,710	7,416
Sewer	898,622	655,608	16,106	-
Garbage and recycling collection	207,387	212,942	324	-
Storm water utility	45,719	82,971	1,071	-
Total business-type activities	1,772,414	1,495,980	26,211	7,416
Total	$ 7,917,341	$ 2,085,803	$ 220,499	$ 240,278
General receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Utility excise tax				
Hotel/motel tax				
Local option sales tax				
Road use tax				
Bank franchise tax				
Unrestricted investment earnings				
Proceeds of refunding bonds				
Current refunding bond payments				
Miscellaneous				
Sale of capital assets				
Total general receipts				
CHANGE IN CASH BASIS NET ASSETS				
CASH BASIS NET ASSETS BEGINNING OF YEAR				
CASH BASIS NET ASSETS END OF YEAR				
CASH BASIS NET ASSETS				
Restricted:				
Streets				
Economic development				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

EXHIBIT A

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets

Governmental Activities	Business-type Activities	Total
$ (793,248)	$ -	$ (793,248)
(634,143)	-	(634,143)
(5,962)	-	(5,962)
(217,275)	-	(217,275)
(34,527)	-	(34,527)
(225,127)	-	(225,127)
(2,236,768)	-	(2,236,768)
(980,904)	-	(980,904)
(5,127,954)	-	(5,127,954)
-	(60,101)	(60,101)
-	(226,908)	(226,908)
-	5,879	5,879
-	38,323	38,323
-	(242,807)	(242,807)
(5,127,954)	(242,807)	(5,370,761)
1,140,236	-	1,140,236
1,298,484	-	1,298,484
2,653	-	2,653
66,126	-	66,126
20,771	-	20,771
414,856	-	414,856
419,804	-	419,804
2,560	-	2,560
7,513	-	7,513
2,761,761	-	2,761,761
(2,745,000)	-	(2,745,000)
6,593	-	6,593
42,332	-	42,332
3,438,689	-	3,438,689
(1,689,265)	(242,807)	(1,932,072)
5,027,641	1,900,758	6,928,399
$ 3,338,376	$ 1,657,951	$ 4,996,327
$ 328,686	$ -	$ 328,686
144,000	-	144,000
5,981,292	110,087	6,091,379
1,018,023	422,706	1,440,729
(4,133,625)	1,125,158	(3,008,467)
$ 3,338,376	$ 1,657,951	$ 4,996,327

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF DEWITT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

	General	Special Revenue DeWitt Economic Development TIF
RECEIPTS		
Property taxes	$ 824,907	$ -
Tax increment financing collections	-	1,298,484
Other city taxes	68,495	-
Licenses and permits	74,722	-
Use of money and property	34,131	7,089
Intergovernmental	77,009	-
Charges for services	376,753	-
Miscellaneous	159,926	-
Total receipts	1,615,943	1,305,573
DISBURSEMENTS		
Governmental activities:		
Public safety	870,656	-
Public works	25,464	-
Health and social services	8,569	-
Culture and recreation	726,244	-
Community and economic development	60,112	1
General government	277,962	-
Debt service	-	120,766
Capital projects	-	-
Total disbursements	1,969,007	120,767
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(353,064)	1,184,806
OTHER FINANCING SOURCES (USES)		
Proceeds of refunding bonds	-	-
Current refunding bond payments	-	-
Sale of capital assets	5,706	-
Operating transfers in	429,972	-
Operating transfers out	(34,538)	(1,534,278)
Total other financing sources (uses)	401,140	(1,534,278)
NET CHANGE IN CASH BALANCES	48,076	(349,472)
CASH BALANCES BEGINNING OF YEAR	928,357	438,789
CASH BALANCES END OF YEAR	$ 976,433	$ 89,317
CASH BASIS FUND BALANCES		
Reserved:		
Debt service	$ -	$ -
Unreserved:		
General fund	976,433	-
Special revenue funds	-	89,317
Capital projects funds	-	-
Permanent fund	-	-
Total cash basis fund balances	$ 976,433	$ 89,317

Debt Service DeWitt Economic Development TIF	Nonmajor Governmental Funds	Total
$ -	$ 317,982	$ 1,142,889
-	-	1,298,484
-	433,258	501,753
-	4,368	79,090
7,533	44,203	92,956
-	565,244	642,253
-	600	377,353
-	106,233	266,159
7,533	1,471,888	4,400,937
-	88,074	958,730
-	623,349	648,813
-	-	8,569
-	28,769	755,013
-	-	60,113
-	-	277,962
1,696,113	431,993	2,248,872
-	1,185,102	1,185,102
1,696,113	2,357,287	6,143,174
(1,688,580)	(885,399)	(1,742,237)
2,757,393	-	2,757,393
(2,745,000)	-	(2,745,000)
-	36,626	42,332
1,806,298	932,786	3,169,056
-	(1,600,240)	(3,169,056)
1,818,691	(630,828)	54,725
130,111	(1,516,227)	(1,687,512)
1,384	3,658,679	5,027,209
$ 131,495	$ 2,142,452	$ 3,339,697
$ 131,495	$ 359,797	$ 491,292
-	-	976,433
-	1,236,294	1,325,611
-	381,263	381,263
-	165,098	165,098
$ 131,495	$ 2,142,452	$ 3,339,697

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF DEWITT
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES TO THE STATEMENT OF ACTIVITIES AND NET ASSETS - GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

Total governmental fund cash balances (page 18)	$ 3,339,697
Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:	
The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	(1,321)
Cash basis net assets of governmental activities (page 16)	$ 3,338,376
Net change in cash balances (page 18)	$ (1,687,512)
Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:	
The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The change on net assets of the Internal Service Fund is reported with governmental activities.	(1,753)
Change in cash balance of governmental activities (page 16)	$ (1,689,265)

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF DEWITT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2005

	Water Utility	Sewer Utility
RECEIPTS		
Use of money and property	$ 12,675	$ 8,979
Charges for services	519,650	655,608
Miscellaneous	6,813	3,799
Total receipts	539,138	668,386
DISBURSEMENTS		
Business-type activities:		
Operations	480,067	422,900
Capital outlay	8,846	1,179
Debt service	-	-
Total business-type activities	488,913	424,079
Governmental activities:		
Nonprogram	-	-
Total disbursements	488,913	424,079
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	50,225	244,307
OTHER FINANCING SOURCES (USES)		
Operating transfers in	3,392	9,395
Operating transfers out	(98,811)	(252,635)
Total other financing sources (uses)	(95,419)	(243,240)
NET CHANGE IN CASH BALANCES	(45,194)	1,067
CASH BALANCES BEGINNING OF YEAR	338,690	739,328
CASH BALANCES END OF YEAR	$ 293,496	$ 740,395
CASH BASIS FUND BALANCES		
Reserved:		
Debt service	$ -	$ -
Other purposes	-	-
Unreserved	293,496	740,395
Total cash basis fund balances	$ 293,496	$ 740,395

Nonmajor Proprietary Funds	Total	Internal Service Fund Payroll Clearing
$ 5,955	$ 27,609	$ -
295,418	1,470,676	-
20,710	31,322	370,430
322,083	1,529,607	370,430
502,673	1,405,640	-
10,907	20,932	-
345,371	345,371	-
858,951	1,771,943	-
-	-	371,889
858,951	1,771,943	371,889
(536,868)	(242,336)	(1,459)
420,446	433,233	-
(81,787)	(433,233)	-
338,659	-	-
(198,209)	(242,336)	(1,459)
822,608	1,900,626	(201)
$ 624,399	$ 1,658,290	$ (1,660)
$ 110,087	$ 110,087	$ -
422,706	422,706	-
91,606	1,125,497	(1,660)
$ 624,399	$ 1,658,290	$ (1,660)

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF DEWITT
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES TO THE STATEMENT OF ACTIVITIES AND NET ASSETS - PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2005

Total enterprise funds cash balances (page 21)	$ 1,658,290
Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:	
The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The assets of the Internal Service Fund are included in business-type activities in the Statement of Net Assets.	(339)
Cash basis net assets of business-type activities (page 16)	$ 1,657,951
Net change in cash balances (page 21)	$ (242,336)
Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:	
The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The change on net assets of the Internal Service Fund is reported with business-type activities.	(471)
Change in cash balance of business-type activities (page 16)	$ (242,807)

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF DEWITT
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2005

The City of DeWitt is a political subdivision of the State of Iowa located in Clinton County. It 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 and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of DeWitt 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. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City also 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 the following boards and commissions: Clinton County Assessor's Conference Board, Clinton County Emergency Management Commission, Regional Planning Affiliation Board, Clinton County Joint E911 Service Board, and Clinton County Area Solid Waste Agency.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of activities and net assets) report 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 support.

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 assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet 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 that are 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other 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 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 from other funds.

Special Revenue:

The DeWitt Economic Development TIF Fund is used to account for TIF rebate payments and transfers to the Debt Service DeWitt Economic Development TIF Fund for the payment of interest and principal of TIF debt.

Debt Service:

The DeWitt Economic Development TIF Fund is used to account for the payment of interest and principal of TIF debt.

Capital Projects:

The 5th Ave. Project is used to account for the reconstruction of 5th Ave. including curb and gutter, storm water, and utilities.

Additionally, the City reports the following major proprietary funds:

The Water Utility Fund is used to account for the operation and maintenance of governmental facilities and water service that is supported by user charges.

The Sewer Utility Fund is used to account for the operation and maintenance of governmental facilities and sewer service that is supported by user charges.

The Internal Service Fund is utilized as a payroll clearing account.

C. Basis of Accounting

The City of DeWitt 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 the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

Proprietary funds distinguish operating receipts and disbursements from nonoperating 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 nonoperating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplemental Information.

This information is an integral part of the accompanying financial statements.

NOTE 1 - DEPOSITS AND INVESTMENTS

The City's deposits at June 30, 2005 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.

NOTE 2 - BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation, revenue, and urban renewal tax increment financing revenue bonds and notes are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2006	$ 569,000	$ 295,312	$ 184,000	$ 156,738
2007	597,000	263,929	190,000	148,948
2008	585,000	244,461	202,000	140,854
2009	609,000	224,887	213,000	132,230
2010	612,000	204,187	220,000	123,104
2011 - 2015	2,492,000	701,652	1,251,000	465,162
2016 - 2020	1,430,000	311,225	1,195,000	180,568
2021 - 2022	510,000	37,350	155,000	7,020
Total	$7,404,000	$2,283,003	$3,610,000	$1,354,624

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2006	$ 365,000	$ 33,137	$ 1,118,000	$ 485,187
2007	300,000	23,100	1,087,000	435,977
2008	150,000	14,100	937,000	399,415
2009	250,000	9,000	1,072,000	366,117
2010	-	-	832,000	327,291
2011 - 2015	-	-	3,743,000	1,166,814
2016 - 2020	-	-	2,625,000	491,793
2021 - 2022	-	-	665,000	44,370
Total	$1,065,000	$ 79,337	$12,079,000	$3,716,964

NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)

The resolutions providing for the issuance of the revenue bonds include the following provisions:

1997 WWTP Sewer Revenue Bonds

The Series 1997 Bond is payable from Net Revenues of the Utility which will be collected in a Sinking Fund and applied to the payment of interest on the Series 1997 Bond on each June 1 and December 1 and principal of the Series 1997 Bond on each June 1 (the 12-month period ending on each June 1 being herein referred to as a "Bond Year"); the Sinking Fund is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; the Sinking Fund will be depleted at least once each Bond Year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on the fund for the immediately preceding Bond Year; or (ii) 1/12 of the principal and interest payments on the Series 1997 Bond for the immediately preceding Bond Year; amounts on deposit in the Sinking Fund will be invested by the City without restriction as to yield for a period of 13 months after their date of deposit.

There is hereby created and shall be maintained a separate Sewer Revenue Bond Reserve Fund (the "Reserve Fund") and from and after the issuance of the Bonds, there shall be set aside and paid each month into the Reserve Fund from the Net Revenues of the Utility, after first making the required payments into the Sinking Fund, an amount equal to the amount required hereunder to be deposited in such month into the Sinking Fund; provided, however, that when the total amount on deposit in the Reserve Fund is equal to the lesser of (i) the maximum amount of principal and interest becoming due on the Bonds in any succeeding fiscal year; (ii) 125% of the average amount of principal and interest becoming due on the Bonds in any succeeding fiscal year; or (iii) 10 percent of the principal amount of the Bonds then outstanding (the "Required Reserve Fund Balance"), no further deposits shall be made into the Reserve Fund, except to maintain the Reserve Fund at such level, and when the amount on deposit in the Reserve Fund is greater than the Required Reserve Fund Balance, such additional amounts shall be withdrawn and paid into the Revenue Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Obligations for the payment of which insufficient money shall be available in the Sinking Fund. Whenever it shall become necessary to so use money in the Reserve Fund, the prescribed payments referred to above shall be continued or resumed until the amount on deposit in the Reserve Fund has been restored to the Required Reserve Fund Balance.

There is hereby created a special fund to be known and designated as the Improvement and Extension Fund (hereinafter referred to as the "Improvement Fund") into which there shall be set apart and paid from the balance of the Net Revenues remaining, the sum of one-thousand five-hundred dollars ($1,500.00) on the first day of each month of each year until such time as there has been accumulated in the Improvement Fund the sum of five-hundred thousand dollars ($500,000.00) (the "Required Improvement Fund Balance"). All money credited to the Improvement Fund shall be used and is hereby pledged solely and only to pay the cost of capital improvements and extensions of the Utility.

NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)

1997 Sewer Revenue Bonds

The net sales proceeds of the Series 1997B Bonds are $261,000 (the "Net Sales Proceeds"), the same being the Sales Proceeds as determined above ($290,000) less the portion of such Sales Proceeds deposited into a reasonably required reserve or replacement fund ($29,000).

The Series 1997B Bonds are payable from the Net Revenues of the Utility which will be collected in a Sinking Fund and applied to the payment of interest on the Series 1997B Bonds on each June 1 and December 1 and principal of the Series 1997B Bonds on each June 1 (the 12-month period ending on each June 1 being herein referred to as a "Bond Year"); the Sinking Fund is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; the Sinking Fund will be depleted at least once each Bond Year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on the fund for the immediately preceding Bond Year; or (ii) 1/12 of the principal and interest payments on the Series 1997B Bonds for the immediately preceding Bond Year; amounts on deposit in the Sinking Fund will be invested by the City without restriction as to yield for a period of 13 months after their date of deposit.

1998 TIF Revenue Bonds

There is hereby created and shall be maintained a separate bond reserve fund (the "Reserve Fund"), into which there shall be deposited, from the proceeds of the Series 1998 Bonds, an amount equal to the lesser of the maximum amount of principal and interest coming due on the Series 1998 Bonds in any succeeding fiscal year, or 10% of the proceeds of the Series 1998 Bonds. Moneys in the Reserve Fund shall be used solely for the purpose of paying principal and interest on the Series 1998 Bonds in the event revenues in the Urban Renewal Tax Revenue Fund are not sufficient for such purpose. Whenever funds in the Reserve Fund are less than the minimum amount specified above, deposits shall be made into the Reserve Fund from the Urban Renewal Tax Revenue Fund until the minimum amount has been re-established.

NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)

2000 Road Use Revenue Bonds

There is hereby created, and there shall be maintained with the Trustee, an account to be known as the "Road Use Tax Revenue Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the Road Use Tax Revenue Fund such portion thereof as will be sufficient to pay the interest on and principal of the Bonds as the same become due, and it is hereby determined that the minimum amount to be so set aside into the Sinking Fund from the Road Use Tax Revenue Fund during each month of each year shall be not less than as follows:

> Beginning June 1, 2000, and continuing on the first day of each month thereafter, all funds received from the State of Iowa during the preceding month and deposited in the Road Use Tax Revenue Fund, until such time as an amount equal to 100% of the principal of and interest on the Bonds and any Parity Obligations which will become due on November 1 and May 1 of the current fiscal year shall have been accumulated therein; provided; however, that no further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire the Bonds and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

The Sinking Fund and that portion of the Road Use Tax Revenues contained therein shall be used solely and only and are hereby pledged for the purpose of paying the interest on and the principal of the Bonds and Parity Obligations. Within the Sinking Fund, there is hereby established an Interest Account and a Principal Account, and money deposited in the Sinking Fund shall be credited by the Trustee first to the Interest Account, in an amount equal to the interest payment requirements during the current fiscal year and next, to the Principal Account, in an amount equal to the principal payment requirements during the current fiscal year.

Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amounts above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Road Use Tax Revenue Fund as soon as available, and the same shall be in addition to the amounts otherwise required to be so set apart and paid into the Sinking Fund.

Such payments into the Sinking Fund shall be made in monthly installments on the first day of each month, except that when the first day of any month does not fall on a regular business day, then such payments shall be made on the next succeeding business day.

NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)

There is hereby created a special fund to be known and designated as the Principal and Interest Reserve Fund (hereinafter referred to as the "Reserve Fund"), which shall be held by the Trustee and into which there shall be set apart and paid from the Loan Proceeds at the time of the delivery of the Bonds the amount of $153,690 (the "Required Reserve Fund Balance"). Thereafter, whenever the sum on deposit in the Reserve Fund has been reduced to less than the Required Reserve Fund Balance by the expenditure of all or a portion of the funds on deposit therein for any of the purposes specified herein, there shall be deposited into the Reserve Fund the remaining Road Use Tax Revenues after first making the required deposits into the Sinking Fund, until the sum on deposit in the Reserve Fund has been restored to the Required Reserve Fund Balance. All money credited to the Reserve Fund shall be used and is hereby pledged for the payment of the principal of and interest on the Bonds and Parity Obligations whenever for any reason the funds on deposit in the Sinking Fund are insufficient to pay such principal and interest when due. If and to whatever extent Parity Obligations shall be issued under the conditions set forth in this resolution, provision shall be made to create and maintain a reasonable reserve therefore.

There is hereby created a special fund to be known and designated as the Surplus Revenue Fund into which there shall be set apart and paid all of the Road Use Tax Revenues remaining after first making the required payments into the Road Use Tax Revenue Fund, the Sinking Fund and the Reserve Fund, and after the Reserve Fund contains the Required Reserve Fund Balance. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and any Parity Obligations or shall be transferred and credited to the Reserve Fund whenever any deficiency may exist in the Reserve Fund.

As long as the Sinking Fund and the Reserve Fund have the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be used by the City to pay principal of and interest on (including reasonable reserves therefore) any other obligations payable from the Road Use Tax Revenues but subordinate in lien to the Bonds and any Parity Obligations.

2002 SRF Water Revenue Bonds

There shall be and there is hereby created, and there shall be maintained, an account to be known as the "Water Revenue Bond Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the future Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of all of the Bonds and any Parity Obligations at any time outstanding as the same become due, and it is hereby determined that the minimum amounts to be set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than as follows:

> An amount equal to 1/6th of the installment of interest coming due on the next interest payment date on the then outstanding Bonds and any Parity Obligations, plus an amount equal to 1/12th of the installment of principal coming due on such Bonds and any Parity Obligations on the next succeeding principal payment date until the full amount of such installment is on deposit in the Sinking Fund.

NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)

Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and any Parity Obligations as the same shall become due and payable. Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

No further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire all of the Bonds and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

All of such payments required to be made into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day.

These shall be and there is hereby created a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments into the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and any Parity Obligations.

As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

Refunding Bonds

On April 6, 2005, the City issued $2,745,000 of general obligation refunding bonds, with interest rates ranging from 2.75% to 3.30%, for a current refunding of the 1998 TIF revenue bonds issued July 1, 1998 and the 1998 general obligation refunding bonds issued November 1, 1998. These bonds along with additional cash were used to pay all remaining principal and interest due on the 1998 TIF revenue bonds and the 1998 general obligation refunding bonds when they became available for redemption by the City on May 1, 2005.

The current refunding decreased total debt service payments over the next 7 years by over $553,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $246,528.

NOTE 3 - 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 supplemental 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 covered salary and the City is required to contribute 5.75% of annual covered payroll, except for police employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for police employees and the City were 5.93% and 8.907%, respectively, and for the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were $44,537, $41,587, and $40,166, respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplemental information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to the Plan for the years ended June 30, 2005, 2004, and 2003, were $98,592, $73,606, and $55,452, respectively, which met the required minimum contribution for each year.

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

	Transfers In	Transfers Out
General	$ 429,972	$ 34,538
Special Revenue:		
DeWitt Economic Development TIF	-	1,534,278
Debt Service:		
DeWitt Economic Development TIF	1,806,298	-
Other Nonmajor Governmental Funds	932,786	1,600,240
Water Utility	3,392	98,811
Sewer Utility	9,395	252,635
Other Nonmajor Proprietary Funds	420,446	81,787
	$ 3,602,289	$ 3,602,289

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

NOTE 5 - COMPENSATED ABSENCES

City employees accumulate earned but unused vacation hours and personal days for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as expenditures by the City until used or paid. The City's approximate maximum liability for earned compensated absences payable to employees at June 30, 2005, primarily relating to the General Fund, was $37,156. This liability has been computed based on rates of pay as of June 30, 2005.

City employees also accumulate sick leave hours for subsequent use. These accumulations are not recognized as expenditures by the City until used or paid. Upon termination, retirement, or death, these accumulations are forfeited by the employee.

NOTE 6 - RISK MANAGEMENT

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

NOTE 7 - DEFICIT FUND BALANCES

The following funds had deficit balances at June 30, 2005:

Capital Projects	
2004 Housing	$ 1,761
2005 Housing	2,095
Custom Pak	3,371
Enterprise Fund	
Sewer Plant Expansion/Sludge Solution	199,046
Internal Service Fund	
Payroll Clearing	1,660

These deficits will be eliminated by grant proceeds, SRF draw downs, and deductions from employee paychecks.

NOTE 8 - DEVELOPMENT AND REBATE AGREEMENTS

The City has entered into development agreements authorizing the payment of economic development tax rebate payments to the industries, pursuant to Chapters 15A and 403 of the Code of Iowa, in the maximum total amount of $789,988, and in annual amounts which represent various percentage of the total property taxes paid with respect to the incremental property valuation of the project in that fiscal year, minus the amounts of debt service taxes levied by the taxing jurisdictions. Payments would be made on June 1, 2000 and each year thereafter, on said date, through June 1, 2007.

During the year ended June 30, 2005, the City rebated $120,766 of incremental taxes to the industries.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF DEWITT
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Year Ended June 30, 2005

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Less Funds Not Required to be Budgeted
RECEIPTS			
Property taxes	$ 1,142,889	$ -	$ -
Tax increment financing collections	1,298,484	-	-
Other city taxes	501,753	-	-
Licenses and permits	79,090	-	-
Use of money and property	92,956	27,609	-
Intergovernmental	642,253	-	-
Charges for services	377,353	1,470,676	-
Miscellaneous	266,159	401,752	370,430
Total receipts	4,400,937	1,900,037	370,430
DISBURSEMENTS			
Public safety	958,730	-	-
Public works	648,813	-	-
Health and social services	8,569	-	-
Culture and recreation	755,013	-	-
Community and economic development	60,113	-	-
General government	277,962	-	-
Debt service	2,248,872	-	-
Capital projects	1,185,102	-	-
Business-type activities	-	1,771,943	-
Nonprogram	-	371,889	371,889
Total disbursements	6,143,174	2,143,832	371,889
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,742,237)	(243,795)	(1,459)
OTHER FINANCING SOURCES (USES), NET	54,725	-	-
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	(1,687,512)	(243,795)	(1,459)
BALANCES BEGINNING OF YEAR	5,027,209	1,900,425	(201)
BALANCES END OF YEAR	$ 3,339,697	$ 1,656,630	$ (1,660)

Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance - Positive (Negative)
$ 1,142,889	$ 1,162,865	$ 1,165,518	$ (22,629)
1,298,484	1,183,319	1,183,319	115,165
501,753	510,702	504,985	(3,232)
79,090	80,800	80,800	(1,710)
120,565	117,583	129,819	(9,254)
642,253	1,581,761	750,247	(107,994)
1,848,029	2,013,770	2,022,490	(174,461)
297,481	194,834	330,687	(33,206)
5,930,544	6,845,634	6,167,865	(237,321)
958,730	963,244	975,761	17,031
648,813	566,511	739,777	90,964
8,569	9,670	9,670	1,101
755,013	731,198	810,966	55,953
60,113	233,578	61,643	1,530
277,962	288,260	292,360	14,398
2,248,872	1,425,570	5,038,395	2,789,523
1,185,102	1,125,217	1,445,743	260,641
1,771,943	3,657,843	2,050,879	278,936
-	-	-	-
7,915,117	9,001,091	11,425,194	3,510,077
(1,984,573)	(2,155,457)	(5,257,329)	3,272,756
54,725	1,022,500	2,801,725	(2,747,000)
(1,929,848)	(1,132,957)	(2,455,604)	525,756
6,927,835	5,067,138	6,904,237	23,598
$ 4,997,987	$ 3,934,181	$ 4,448,633	$ 549,354

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

CITY OF DEWITT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - BUDGETARY REPORTING
June 30, 2005

The budgetary comparison is presented as Required Supplemental 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 comparison 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 Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities, and nonprogram. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, and 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, two budget amendments increased budgeted disbursements by $2,424,103. The budget amendments are reflected in the final budgeted amounts.

OTHER SUPPLEMENTAL INFORMATION

CITY OF DEWITT

SCHEDULE 1

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

	Special Revenue			
	Road Use Tax	Road Use Tax Reserve	Road Use Equipment Replacement	Local Option Sales Tax
RECEIPTS				
Property taxes	$ -	$ -	$ -	$ -
Other city taxes				
Local option sales tax	-	-	-	414,856
Utility replacement tax	-	-	-	-
Total other city taxes	-	-	-	414,856
Licenses and permits	-	-	-	4,368
Use of money and property				
Interest on investments	-	2,434	180	2,501
Intergovernmental				
Road use tax	419,804	-	-	-
State grants	-	-	-	-
Total intergovernmental	419,804	-	-	-
Charges for services	-	-	-	-
Miscellaneous	859	-	-	916
Total receipts	420,663	2,434	180	422,641
DISBURSEMENTS				
Public safety	-	-	-	-
Public works	291,318	313	-	331,718
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	291,318	313	-	331,718
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	129,345	2,121	180	90,923
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	17,500	-	-	19,126
Operating transfers in	42,230	-	17,000	-
Operating transfers out	(266,017)	-	-	(245,982)
Total other financing sources (uses)	(206,287)	-	17,000	(226,856)
NET CHANGE IN CASH BALANCES	(76,942)	2,121	17,180	(135,933)
CASH BALANCES BEGINNING OF YEAR	237,423	166,084	2,555	226,831
CASH BALANCES END OF YEAR	$ 160,481	$ 168,205	$ 19,735	$ 90,898
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	$ -	$ -	$ -	$ -
Unreserved:				
Special revenue funds	160,481	168,205	19,735	90,898
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	$ 160,481	$ 168,205	$ 19,735	$ 90,898

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 1
(CONTINUED)

	Special Revenue			
	Economic Development Revolving Loan Fund	DeWitt Economic Development TIF Reserve	Retirement Benefits	Employee Benefits
RECEIPTS				
Property taxes	$ -	$ -	$ 93,685	$ 221,644
Other city taxes				
Local option sales tax	-	-	-	-
Utility replacement tax	-	-	5,448	12,954
Total other city taxes	-	-	5,448	12,954
Licenses and permits	-	-	-	-
Use of money and property				
Interest on investments	151	-	149	-
Intergovernmental				
Road use tax	-	-	-	-
State grants	-	-	-	-
Total intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	11,425	-	-	-
Total receipts	11,576	-	99,282	234,598
DISBURSEMENTS				
Public safety	-	-	82,753	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	-	-	82,753	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	11,576	-	16,529	234,598
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	(200,000)	-	(234,598)
Total other financing sources (uses)	-	(200,000)	-	(234,598)
NET CHANGE IN CASH BALANCES	11,576	(200,000)	16,529	-
CASH BALANCES BEGINNING OF YEAR	8,973	344,000	3,322	-
CASH BALANCES END OF YEAR	$ 20,549	$ 144,000	$ 19,851	$ -
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	$ -	$ -	$ -	$ -
Unreserved:				
Special revenue funds	20,549	144,000	19,851	-
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	$ 20,549	$ 144,000	$ 19,851	$ -

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 1
(CONTINUED)

	Special Revenue			
	DeWitt Public Library Building	Library Endowment Fund	Irwin Field Acquisition/ Development	Local Law Enforcement Block Grant
RECEIPTS				
Property taxes	$ -	$ -	$ -	$ -
Other city taxes				
Local option sales tax	-	-	-	-
Utility replacement tax	-	-	-	-
Total other city taxes	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property				
Interest on investments	22	25,590	201	3
Intergovernmental				
Road use tax	-	-	-	-
State grants	-	-	34,500	-
Total intergovernmental	-	-	34,500	-
Charges for services	-	-	-	-
Miscellaneous	1,052	500	200	-
Total receipts	1,074	26,090	34,901	3
DISBURSEMENTS				
Public safety	-	-	-	3,174
Public works	-	-	-	-
Culture and recreation	1,406	426	26,937	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	1,406	426	26,937	3,174
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(332)	25,664	7,964	(3,171)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN CASH BALANCES	(332)	25,664	7,964	(3,171)
CASH BALANCES BEGINNING OF YEAR	2,761	567,909	5,840	3,171
CASH BALANCES END OF YEAR	$ 2,429	$ 593,573	$ 13,804	$ -
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	$ -	$ -	$ -	$ -
Unreserved:				
Special revenue funds	2,429	593,573	13,804	-
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	$ 2,429	$ 593,573	$ 13,804	$ -

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 1
(CONTINUED)

	Special Revenue	Debt Service		Capital Projects
	Police Capital Improvements	Debt Service	Road Use	2004 Housing
RECEIPTS				
Property taxes	$ -	$ 2,653	$ -	$ -
Other city taxes				
Local option sales tax	-	-	-	-
Utility replacement tax	-	-	-	-
Total other city taxes	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property				
Interest on investments	20	3,242	1,328	-
Intergovernmental				
Road use tax	-	-	-	-
State grants	493	-	-	110,447
Total intergovernmental	493	-	-	110,447
Charges for services	600	-	-	-
Miscellaneous	2,472	-	-	4,013
Total receipts	3,585	5,895	1,328	114,460
DISBURSEMENTS				
Public safety	2,147	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	278,620	153,373	-
Capital projects	-	-	-	119,221
Total disbursements	2,147	278,620	153,373	119,221
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	1,438	(272,725)	(152,045)	(4,761)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Operating transfers in	-	536,825	148,942	3,000
Operating transfers out	-	(1,596)	-	-
Total other financing sources (uses)	-	535,229	148,942	3,000
NET CHANGE IN CASH BALANCES	1,438	262,504	(3,103)	(1,761)
CASH BALANCES BEGINNING OF YEAR	1,331	68,762	31,634	-
CASH BALANCES END OF YEAR	$ 2,769	$ 331,266	$ 28,531	$ (1,761)
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	$ -	$ 331,266	$ 28,531	$ -
Unreserved:				
Special revenue funds	2,769	-	-	-
Capital projects funds	-	-	-	(1,761)
Permanent fund	-	-	-	-
Total cash basis fund balances	$ 2,769	$ 331,266	$ 28,531	$ (1,761)

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 1
(CONTINUED)

	Capital Projects			
	2005 Housing	Thiel Property	8th Ave. & 14th St. Intersection	Silver Creek Trail
RECEIPTS				
Property taxes	$ -	$ -	$ -	$ -
Other city taxes				
Local option sales tax	-	-	-	-
Utility replacement tax	-	-	-	-
Total other city taxes	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property				
Interest on investments	-	-	3,469	2,063
Intergovernmental				
Road use tax	-	-	-	-
State grants	-	-	-	-
Total intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total receipts	-	-	3,469	2,063
DISBURSEMENTS				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital projects	2,095	1,596	373,006	29,983
Total disbursements	2,095	1,596	373,006	29,983
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,095)	(1,596)	(369,537)	(27,920)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Operating transfers in	-	1,596	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	1,596	-	-
NET CHANGE IN CASH BALANCES	(2,095)	-	(369,537)	(27,920)
CASH BALANCES BEGINNING OF YEAR	-	-	454,850	256,733
CASH BALANCES END OF YEAR	$ (2,095)	$ -	$ 85,313	$ 228,813
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	$ -	$ -	$ -	$ -
Unreserved:				
Special revenue funds	-	-	-	-
Capital projects funds	(2,095)	-	85,313	228,813
Permanent fund	-	-	-	-
Total cash basis fund balances	$ (2,095)	$ -	$ 85,313	$ 228,813

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 1
(CONTINUED)

	Capital Projects			
	Robinson Ind./ Hawkeye Iron	14th Ave. Reconstruction	5th Ave. Project	6th Ave.
RECEIPTS				
Property taxes	$ -	$ -	$ -	$ -
Other city taxes				
Local option sales tax	-	-	-	-
Utility replacement tax	-	-	-	-
Total other city taxes	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property				
Interest on investments	-	858	1,485	507
Intergovernmental				
Road use tax	-	-	-	-
State grants	-	-	-	-
Total intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	82,216	-	-	-
Total receipts	82,216	858	1,485	507
DISBURSEMENTS				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital projects	82,216	400,582	63,696	109,336
Total disbursements	82,216	400,582	63,696	109,336
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(399,724)	(62,211)	(108,829)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	183,193
Operating transfers out	-	(115,222)	(536,825)	-
Total other financing sources (uses)	-	(115,222)	(536,825)	183,193
NET CHANGE IN CASH BALANCES	-	(514,946)	(599,036)	74,364
CASH BALANCES BEGINNING OF YEAR	-	514,946	599,036	-
CASH BALANCES END OF YEAR	$ -	$ -	$ -	$ 74,364
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	$ -	$ -	$ -	$ -
Unreserved:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	74,364
Permanent fund	-	-	-	-
Total cash basis fund balances	$ -	$ -	$ -	$ 74,364

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 1 (CONTINUED)

	Capital Projects	Permanent	
	Custom Pak	Cemetery Perpetual Care	Total
RECEIPTS			
Property taxes	$ -	$ -	$ 317,982
Other city taxes			
Local option sales tax	-	-	414,856
Utility replacement tax	-	-	18,402
Total other city taxes	-	-	433,258
Licenses and permits	-	-	4,368
Use of money and property			
Interest on investments	-	-	44,203
Intergovernmental			
Road use tax	-	-	419,804
State grants	-	-	145,440
Total intergovernmental	-	-	565,244
Charges for services	-	-	600
Miscellaneous	-	2,580	106,233
Total receipts	-	2,580	1,471,888
DISBURSEMENTS			
Public safety	-	-	88,074
Public works	-	-	623,349
Culture and recreation	-	-	28,769
Debt service	-	-	431,993
Capital projects	3,371	-	1,185,102
Total disbursements	3,371	-	2,357,287
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,371)	2,580	(885,399)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	36,626
Operating transfers in	-	-	932,786
Operating transfers out	-	-	(1,600,240)
Total other financing sources (uses)	-	-	(630,828)
NET CHANGE IN CASH BALANCES	(3,371)	2,580	(1,516,227)
CASH BALANCES BEGINNING OF YEAR	-	162,518	3,658,679
CASH BALANCES END OF YEAR	$ (3,371)	$ 165,098	$ 2,142,452
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	$ -	$ -	$ 359,797
Unreserved:			
Special revenue funds	-	-	1,236,294
Capital projects funds	(3,371)	-	381,263
Permanent fund	-	165,098	165,098
Total cash basis fund balances	$ (3,371)	$ 165,098	$ 2,142,452

CITY OF DEWITT **SCHEDULE 2**

COMBINING SCHEDULE OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2005

	Enterprise Funds		
	Water Well Project	Storm Water Utility	Water Utility Equipment Replacement
RECEIPTS			
Use of money and property	$ -	$ 1,071	$ 746
Charges for services	-	82,476	-
Miscellaneous	7,415	495	-
Total receipts	7,415	84,042	746
DISBURSEMENTS			
Business-type activities:			
Operations	-	37,465	-
Capital outlay	2,671	8,236	-
Debt service	-	-	-
Total disbursements	2,671	45,701	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	4,744	38,341	746
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	10,000
Operating transfers out	(3,392)	-	-
Total other financing sources (uses)	(3,392)	-	10,000
NET CHANGE IN CASH BALANCES	1,352	38,341	10,746
CASH BALANCES BEGINNING OF YEAR	(1,352)	90,665	71,325
CASH BALANCES END OF YEAR	$ -	$ 129,006	$ 82,071
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	$ -	$ -	$ -
Other purposes	-	-	-
Unreserved	-	129,006	82,071
Total cash basis fund balances	$ -	$ 129,006	$ 82,071

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 2 (CONTINUED)

	Enterprise Funds		
	Water Revenue Sinking	**Water Meter Deposit**	**Sewer Revenue Sinking**
RECEIPTS			
Use of money and property	$ 387	$ 98	$ 542
Charges for services	-	-	-
Miscellaneous	-	12,800	-
Total receipts	387	12,898	542
DISBURSEMENTS			
Business-type activities:			
Operations	-	9,998	-
Capital outlay	-	-	-
Debt service	81,345	-	264,026
Total disbursements	81,345	9,998	264,026
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,958)	2,900	(263,484)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	51,275	-	249,173
Operating transfers out	-	-	-
Total other financing sources (uses)	51,275	-	249,173
NET CHANGE IN CASH BALANCES	(29,683)	2,900	(14,311)
CASH BALANCES BEGINNING OF YEAR	29,683	22,779	14,398
CASH BALANCES END OF YEAR	$ -	$ 25,679	$ 87
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	$ -	$ -	$ 87
Other purposes	-	-	-
Unreserved	-	25,679	-
Total cash basis fund balances	$ -	$ 25,679	$ 87

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 2
(CONTINUED)

	Enterprise Funds		
	Sewer Improvement Equipment Replacement	Sewer Bond Reserve	Sewer Improvement and Extension
RECEIPTS			
Use of money and property	$ 2,722	$ -	$ -
Charges for services	-	-	-
Miscellaneous	-	-	-
Total receipts	2,722	-	-
DISBURSEMENTS			
Business-type activities:			
Operations	-	-	11,226
Capital outlay	-	-	-
Debt service	-	-	-
Total disbursements	-	-	11,226
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	2,722	-	(11,226)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	48,444	-	18,000
Operating transfers out	(9,395)	(69,000)	-
Total other financing sources (uses)	39,049	(69,000)	18,000
NET CHANGE IN CASH BALANCES	41,771	(69,000)	6,774
CASH BALANCES BEGINNING OF YEAR	272,341	179,000	101,820
CASH BALANCES END OF YEAR	$ 314,112	$ 110,000	$ 108,594
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	$ -	$ 110,000	$ -
Other purposes	314,112	-	108,594
Unreserved	-	-	-
Total cash basis fund balances	$ 314,112	$ 110,000	$ 108,594

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2005

SCHEDULE 2 (CONTINUED)

	Enterprise Funds		
	Sewer Utility Equipment Replacement	Sewer Plant Expansion/ Sludge Solution	Garbage and Recycling Collection
RECEIPTS			
Use of money and property	$ 65	$ -	$ 324
Charges for services	-	-	212,942
Miscellaneous	-	-	-
Total receipts	65	-	213,266
DISBURSEMENTS			
Business-type activities:			
Operations	-	199,064	207,384
Capital outlay	-	-	-
Debt service	-	-	-
Total disbursements	-	199,064	207,384
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	65	(199,064)	5,882
OTHER FINANCING SOURCES (USES)			
Operating transfers in	6,000	18	-
Operating transfers out	-	-	-
Total other financing sources (uses)	6,000	18	-
NET CHANGE IN CASH BALANCES	6,065	(199,046)	5,882
CASH BALANCES BEGINNING OF YEAR	-	-	41,949
CASH BALANCES END OF YEAR	$ 6,065	$ (199,046)	$ 47,831
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	$ -	$ -	$ -
Other purposes	-	-	-
Unreserved	6,065	(199,046)	47,831
Total cash basis fund balances	$ 6,065	$ (199,046)	$ 47,831

CITY OF DEWITT **SCHEDULE 2**
COMBINING SCHEDULE OF CASH RECEIPTS, **(CONTINUED)**
DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2005

	Lake Street Watermain	Total
RECEIPTS		
Use of money and property	$ -	$ 5,955
Charges for services	-	295,418
Miscellaneous	-	20,710
Total receipts	-	322,083
DISBURSEMENTS		
Business-type activities:		
Operations	37,536	502,673
Capital outlay	-	10,907
Debt service	-	345,371
Total disbursements	37,536	858,951
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(37,536)	(536,868)
OTHER FINANCING SOURCES (USES)		
Operating transfers in	37,536	420,446
Operating transfers out	-	(81,787)
Total other financing sources (uses)	37,536	338,659
NET CHANGE IN CASH BALANCES	-	(198,209)
CASH BALANCES BEGINNING OF YEAR	-	822,608
CASH BALANCES END OF YEAR	$ -	$ 624,399
CASH BASIS FUND BALANCES		
Reserved:		
Debt service	$ -	$ 110,087
Other purposes	-	422,706
Unreserved	-	91,606
Total cash basis fund balances	$ -	$ 624,399

SCHEDULE 3

CITY OF DEWITT
SCHEDULE OF INDEBTEDNESS
Year Ended June 30, 2005

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance, Beginning of Year	Issued During Year	Redeemed During Year	Balance, End of Year	Interest Paid	Interest Due and Unpaid
General obligation bonds									
97 Sewer improvement	June 13, 1997	3.920%	$ 2,354,000	$ 1,329,000	$ -	$ 80,000	$ 1,249,000	$ 52,097	$ -
98 Refunding	November 1, 1998	3.650% - 4.300%	3,105,000	2,260,000	-	2,260,000	-	89,668	-
2000 Fitness Center	December 1, 2000	4.400% - 5.300%	300,000	265,000	-	15,000	250,000	13,170	-
Series 2002	May 1, 2002	3.900% - 5.250%	2,000,000	2,000,000	-	75,000	1,925,000	94,300	-
Series 2003	June 18, 2003	1.400% - 4.250%	1,300,000	1,300,000	-	65,000	1,235,000	43,320	-
2005 Refunding	April 6, 2005	2.750% - 3.300%	2,745,000	-	2,745,000	-	2,745,000	-	-
Total general obligation bonds			$ 11,804,000	$ 7,154,000	$ 2,745,000	$ 2,495,000	$ 7,404,000	$ 292,555	$ -
Revenue bonds									
00 Road use tax revenue	June 1, 2000	5.500% - 5.750%	$ 1,795,000	$ 1,575,000	$ -	$ 65,000	$ 1,510,000	$ 87,790	$ -
97 WWTP Sewer revenue	April 3, 1997	3.920%	1,500,000	1,100,000	-	65,000	1,035,000	43,120	-
97 Sewer revenue	July 1, 1997	4.250% - 5.200%	290,000	150,000	-	150,000	-	5,906	-
2002 SRF Water revenue	March 27, 2002	3.000%	1,100,000	1,113,000	-	48,000	1,065,000	33,345	-
Total revenue bonds			$ 4,685,000	$ 3,938,000	$ -	$ 328,000	$ 3,610,000	$ 170,161	$ -
Urban renewal tax increment financing (TIF) revenue bonds									
Series 1998	July 1, 1998	4.000% - 5.125%	$ 2,000,000	$ 1,400,000	$ -	$ 1,400,000	$ -	$ 68,750	$ -
Series 2004	June 24, 2004	2.000% - 3.600%	1,440,000	1,440,000	-	375,000	1,065,000	40,638	-
Total urban renewal tax increment financing (TIF) revenue bonds			$ 3,440,000	$ 2,840,000	$ -	$ 1,775,000	$ 1,065,000	$ 109,388	$ -

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2005

Year Ending June 30,	General Obligation Bonds								
	Sewer Improvement Issued June 13, 1997			2000 Fitness Center Issued December 1, 2000			Series 2002 Issued May 1, 2002		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2006	3.920%	$ 84,000	$ 48,961	4.600%	$ 15,000	$ 12,488	4.000%	$ 75,000	$ 91,376
2007	3.920%	87,000	45,668	4.650%	10,000	11,788	4.000%	80,000	88,376
2008	3.920%	90,000	42,258	4.700%	10,000	11,333	4.000%	85,000	85,176
2009	3.920%	94,000	38,730	4.750%	15,000	10,863	4.100%	90,000	81,776
2010	3.920%	97,000	35,045	4.800%	15,000	10,150	4.300%	90,000	78,086
2011	3.920%	101,000	31,242	4.850%	15,000	9,430	4.400%	95,000	74,216
2012	3.920%	105,000	27,283	4.900%	15,000	8,703	4.500%	100,000	70,036
2013	3.920%	109,000	23,167	4.950%	15,000	7,968	4.600%	105,000	65,536
2014	3.920%	114,000	18,894	5.000%	15,000	7,225	4.700%	110,000	60,706
2015	3.920%	118,000	14,426	5.050%	20,000	6,475	4.800%	115,000	55,536
2016	3.920%	123,000	9,800	5.100%	20,000	5,465	4.900%	120,000	50,016
2017	3.920%	127,000	4,978	5.150%	20,000	4,445	5.000%	125,000	44,136
2018	-	-	-	5.200%	20,000	3,415	5.050%	135,000	37,886
2019	-	-	-	5.250%	20,000	2,375	5.100%	140,000	31,068
2020	-	-	-	5.300%	25,000	1,325	5.150%	145,000	23,928
2021	-	-	-	-	-	-	5.200%	155,000	16,460
2022	-	-	-	-	-	-	5.250%	160,000	8,400
TOTAL		$ 1,249,000	$ 340,452		$ 250,000	$ 113,448		$ 1,925,000	$ 962,714

SCHEDULE 4
(CONTINUED)

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2005

Year Ending June 30,	General Obligation Bonds: Series 2003 Issued June 18, 2003 — Interest Rate	Principal	Interest	Refunding 2005 Issued April 6, 2005 — Interest Rate	Principal	Interest	Total — Principal	Interest
2006	1.650%	$ 70,000	$ 42,410	2.750%	$ 325,000	$ 100,077	$ 569,000	$ 295,312
2007	2.050%	75,000	41,255	3.150%	345,000	76,842	597,000	263,929
2008	2.300%	50,000	39,718	3.150%	350,000	65,976	585,000	244,461
2009	2.600%	55,000	38,568	3.150%	355,000	54,950	609,000	224,887
2010	2.950%	55,000	37,138	3.150%	355,000	43,768	612,000	204,187
2011	3.100%	60,000	35,515	3.150%	360,000	32,586	631,000	182,989
2012	3.200%	60,000	33,655	3.200%	370,000	21,246	650,000	160,923
2013	3.350%	65,000	31,735	3.300%	285,000	9,406	579,000	137,812
2014	3.500%	70,000	29,558	-	-	-	309,000	116,383
2015	3.650%	70,000	27,108	-	-	-	323,000	103,545
2016	3.750%	75,000	24,553	-	-	-	338,000	89,834
2017	3.850%	80,000	21,740	-	-	-	352,000	75,299
2018	4.000%	80,000	18,660	-	-	-	235,000	59,961
2019	4.100%	85,000	15,460	-	-	-	245,000	48,903
2020	4.150%	90,000	11,975	-	-	-	260,000	37,228
2021	4.200%	95,000	8,240	-	-	-	250,000	24,700
2022	4.250%	100,000	4,250	-	-	-	260,000	12,650
TOTAL		$ 1,235,000	$ 461,538		$ 2,745,000	$ 404,851	$ 7,404,000	$ 2,283,003

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2005

Year Ending June 30,	Revenue Bonds: Road Use Tax Revenue Issued June 1, 2000			Revenue Bonds: WWTP Sewer Revenue Issued April 3, 1997			Revenue Bonds: SRF Water Revenue Issued March 27, 2002			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2006	5.50%	$ 65,000	$ 84,216	3.92%	$ 70,000	$ 40,572	3.000%	$ 49,000	$ 31,950	$ 184,000	$ 156,738
2007	5.50%	70,000	80,640	3.92%	70,000	37,828	3.000%	50,000	30,480	190,000	148,948
2008	5.50%	75,000	76,790	3.92%	75,000	35,084	3.000%	52,000	28,980	202,000	140,854
2009	5.50%	80,000	72,666	3.92%	80,000	32,144	3.000%	53,000	27,420	213,000	132,230
2010	5.50%	85,000	68,266	3.92%	80,000	29,008	3.000%	55,000	25,830	220,000	123,104
2011	5.50%	90,000	63,590	3.92%	85,000	25,872	3.000%	57,000	24,180	232,000	113,642
2012	5.50%	90,000	58,640	3.92%	85,000	22,540	3.000%	58,000	22,470	233,000	103,650
2013	5.50%	100,000	53,690	3.92%	90,000	19,208	3.000%	60,000	20,730	250,000	93,628
2014	5.50%	105,000	48,190	3.92%	95,000	15,680	3.000%	62,000	18,930	262,000	82,800
2015	5.50%	110,000	42,416	3.92%	100,000	11,956	3.000%	64,000	17,070	274,000	71,442
2016	5.60%	115,000	36,310	3.92%	100,000	8,036	3.000%	66,000	15,150	281,000	59,496
2017	5.65%	120,000	29,870	3.92%	105,000	4,116	3.000%	68,000	13,170	293,000	47,156
2018	5.65%	130,000	23,090	-	-	-	3.000%	70,000	11,130	200,000	34,220
2019	5.70%	135,000	15,746	-	-	-	3.000%	72,000	9,030	207,000	24,776
2020	5.75%	140,000	8,050	-	-	-	3.000%	74,000	6,870	214,000	14,920
2021	-	-	-	-	-	-	3.000%	76,000	4,650	76,000	4,650
2022	-	-	-	-	-	-	3.000%	79,000	2,370	79,000	2,370
TOTAL		$ 1,510,000	$ 762,170		$ 1,035,000	$ 282,044		$ 1,065,000	$ 310,410	$ 3,610,000	$ 1,354,624

SCHEDULE 4
(CONTINUED)

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2005

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Bonds Series 2004 Issued June 24, 2004		
	Interest Rate	Principal	Interest
2006	2.750%	$ 365,000	$ 33,137
2007	3.000%	300,000	23,100
2008	3.400%	150,000	14,100
2009	3.600%	250,000	9,000
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
TOTAL		$ 1,065,000	$ 79,337

SCHEDULE 5

CITY OF DEWITT
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION - ALL GOVERNMENTAL FUNDS
For the Last Three Years

	2005	2004	2003
RECEIPTS			
Property taxes	$ 1,142,889	$ 1,139,494	$ 1,059,702
Tax increment financing collections	1,298,484	1,284,915	1,166,226
Other city taxes	501,753	512,877	522,472
Licenses and permits	79,090	95,035	73,976
Use of money and property	92,956	84,229	118,425
Intergovernmental	642,253	835,795	664,112
Charges for services	377,353	369,882	375,242
Miscellaneous	266,159	424,702	222,844
TOTAL RECEIPTS	$ 4,400,937	$ 4,746,929	$ 4,202,999
DISBURSEMENTS			
Public safety	$ 958,730	$ 1,108,695	$ 670,001
Public works	648,813	495,211	521,324
Health and social services	8,569	9,164	9,664
Culture and recreation	755,013	1,001,691	768,214
Community and economic development	60,113	57,533	196,015
General government	277,962	278,295	289,838
Debt service	2,248,872	1,366,230	1,422,744
Capital projects	1,185,102	2,202,277	1,315,919
TOTAL DISBURSEMENTS	$ 6,143,174	$ 6,519,096	$ 5,193,719

Clifton
Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on 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 financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeWitt, Iowa as of and for the year ended June 30, 2005, which collectively comprise the City of DeWitt's basic financial statements listed in the table of contents and have issued our report thereon dated July 28, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of DeWitt's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeWitt's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 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.

Offices in 14 states and Washington, DC

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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 DeWitt and other parties to whom the City of DeWitt may report including federal awarding agencies and pass-through entities. 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 DeWitt 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.

Clifton Gunderson LLP

DeWitt, Iowa
July 28, 2005

CITY OF DEWITT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

Part I: Other Findings Related to Required Statutory Reporting:

05-I-A Official depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were exceeded during the year ended June 30, 2005.

Recommendation - The resolution naming official depositories should be reviewed and adjusted to cover anticipated balances at all approved depositories.

Response - The resolution naming official depositories will be reviewed.

Conclusion - Response accepted.

05-I-B Certified budget - Disbursements during the year ended June 30, 2005 did not exceed amounts budgeted.

05-I-C Questionable disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

05-I-D Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

05-I-E Business transactions - No business transactions between the City and City officials or employees were noted.

05-I-F Bond coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions.

05-I-G Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

05-I-H Revenue bonds - The City has complied with the provisions of the revenue bond indebtedness.

05-I-I Deposits and investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

05-I-J Financial condition - The City had deficit balances in the Capital Projects - 2004 Housing, Capital Projects - 2005 Housing, Capital Projects - Custom Pak, Enterprise Fund - Sewer Plant Expansion/Sludge Solution, and Internal Service Fund - Payroll Clearing.

Recommendation - The City should continue to monitor these accounts and investigate alternatives to eliminate these deficits and return them to a sound financial condition.

Response - The Capital Projects deficits will be eliminated with grant proceeds. The Enterprise Fund will be balanced when SRF draw downs are received. The Internal Service Fund will be positive when deductions are made from employee paychecks.

Conclusion - Response accepted.

CITY OF DEWITT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.