



**CITY OF DEWITT, IOWA**  
**FINANCIAL STATEMENTS**  
June 30, 2006



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## CITY OF DEWITT

### OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Donald J. Thiltgen	Mayor	January 1, 2008
Verlyn Scheckel	Mayor Pro Tem	January 1, 2008
Carole Dunkin	Council Member	January 1, 2008
Kurt Ketelsen	Council Member	January 1, 2008
Verlyn Scheckel	Council Member	January 1, 2008
Steven Hasenmiller	Council Member	<b>January 1, 2010</b>
Peggy McAvan	Council Member	January 1, 2010
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

## 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, 2006, 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, 2006, 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, 2006 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.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 36 through 38 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, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplemental information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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*

Clinton, Iowa  
July 28, 2006

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

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, 2006 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.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

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, the DeWitt Economic Development TIF Debt Service Fund, the Road Use Debt Service Fund, and the 6<sup>th</sup> Avenue 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.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**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, Silver Creek Trail project, Robinson Industries/Hawkeye Iron project, Custom-Pak project, 2004 housing grant, 2005 housing grant, 2006 housing grant, and skate park 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.

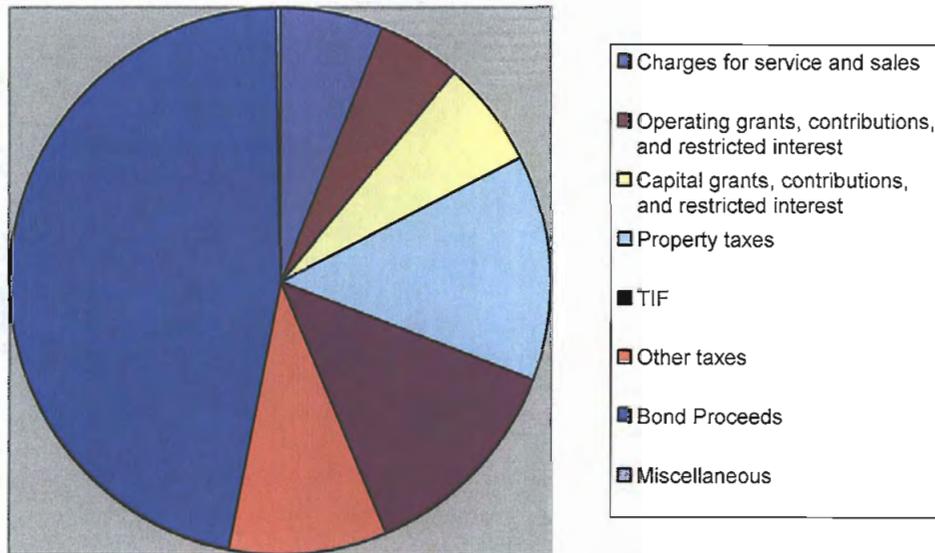
Second, of particular interest is the format that is significantly different than a typical Statement of Receipts, Disbursements, and Changes in Cash Balance. You will notice that disbursements are listed in the first column with receipts from that particular program reported to the right. The result is a Net (Disbursement)/Receipt. 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 receipts or if it is self-financing through fees and grants or contributions. All other governmental receipts are reported as general. It is important to note that all taxes and bond proceeds are classified as general receipts even if restricted for a specific purpose.

**Governmental Activities**

For the year ended June 30, 2006, the City's governmental activities were funded as follows:

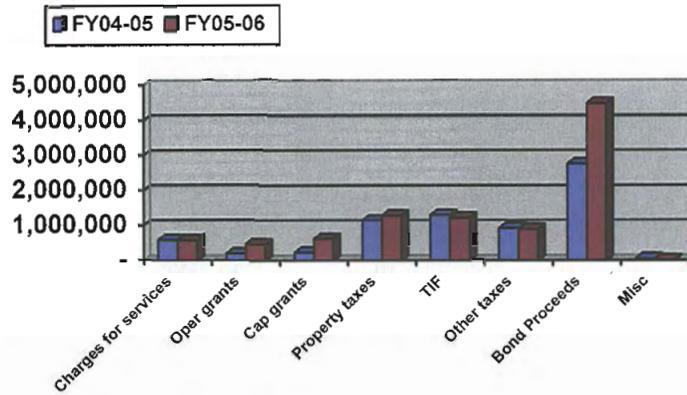
**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**Sources of Funds for Governmental Activities**

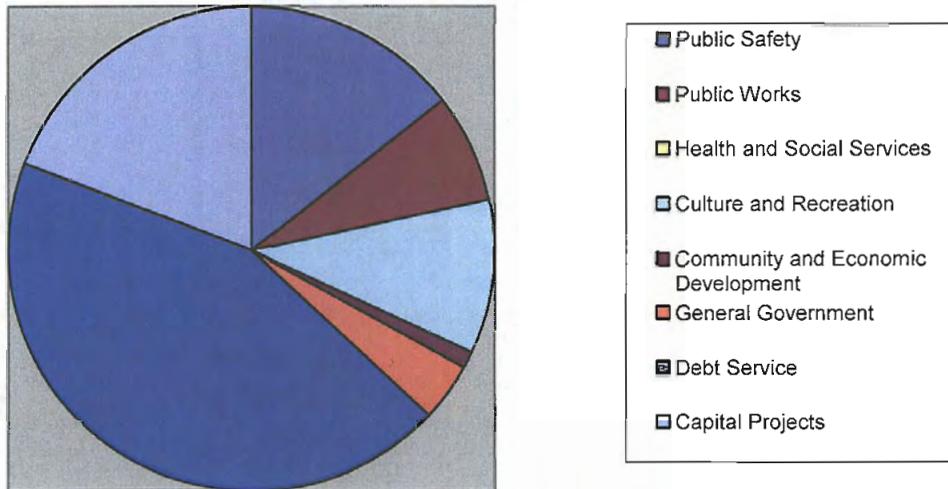


With a few exceptions, governmental program receipts remain similar to the prior year. Receipts overall increased. Major differences by receipt source are outlined below. Charges for services decreased slightly in total. The largest increases were in culture and recreation which increased partially due to fee increases and community and economic development due to increased engineering fees for developers. Operating grants, contributions, and restricted interest receipts were more than twice last year's figure. This is due in part to increases in interest rates. However other items were also factors. For example STEP grant receipts increased and a library county assistance increased significantly due to a change in processing. Capital grants, contributions, and restricted interest were over 2 ½ times last year's amount. This is mostly attributable to the 6<sup>th</sup> Avenue funding from CAT, gaming, and STP funds. The 2004 and 2005 housing grants were also a factor. The 2004 housing is now complete and the 2006 housing has begun. Property tax receipts were up slightly while TIF receipts decreased slightly. Other tax receipts decreased due to the elimination of the bank franchise tax, reduction of utility tax replacement receipts, as well as, decrease in local option sales tax receipts. Bond proceeds were up significantly from last year due to the projects scheduled for the upcoming year and the refunding of road use revenue bonds to take advantage of better interest rates. Miscellaneous receipts decreased significantly mostly due to the sale of several pieces of miscellaneous equipment last fiscal year. Total governmental receipts this year as compared to last fiscal year are shown in the following graph.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**



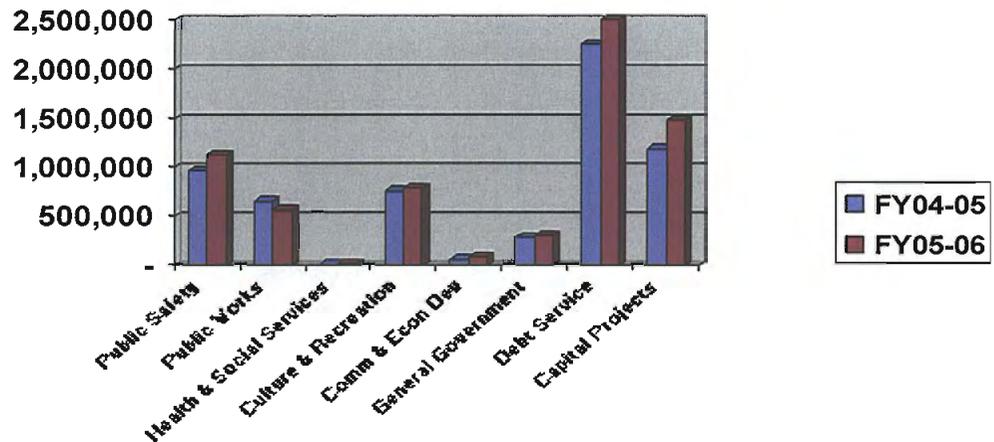
**Uses of Funds in Governmental Activities**



With one major exception, governmental program disbursements also remain similar to the prior year. Public safety disbursements increased overall. The major change is the increase in municipal fire and police retirement city contribution rate. Public works decreased by just under \$100,000. This is due to additional capital equipment disbursements and additional street maintenance costs the previous year. Disbursements for health and social services increased very slightly. Culture and recreation disbursements increased by about \$33,000. This is attributable to cost increases in each department and the continuation of development of Little Trees Park. Community and economic development disbursements increased mostly due to the increase of engineering fees for subdivision reviews. The general government disbursements increased slightly overall. Debt service disbursements are the major exception. The debt service disbursements increased by over \$1 million due to the refunding bond issues. Capital project disbursements increased in total by about \$300,000 as the 6<sup>th</sup> Avenue Reconstruction project began.

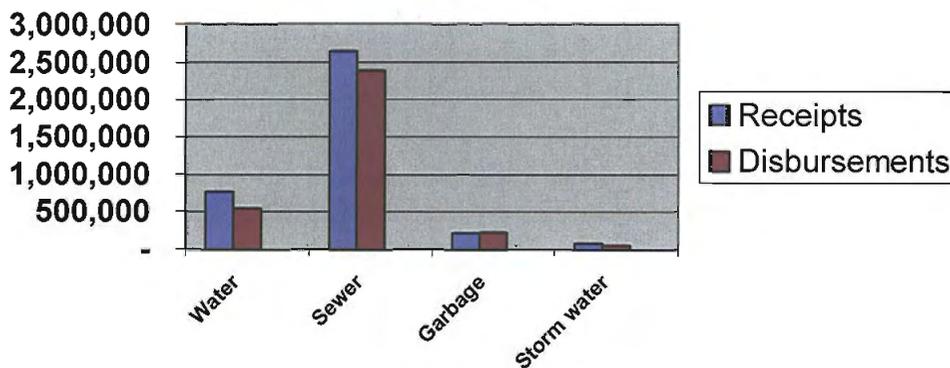
**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

This year's capital projects included: 1) 2004 Housing Grant which was completed, 2) 2005 Housing Grant which was continued with completion expected in the fall, 3) 8th Ave./14th St. Intersection was completed, 4) Silver Creek Trail was nearly complete, 5) 6th Ave. Reconstruction Project was started into the construction phase, 6) 2006 Housing Grant was just starting, as well as other capital projects in the planning stages. Total governmental disbursements this year as compared to last fiscal year are shown in the graph below.



**Business-type Activities**

For the year ended June 30, 2006, the City's business-type activities, revenues, and disbursements were as follows:



**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

The water receipts and disbursements are normal with a couple of exceptions. The City received a loan repayment from EIG which inflated the water receipts by over \$132,000. The water utility disbursement also include \$36,000 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 third year of this project. The sewer fund had some changes from the prior year including significantly higher utility costs due to the increase in natural gas prices and some unexpected equipment repairs. Sewer rates were raised to help offset these higher costs and keep up with debt payments. The sewer plant expansion/sludge solution project is progressing quickly and expected to be complete this winter. This was the fourth full year that the storm water utility was in existence. The only significant changes were nearly \$30,000 in storm sewer capital costs. This utility is now able to fund some small storm drainage projects and equipment. 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 receipts and disbursements for capital projects and grants that carried over into fiscal 2005-2006, to add capital projects and grants that were not known of at the time the original budget was adopted, and to adjust bond payment schedules for refinancing. The second budget amendment also included adjustments for capital projects and grants that were not known about previously or for which the timetable needed adjustment. It also increased various receipts such as engineering fee receipts and interest. SRF bond proceeds were also adjusted. Disbursements were adjusted to include skid loader purchase, street and alley projects, fitness and aquatic disbursements, among others. Debt service disbursements were increased to reflect the payoff of 2000 road use revenue bonds.

For the year ended June 30, 2006, total actual receipts including other financing sources were \$2,128,270 under the final budget while total actual disbursements were \$1,873,467 under the final budget. The large difference between budgeted and actual receipts and disbursements is mostly due to the fact that large capital projects schedules needed adjusting so will carryover into the new fiscal year and timing of grant reimbursements/SRF drawdowns.

**Capital Assets and Debt Administration**

As of June 30, 2006, the City had cash balances on hand of \$5,173,263 in governmental fund types and \$2,154,447 in business-type funds. These increased by \$1,834,887 and \$496,496 respectively during fiscal year 2005-2006. The main reason for the increase of funds on hand in the governmental funds is the receipt of 2006 GO bond proceeds to be used for the 6<sup>th</sup> Avenue Reconstruction project which is not yet complete. In business-type funds, rate increases were approved due to projected rising costs and debt service issues. Also SRF and EDA grant proceeds have been received to decrease the negative fund balance in the Sewer Plant Expansion project fund.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**Debt Outstanding**

As of year-end, the City had \$15,825,000 in debt outstanding compared to \$12,079,000 in 2005.

**Outstanding Debt at Year End**

	<b>Totals</b>	
	<u>2006</u>	<u>2005</u>
Governmental		
General obligation	\$ 9,680,000	\$ 7,404,000
Tax increment	1,000,000	1,065,000
Road use refunding	1,565,000	-
Road use revenue	-	1,510,000
Subtotal	<u>12,245,000</u>	<u>9,979,000</u>
Business-type		
Water revenue	1,016,000	1,065,000
Sewer revenue	<u>2,564,000</u>	<u>1,035,000</u>
Subtotal	<u>3,580,000</u>	<u>2,100,000</u>
<b>Total</b>	<u>\$ 15,825,000</u>	<u>\$ 12,079,000</u>

There were four new bonds issued during the year. One was a refunding issue for the 2000 road use revenue bonds to reduce the interest rate on these bonds. Both an anticipation note and new sewer SRF bonds were sold for the sewer plant expansion/sludge solution projects. The state revolving loan is drawn as the City incurs expenses. 2006 GO bonds were issued for the 6<sup>th</sup> Avenue reconstruction project. The City is at 77.3% of its bonding capacity up slightly from 73.7% at June 30, 2005. For more detailed information on the City's debt and amortization terms refer to Schedules 3 and 4 (p. 46-51) and Note 2 (p 26-32).

**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 2005-2006 were as follows:

	<u>Rebate Scheduled</u>	<u>Actual Rebate</u>
Car Freshner #2	\$ 77,556	\$ 77,556
Plasti Paint	25,852	25,852
Brazeway	30,054	17,546
GI Plastek	<u>38,778</u>	<u>-</u>
<b>Total</b>	<u>\$ 172,240</u>	<u>\$ 120,954</u>

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**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 slightly higher than expected in spite of partial state reimbursement on property tax credits. TIF receipts comprised just over 16% of receipts. The largest resource, at just over 29%, 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 2005-2006 the City increased sewer utility fees, garbage fees, storm drainage fees, cemetery grave opening fees and several other miscellaneous fees and charges. Interest receipts have started to come back up but have not reached previous levels. Utility and gasoline drastic rate increases have adversely affected the City's operating disbursements. 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, 2007, the general fund has been budgeted fairly consistently with this year. However, the budget does include an additional full-time police officer, increase in hours for the administrative assistant at the police department, and the change of the fitness center manager from part-time to full-time. The City is also expecting to add a new savings bond benefit for volunteer firefighters and purchase a new jaws of life, tractor, and new loader. The City approved an increase in the ambulance contract, \$5,000 for improvements to Lincoln Park restrooms, pool vacuum, to reroof the community center and upgrade software systems at city hall. \$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 not being utilized. 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, 2005 housing grant completion, and Custom-Pak grant 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. Bank franchise fee revenue has been eliminated completely. Utility tax replacement revenue has been negatively impacted by a state settlement with Alliant Energy which reduced revenue. Consolidation and service sharing issues continue to be discussed at the state level with some proposals giving incentives and others giving sanctions to those cities that cannot meet participation levels.

The business-type activities include a sewer plant expansion/sludge solution project for the wastewater treatment plant that has been started but not completed. This is being funded by SRF sewer revenue bonds, EDA grant, and small TIF anticipatory note. Sewer rates were already increased by about 13% to cover the debt for the sewer plant expansion/sludge project and higher operation costs. Sewer rates had not been increased since 1997 until fiscal year 2004-2005. The budget also calls for both a rate increase for garbage and storm drainage. These rate increases have already been approved.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2006**

**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, 2006**

FUNCTIONS/PROGRAMS	Disbursements	Program Receipts		
		Charges for Service and Sales	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Governmental activities:				
Public safety	\$ 1,125,517	\$ 108,158	\$ 187,643	\$ -
Public works	558,115	2,355	30,380	-
Health and social services	9,472	2,200	448	-
Culture and recreation	788,461	403,265	158,747	-
Community and economic development	81,793	32,113	9,700	144
General government	298,448	36,520	8,653	-
Debt service	3,426,315	-	20,203	-
Capital projects	1,481,876	-	56,628	624,606
Total governmental activities	<u>7,769,997</u>	<u>584,611</u>	<u>472,402</u>	<u>624,750</u>
Business-type activities:				
Water	544,811	609,885	156,089	-
Sewer	2,382,848	683,990	604,569	-
Garbage and recycling collection	229,731	221,157	406	-
Storm water utility	60,852	83,690	3,186	-
Total business-type activities	<u>3,218,242</u>	<u>1,598,722</u>	<u>764,250</u>	<u>-</u>
Total	<u>\$ 10,988,239</u>	<u>\$ 2,183,333</u>	<u>\$ 1,236,652</u>	<u>\$ 624,750</u>

General receipts:  
Property tax levied for:  
    General purposes  
    Tax increment financing  
Utility excise tax  
Hotel/motel tax  
Local option sales tax  
Road use tax  
Unrestricted investment earnings  
Bond proceeds  
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
\$ (829,716)	\$ -	\$ (829,716)
(525,380)	-	(525,380)
(6,824)	-	(6,824)
(226,449)	-	(226,449)
(39,836)	-	(39,836)
(253,275)	-	(253,275)
(3,406,112)	-	(3,406,112)
(800,642)	-	(800,642)
<u>(6,088,234)</u>	<u>-</u>	<u>(6,088,234)</u>
-	221,163	221,163
-	(1,094,289)	(1,094,289)
-	(8,168)	(8,168)
-	26,024	26,024
<u>-</u>	<u>(855,270)</u>	<u>(855,270)</u>
<u>(6,088,234)</u>	<u>(855,270)</u>	<u>(6,943,504)</u>
1,285,974	-	1,285,974
1,224,276	-	1,224,276
65,654	-	65,654
22,920	-	22,920
390,912	-	390,912
422,730	-	422,730
15,980	-	15,980
4,488,844	1,351,766	5,840,610
5,563	-	5,563
268	-	268
<u>7,923,121</u>	<u>1,351,766</u>	<u>9,274,887</u>
1,834,887	496,496	2,331,383
<u>3,338,376</u>	<u>1,657,951</u>	<u>4,996,327</u>
<u>\$ 5,173,263</u>	<u>\$ 2,154,447</u>	<u>\$ 7,327,710</u>
\$ 371,242	\$ -	\$ 371,242
144,000	-	144,000
285,999	139,652	425,651
912,474	466,591	1,379,065
<u>3,459,548</u>	<u>1,548,204</u>	<u>5,007,752</u>
<u>\$ 5,173,263</u>	<u>\$ 2,154,447</u>	<u>\$ 7,327,710</u>

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, 2006

	<u>General</u>	<u>Special Revenue DeWitt Economic Development TIF</u>	<u>Debt Service DeWitt Economic Development TIF</u>
<b>RECEIPTS</b>			
Property taxes	\$ 898,241	\$ -	\$ -
Tax increment financing collections	-	1,224,276	-
Other city taxes	68,710	-	-
Licenses and permits	73,561	-	-
Use of money and property	53,692	3,371	10,418
Intergovernmental	123,498	-	-
Charges for services	402,057	-	-
Miscellaneous	272,328	-	-
Total receipts	<u>1,892,087</u>	<u>1,227,647</u>	<u>10,418</u>
<b>DISBURSEMENTS</b>			
Governmental activities:			
Public safety	1,006,318	-	-
Public works	55,858	-	-
Health and social services	9,472	-	-
Culture and recreation	774,037	-	-
Community and economic development	81,814	-	-
General government	298,622	-	-
Debt service	-	355,954	992,285
Capital projects	-	-	-
Total disbursements	<u>2,226,121</u>	<u>355,954</u>	<u>992,285</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>(334,034)</u>	<u>871,693</u>	<u>(981,867)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of bonds	136,625	-	-
Sale of capital assets	268	-	-
Operating transfers in	405,995	-	1,035,937
Operating transfers out	(2,512)	(960,655)	-
Total other financing sources (uses)	<u>540,376</u>	<u>(960,655)</u>	<u>1,035,937</u>
<b>NET CHANGE IN CASH BALANCES</b>	206,342	(88,962)	54,070
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>976,433</u>	<u>89,317</u>	<u>131,495</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 1,182,775</u>	<u>\$ 355</u>	<u>\$ 185,565</u>
<b>CASH BASIS FUND BALANCES</b>			
Reserved:			
Debt service	\$ -	\$ -	\$ 185,565
Other purposes	386,363	-	-
Unreserved:			
General fund	796,412	-	-
Special revenue funds	-	355	-
Capital projects funds	-	-	-
Permanent fund	-	-	-
Total cash basis fund balances	<u>\$ 1,182,775</u>	<u>\$ 355</u>	<u>\$ 185,565</u>

EXHIBIT B

Debt Service		Capital Projects		Nonmajor Governmental Funds		Total	
Road Use		6th Avenue					
\$	-	\$	-	\$	387,734	\$	1,285,975
	-		-		-		1,224,276
	-		-		410,777		479,487
	-		-		3,023		76,584
	5,605		11,779		41,699		126,564
	-		295,231		633,683		1,052,412
	-		-		562		402,619
	-		5,000		173,891		451,219
	<u>5,605</u>		<u>312,010</u>		<u>1,651,369</u>		<u>5,099,136</u>
	-		-		120,039		1,126,357
	-		-		502,472		558,330
	-		-		-		9,472
	-		-		15,041		789,078
	-		-		-		81,814
	-		-		-		298,622
	1,798,391		-		279,685		3,426,315
	-		969,884		511,992		1,481,876
	<u>1,798,391</u>		<u>969,884</u>		<u>1,429,229</u>		<u>7,771,864</u>
	<u>(1,792,786)</u>		<u>(657,874)</u>		<u>222,140</u>		<u>(2,672,728)</u>
	1,643,844		2,708,375		-		4,488,844
	-		-		16,636		16,904
	165,083		60,000		58,784		1,725,799
	-		-		(762,632)		(1,725,799)
	<u>1,808,927</u>		<u>2,768,375</u>		<u>(687,212)</u>		<u>4,505,748</u>
	16,141		2,110,501		(465,072)		1,833,020
	28,531		74,364		2,039,557		3,339,697
\$	<u>44,672</u>	\$	<u>2,184,865</u>	\$	<u>1,574,485</u>	\$	<u>5,172,717</u>
\$	44,672	\$	-	\$	55,762	\$	285,999
	-		-		-		386,363
	-		-		-		796,412
	-		-		1,259,529		1,259,884
	-		2,184,865		91,362		2,276,227
	-		-		167,832		167,832
\$	<u>44,672</u>	\$	<u>2,184,865</u>	\$	<u>1,574,485</u>	\$	<u>5,172,717</u>

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, 2006**

<b>Total governmental fund cash balances (page 18)</b>	<b>\$ 5,172,717</b>
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*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.

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<b>Cash basis net assets of governmental activities (page 16)</b>	<b>\$ 5,173,263</b>
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<b>Net change in cash balances (page 18)</b>	<b>\$ 1,833,020</b>
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*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 in net assets of the Internal Service Fund is reported with governmental activities.

1,867

<b>Change in cash balance of governmental activities (page 16)</b>	<b>\$ 1,834,887</b>
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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, 2006**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Sewer Plant Expansion/ Sludge Solution</u>
<b>RECEIPTS</b>			
Use of money and property	\$ 17,442	\$ 17,398	\$ 247
Intergovernmental	-	-	566,921
Charges for services	585,864	683,990	-
Miscellaneous	147,401	8,886	4,250
Total receipts	<u>750,707</u>	<u>710,274</u>	<u>571,418</u>
<b>DISBURSEMENTS</b>			
Business-type activities:			
Operations	428,110	468,177	144,704
Capital outlay	5,126	5,035	1,604,364
Debt service	-	-	-
Total business-type activities	<u>433,236</u>	<u>473,212</u>	<u>1,749,068</u>
Governmental activities:			
Nonprogram	-	-	-
Total disbursements	<u>433,236</u>	<u>473,212</u>	<u>1,749,068</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>317,471</u>	<u>237,062</u>	<u>(1,177,650)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	-	-	1,349,766
Operating transfers in	2,000	28,307	5,392
Operating transfers out	(90,950)	(221,321)	(44,403)
Total other financing sources (uses)	<u>(88,950)</u>	<u>(193,014)</u>	<u>1,310,755</u>
<b>NET CHANGE IN CASH BALANCES</b>	228,521	44,048	133,105
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>293,496</u>	<u>740,395</u>	<u>(199,046)</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 522,017</u>	<u>\$ 784,443</u>	<u>\$ (65,941)</u>
<b>CASH BASIS FUND BALANCES</b>			
Reserved:			
Debt service	\$ -	\$ -	\$ -
Other purposes	-	-	-
Unreserved	<u>522,017</u>	<u>784,443</u>	<u>(65,941)</u>
Total cash basis fund balances	<u>\$ 522,017</u>	<u>\$ 784,443</u>	<u>\$ (65,941)</u>

EXHIBIT D

Nonmajor Proprietary Funds	Total	Internal Service Fund Payroll Clearing
\$ 12,307	\$ 47,394	\$ -
-	566,921	-
304,572	1,574,426	-
13,694	174,231	369,979
<u>330,573</u>	<u>2,362,972</u>	<u>369,979</u>
318,389	1,359,380	-
47,491	1,662,016	-
197,348	197,348	-
<u>563,228</u>	<u>3,218,744</u>	<u>-</u>
-	-	367,610
<u>563,228</u>	<u>3,218,744</u>	<u>367,610</u>
<u>(232,655)</u>	<u>(855,772)</u>	<u>2,369</u>
2,000	1,351,766	-
351,282	386,981	-
(30,307)	(386,981)	-
<u>322,975</u>	<u>1,351,766</u>	<u>-</u>
90,320	495,994	2,369
<u>823,445</u>	<u>1,658,290</u>	<u>(1,660)</u>
<u>\$ 913,765</u>	<u>\$ 2,154,284</u>	<u>\$ 709</u>
\$ 139,652	\$ 139,652	\$ -
466,591	466,591	-
307,522	1,548,041	709
<u>\$ 913,765</u>	<u>\$ 2,154,284</u>	<u>\$ 709</u>

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, 2006

<b>Total enterprise funds cash balances (page 21)</b>	\$ 2,154,284
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*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.

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<b>Cash basis net assets of business-type activities (page 16)</b>	<u><u>\$ 2,154,447</u></u>
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<b>Net change in cash balances (page 21)</b>	\$ 495,994
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*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 in net assets of the Internal Service Fund is reported with business-type activities.

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<b>Change in cash balance of business-type activities (page 16)</b>	<u><u>\$ 496,496</u></u>
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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, 2006**

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.

**CITY OF DEWITT**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

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.

The Road Use Fund is used to account for the payment of interest and principal of Road Use debt.

Capital Projects:

The 6<sup>th</sup> Avenue Project is used to account for the reconstruction of 6<sup>th</sup> Avenue.

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 Sewer Plant Expansion/Sludge Solution Fund is used to account for the sewer plant expansion/sludge solution project.

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

**CITY OF DEWITT**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006**

**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.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 1 - DEPOSITS AND INVESTMENTS**

The City's deposits at June 30, 2006 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:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 637,000	\$ 381,424	\$ 270,000	\$ 174,018
2008	655,000	360,456	278,000	165,049
2009	679,000	338,257	291,000	155,569
2010	687,000	314,932	300,000	145,628
2011	711,000	290,922	314,000	135,392
2012 - 2016	2,639,000	1,100,984	1,711,000	510,475
2017 - 2021	1,882,000	642,171	1,410,000	214,201
2022 - 2026	<u>1,790,000</u>	<u>232,880</u>	<u>571,000</u>	<u>47,460</u>
<b>Total</b>	<b><u>\$9,680,000</u></b>	<b><u>\$3,662,026</u></b>	<b><u>\$5,145,000</u></b>	<b><u>\$1,547,792</u></b>

<u>Year Ending June 30,</u>	<u>Urban Renewal Tax Increment Financing (TIF) Revenue Bonds/Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 600,000	\$ 32,850	\$ 1,507,000	\$ 588,292
2008	150,000	14,100	1,083,000	539,605
2009	250,000	9,000	1,220,000	502,826
2010	-	-	987,000	460,560
2011	-	-	1,025,000	426,314
2012 - 2016	-	-	4,350,000	1,611,459
2017 - 2021	-	-	3,292,000	856,372
2022 - 2026	<u>-</u>	<u>-</u>	<u>2,361,000</u>	<u>280,340</u>
<b>Total</b>	<b><u>\$1,000,000</u></b>	<b><u>\$ 55,950</u></b>	<b><u>\$15,825,000</u></b>	<b><u>\$5,265,768</u></b>

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**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.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)**

**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 1/6<sup>th</sup> 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 1/12<sup>th</sup> 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.

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.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)**

**2005 SRF Sewer Revenue Bonds**

The provisions in and by the Outstanding Bond Resolution, whereby there has been created and is to be maintained a Sewer Revenue Bond Sinking Fund (herein referred to as the "Sinking Fund"), and for the payment into said fund from the Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of the Outstanding Bonds, are all hereby ratified and confirmed, and all such provisions shall inure and constitute the security for the payment of the interest on and principal of the Bonds hereby authorized as may be outstanding from time to time; provided, however that on the first day of each month of each year, the minimum amount to be set aside and paid into the Sinking Fund shall be not less than as follows:

An amount equal to 1/6<sup>th</sup> of the installment of interest coming due on the next interest payment date on the then outstanding Bonds, the Outstanding Bonds and any Parity Obligations, plus an amount equal to 1/12<sup>th</sup> of the installment of principal coming due on such Bonds, the Outstanding 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.

Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds, the Outstanding 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, the Outstanding 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, the Outstanding Bonds and any Parity Obligations.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)**

As long as the Sinking Fund has the full amounts required to be deposited therein by the Outstanding Bond Resolution and this resolution, any balance in the Surplus Fund may be made expended by the City in such manner 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.

All money held in any fund or account created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds. All interest received by the City as a result of investments under this section shall be considered to constitute Gross Revenues of the Utility and shall be deposited in or transferred to the Sewer Revenue Fund and used solely and only for the purposes specified herein for such funds.

**2005 Road Use Tax Fund Refunding Bonds**

On October 1, 2005, the City issued \$1,640,000 of Road Use Tax Refunding Bonds, with interest rates ranging from 3.25% to 4.05%. The City issued the bonds to advance refund \$1,510,000 of the outstanding Series 2000 Road Use Revenue Bonds with interest rates ranging from 5.50% to 5.75%. The City used the net proceeds along with other resources to purchase U.S. Treasury Securities. These securities were deposited in an escrow account to provide for all future debt service on the refunded Series 2000 Road Use Revenue Bonds. As a result, the Series 2000 Road Use Revenue Bonds are considered defeased. The outstanding principal of the defeased bonds is \$1,445,000 at June 30, 2006.

The advance refunding reduced total debt service payments over the next 15 years by \$119,706. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$99,449.

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

The refunding bonds are not general obligations of the City, but are payable solely and only from annual road use tax funds received by the City from the State of Iowa (the "Road Use Tax Revenues"), a sufficient portion of which has been ordered set aside and pledged for that purpose. This Bond is not payable in any manner by general taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the said Road Use Tax Revenues to be sufficient for the payment of this Bond and interest hereon.

From and after the issuance of the Refunding Bonds, the Road Use Tax Revenues received by the City shall continue to be set aside into the City's Road Use Tax Revenue Fund. The Road Use Tax Revenue Fund shall first be used to pay the principal of the interest on the Refunding Bonds, and to create and maintain the several separate funds hereinafter established, and next shall be used to pay for road related improvements and services.

There shall be set aside and deposited into the City's Road Use Tax Revenue Sinking Fund (the "Sinking Fund") which shall be held by the Trustee a sufficient portion of the Road Use Tax Revenues on deposit in the Road Use Tax Revenue Fund as will be sufficient to pay the interest on and principal of the Refunding 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:

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)**

commencing on or before November 1, 2005, to and including April 1, 2006, a sum equal to 1/6<sup>th</sup> of the principal of all of the Refunding Bonds maturing on May 1, 2006; and commencing May 1, 2006, and continuing thereafter, a sum equal to 1/12<sup>th</sup> of the principal of all of the Refunding Bonds maturing on the May 1 next succeeding; and commencing on or before November 1, 2005, and continuing thereafter, a sum equal to 1/6<sup>th</sup> of the interest becoming due on the next succeeding interest payment date on all of the Refunding Bonds;

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 Refunding Bonds then outstanding which are payable from the Sinking funds 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 the principal of the Refunding Bonds. Within the Sinking Fund, there is hereby established an Interest Account and a Principal Account, and money deposited into 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.

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.

There is hereby created a special fund to be known and designated as the Principal and Interest Reserve Fund for the Refunding Bonds (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 Refunding Bonds an amount equal to the lesser of: (i) the maximum amount of principal and interest becoming due on the Refunding Bonds in any succeeding fiscal year, (ii) 125% of the average amount of principal and interest becoming due on the Refunding Bonds in any succeeding fiscal year; or (iii) 10% of the principal amount of the Refunding Bonds (the "Required Reserve Fund Balance"), which amount has been determined to be \$149,840. 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 Refunding Bonds whenever for any reason the funds on deposit in the Sinking Fund are insufficient to pay such principal and interest when due.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2 - BONDS AND NOTES PAYABLE (CONTINUED)**

There shall be set apart and paid into the City's Surplus Revenue Fund all of the Road Use 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 Refunding Bonds 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 Refunding Bonds.

All money held in any fund created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds. All interest received by the City as a result of investments under this section shall be deposited in or transferred to the Sinking Fund and used solely and only for the purposes specified herein for such fund.

**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.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$47,957, \$44,537, and \$41,587, 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.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 3 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, can 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, 2006, 2005, and 2004, were \$119,637, \$98,592, and \$73,606, 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, 2006 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 405,995	\$ 2,512
Special Revenue:		
DeWitt Economic Development TIF	-	960,655
Debt Service:		
DeWitt Economic Development TIF	1,035,937	-
Road Use	165,083	-
Capital Projects	60,000	-
Other Nonmajor Governmental Funds	58,784	762,632
Water Utility	2,000	90,950
Sewer Utility	28,307	221,321
Sewer Plant Expansion/Sludge Solution	5,392	44,403
Other Nonmajor Proprietary Funds	351,282	30,307
	<u>\$ 2,112,780</u>	<u>\$ 2,112,780</u>

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

**NOTE 5 - COMMITTED CONSTRUCTION**

As of June 30, 2006, the City had the following committed construction:

<u>Project</u>	<u>Total Contract</u>	<u>Portion at June 30, 2006</u>	
	<u>Amount</u>	<u>Completed</u>	<u>Committed</u>
Wastewater Treatment Facility A	\$1,148,634	\$ 936,903	\$ 211,731
Wastewater Treatment Facility B	723,642	474,564	249,078
Skeffington Memorial	198,657	188,724	9,933
King House	27,060	-	27,060
Howell House	23,170	-	23,170
6 <sup>th</sup> Avenue-Downtown Streetscape	2,633,205	289,271	2,343,934
6 <sup>th</sup> Avenue-IDOT Project	585,072	314,376	270,696
6 <sup>th</sup> Avenue-Reconstruction	138,236	62,003	76,233
Crack Filling	8,405	-	8,405
<b>Total</b>	<u><b>\$5,486,081</b></u>	<u><b>\$2,265,841</b></u>	<u><b>\$ 3,220,240</b></u>

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 6 - 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, 2006, primarily relating to the General Fund, was \$41,846. This liability has been computed based on rates of pay as of June 30, 2006.

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 7 - 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 8 - DEFICIT FUND BALANCES**

The following funds had deficit balances at June 30, 2006:

Capital Projects	
2005 Housing	\$ 51,214
2006 Housing	4,421
Enterprise Fund	
Sewer Plant Expansion/Sludge Solution	65,941

These deficits will be eliminated by grant proceeds and SRF draw downs.

**NOTE 9 - 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, 2006, the City rebated \$120,954 of incremental taxes to the industries.

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

**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, 2006**

	<b>Governmental Fund Types Actual</b>	<b>Proprietary Fund Type Actual</b>	<b>Less Funds Not Required to be Budgeted</b>
<b>RECEIPTS</b>			
Property taxes	\$ 1,285,975	\$ -	\$ -
Tax increment financing collections	1,224,276	-	-
Other city taxes	479,487	-	-
Licenses and permits	76,584	-	-
Use of money and property	126,564	47,394	-
Intergovernmental	1,052,412	566,921	-
Charges for services	402,619	1,574,426	-
Miscellaneous	451,219	544,210	369,979
Total receipts	<u>5,099,136</u>	<u>2,732,951</u>	<u>369,979</u>
<b>DISBURSEMENTS</b>			
Public safety	1,126,357	-	-
Public works	558,330	-	-
Health and social services	9,472	-	-
Culture and recreation	789,078	-	-
Community and economic development	81,814	-	-
General government	298,622	-	-
Debt service	3,426,315	-	-
Capital projects	1,481,876	-	-
Business-type activities	-	3,218,744	-
Nonprogram	-	367,610	367,610
Total disbursements	<u>7,771,864</u>	<u>3,586,354</u>	<u>367,610</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(2,672,728)</b>	<b>(853,403)</b>	<b>2,369</b>
<b>OTHER FINANCING SOURCES (USES), NET</b>	<u>4,505,748</u>	<u>1,351,766</u>	<u>-</u>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES</b>	<b>1,833,020</b>	<b>498,363</b>	<b>2,369</b>
<b>BALANCES BEGINNING OF YEAR</b>	<u>3,339,697</u>	<u>1,656,630</u>	<u>(1,660)</u>
<b>BALANCES END OF YEAR</b>	<u>\$ 5,172,717</u>	<u>\$ 2,154,993</u>	<u>\$ 709</u>

Net	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	Original	Final	
\$ 1,285,975	\$ 1,259,630	\$ 1,259,630	\$ 26,345
1,224,276	1,200,545	1,200,545	23,731
479,487	495,764	495,764	(16,277)
76,584	80,455	80,480	(3,896)
173,958	107,841	152,468	21,490
1,619,333	1,561,948	3,101,134	(1,481,801)
1,977,045	1,986,636	2,009,812	(32,767)
625,450	216,240	602,337	23,113
<u>7,462,108</u>	<u>6,909,059</u>	<u>8,902,170</u>	<u>(1,440,062)</u>
1,126,357	993,740	1,178,039	51,682
558,330	657,898	684,419	126,089
9,472	8,670	9,500	28
789,078	743,683	850,958	61,880
81,814	69,378	92,327	10,513
298,622	296,092	303,890	5,268
3,426,315	1,580,437	3,478,723	52,408
1,481,876	1,549,762	2,336,322	854,446
3,218,744	3,780,762	3,929,897	711,153
-	-	-	-
<u>10,990,608</u>	<u>9,680,422</u>	<u>12,864,075</u>	<u>1,873,467</u>
(3,528,500)	(2,771,363)	(3,961,905)	433,405
<u>5,857,514</u>	<u>3,819,000</u>	<u>6,545,722</u>	<u>(688,208)</u>
2,329,014	1,047,637	2,583,817	(254,803)
<u>4,997,987</u>	<u>5,658,264</u>	<u>4,969,997</u>	<u>27,990</u>
<u>\$ 7,327,001</u>	<u>\$ 6,705,901</u>	<u>\$ 7,553,814</u>	<u>\$ (226,813)</u>

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, 2006**

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 \$3,183,653. The budget amendments are reflected in the final budgeted amounts.

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

**OTHER SUPPLEMENTAL INFORMATION**

**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, 2006

	Special Revenue			
	Road Use Tax	Road Use Tax Reserve	Road Use Equipment Replacement	Local Option Sales Tax
<b>RECEIPTS</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other city taxes				
Local option sales tax	-	-	-	390,912
Utility replacement tax	-	-	-	-
Total other city taxes	-	-	-	390,912
Licenses and permits	-	-	-	3,023
Use of money and property				
Interest on investments	-	5,472	402	2,209
Intergovernmental				
Road use tax	422,730	-	-	-
Local grants	-	-	-	-
State grants	-	-	-	-
Total intergovernmental	422,730	-	-	-
Charges for services	-	-	-	62
Miscellaneous	707	-	-	1,493
Total receipts	<u>423,437</u>	<u>5,472</u>	<u>402</u>	<u>397,699</u>
<b>DISBURSEMENTS</b>				
Public safety	-	-	-	-
Public works	217,068	473	13,132	271,799
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>217,068</u>	<u>473</u>	<u>13,132</u>	<u>271,799</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>206,369</u>	<u>4,999</u>	<u>(12,730)</u>	<u>125,900</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	16,636	-
Operating transfers in	56,271	-	-	-
Operating transfers out	(201,719)	(23,364)	-	(156,365)
Total other financing sources (uses)	<u>(145,448)</u>	<u>(23,364)</u>	<u>16,636</u>	<u>(156,365)</u>
<b>NET CHANGE IN CASH BALANCES</b>	60,921	(18,365)	3,906	(30,465)
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>160,481</u>	<u>168,205</u>	<u>19,735</u>	<u>90,898</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 221,402</u>	<u>\$ 149,840</u>	<u>\$ 23,641</u>	<u>\$ 60,433</u>
<b>CASH BASIS FUND BALANCES</b>				
Reserved:				
Debt service	\$ -	\$ -	\$ -	\$ -
Unreserved:				
Special revenue funds	221,402	149,840	23,641	60,433
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	<u>\$ 221,402</u>	<u>\$ 149,840</u>	<u>\$ 23,641</u>	<u>\$ 60,433</u>

Special Revenue

Economic Development Revolving Loan Fund	DeWitt Economic Development TIF Reserve	Retirement Benefits	Employee Benefits	DeWitt Public Library Building	Library Endowment Fund	Irwin Field Acquisition/Development	Police Capital Improvements
\$ -	\$ -	\$ 96,758	\$ 264,192	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	4,940	13,527	-	-	-	-
-	-	4,940	13,527	-	-	-	-
-	-	-	-	-	-	-	-
482	-	134	-	52	25,622	144	59
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	500
11,425	-	-	-	1,367	-	-	835
11,907	-	101,832	277,719	1,419	25,622	144	1,394
-	-	119,638	-	-	-	-	401
-	-	-	-	-	-	-	-
-	-	-	-	896	6,343	7,802	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	119,638	-	896	6,343	7,802	401
11,907	-	(17,806)	277,719	523	19,279	(7,658)	993
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(277,719)	-	-	-	-
-	-	-	(277,719)	-	-	-	-
11,907	-	(17,806)	-	523	19,279	(7,658)	993
20,549	144,000	19,851	-	2,429	593,573	13,804	2,769
\$ 32,456	\$ 144,000	\$ 2,045	\$ -	\$ 2,952	\$ 612,852	\$ 6,146	\$ 3,762
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,456	144,000	2,045	-	2,952	612,852	6,146	3,762
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 32,456	\$ 144,000	\$ 2,045	\$ -	\$ 2,952	\$ 612,852	\$ 6,146	\$ 3,762

**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, 2006

	Special Revenue	Debt Service	Capital Projects	
	Emergency Levy	Debt Service	2004 Housing	2005 Housing
<b>RECEIPTS</b>				
Property taxes	\$ 26,784	\$ -	\$ -	\$ -
Other city taxes				
Local option sales tax	-	-	-	-
Utility replacement tax	1,398	-	-	-
Total other city taxes	1,398	-	-	-
Licenses and permits	-	-	-	-
Use of money and property				
Interest on investments	-	4,181	-	-
Intergovernmental				
Road use tax	-	-	-	-
Local grants	-	-	-	-
State grants	-	-	66,777	55,176
Total intergovernmental	-	-	66,777	55,176
Charges for services	-	-	-	-
Miscellaneous	-	-	5,576	5,034
Total receipts	28,182	4,181	72,353	60,210
<b>DISBURSEMENTS</b>				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	279,685	-	-
Capital projects	-	-	70,679	111,755
Total disbursements	-	279,685	70,679	111,755
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>				
	28,182	(275,504)	1,674	(51,545)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	87	2,426
Operating transfers out	(28,182)	-	-	-
Total other financing sources (uses)	(28,182)	-	87	2,426
<b>NET CHANGE IN CASH BALANCES</b>				
	-	(275,504)	1,761	(49,119)
<b>CASH BALANCES BEGINNING OF YEAR</b>				
	-	331,266	(1,761)	(2,095)
<b>CASH BALANCES END OF YEAR</b>				
	\$ -	\$ 55,762	\$ -	\$ (51,214)
<b>CASH BASIS FUND BALANCES</b>				
Reserved:				
Debt service	\$ -	\$ 55,762	\$ -	\$ -
Unreserved:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	(51,214)
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ -	\$ 55,762	\$ -	\$ (51,214)

Capital Projects						Permanent	
2006 Housing	8th Ave. & 14th St. Intersection	Silver Creek Trail	Robinson Ind./ Hawkeye Iron	Custom- Pak	Skate Park	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,734
-	-	-	-	-	-	-	390,912
-	-	-	-	-	-	-	19,865
-	-	-	-	-	-	-	410,777
-	-	-	-	-	-	-	3,023
-	432	2,495	-	-	15	-	41,699
-	-	-	-	-	-	-	422,730
-	-	75,000	-	-	-	-	75,000
-	-	-	-	8,000	6,000	-	135,953
-	-	75,000	-	8,000	6,000	-	633,683
-	-	-	-	-	-	-	562
-	1,706	40,202	102,812	-	-	2,734	173,891
-	2,138	117,697	102,812	8,000	6,015	2,734	1,651,369
-	-	-	-	-	-	-	120,039
-	-	-	-	-	-	-	502,472
-	-	-	-	-	-	-	15,041
-	-	-	-	-	-	-	279,685
4,421	12,168	205,528	102,812	4,629	-	-	511,992
4,421	12,168	205,528	102,812	4,629	-	-	1,429,229
(4,421)	(10,030)	(87,831)	-	3,371	6,015	2,734	222,140
-	-	-	-	-	-	-	16,636
-	-	-	-	-	-	-	58,784
-	(75,283)	-	-	-	-	-	(762,632)
-	(75,283)	-	-	-	-	-	(687,212)
(4,421)	(85,313)	(87,831)	-	3,371	6,015	2,734	(465,072)
-	85,313	228,813	-	(3,371)	-	165,098	2,039,557
\$ (4,421)	\$ -	\$ 140,982	\$ -	\$ -	\$ 6,015	\$ 167,832	\$ 1,574,485
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,762
-	-	-	-	-	-	-	1,259,529
(4,421)	-	140,982	-	-	6,015	-	91,362
-	-	-	-	-	-	167,832	167,832
\$ (4,421)	\$ -	\$ 140,982	\$ -	\$ -	\$ 6,015	\$ 167,832	\$ 1,574,485

**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, 2006**

	<u>Water Well Project</u>	<u>Storm Water Utility</u>	<u>Water Utility Equipment Replacement</u>	<u>Water Revenue Sinking</u>
<b>RECEIPTS</b>				
Use of money and property	\$ -	\$ 2,911	\$ 1,491	\$ 531
Charges for services	-	83,415	-	-
Miscellaneous	-	550	1,634	-
Total receipts	<u>-</u>	<u>86,876</u>	<u>3,125</u>	<u>531</u>
<b>DISBURSEMENTS</b>				
Business-type activities:				
Operations	-	32,152	-	-
Capital outlay	-	28,718	18,773	-
Debt service	-	-	-	80,936
Total disbursements	<u>-</u>	<u>60,870</u>	<u>18,773</u>	<u>80,936</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>-</u>	<u>26,006</u>	<u>(15,648)</u>	<u>(80,405)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	2,000	-	-	-
Operating transfers in	-	-	10,000	80,950
Operating transfers out	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>80,950</u>
<b>NET CHANGE IN CASH BALANCES</b>	-	26,006	(5,648)	545
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>-</u>	<u>129,006</u>	<u>82,071</u>	<u>-</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ -</u>	<u>\$ 155,012</u>	<u>\$ 76,423</u>	<u>\$ 545</u>
<b>CASH BASIS FUND BALANCES</b>				
Reserved:				
Debt service	\$ -	\$ -	\$ -	\$ 545
Other purposes	-	-	-	-
Unreserved	<u>-</u>	<u>155,012</u>	<u>76,423</u>	<u>-</u>
Total cash basis fund balances	<u>\$ -</u>	<u>\$ 155,012</u>	<u>\$ 76,423</u>	<u>\$ 545</u>

Enterprise Funds							
Water Meter Deposit	Sewer Revenue Sinking	Sewer Improvement Equipment Replacement	Sewer Bond Reserve	Sewer Improvement and Extension	Sewer Utility Equipment Replacement	Garbage and Recycling Collection	Total
\$ 100	\$ 947	\$ 5,748	\$ -	\$ -	\$ 173	\$ 406	\$ 12,307
-	-	-	-	-	-	221,157	304,572
11,510	-	-	-	-	-	-	13,694
<u>11,610</u>	<u>947</u>	<u>5,748</u>	<u>-</u>	<u>-</u>	<u>173</u>	<u>221,563</u>	<u>330,573</u>
12,100	-	-	-	44,403	-	229,734	318,389
-	-	-	-	-	-	-	47,491
-	116,412	-	-	-	-	-	197,348
<u>12,100</u>	<u>116,412</u>	<u>-</u>	<u>-</u>	<u>44,403</u>	<u>-</u>	<u>229,734</u>	<u>563,228</u>
(490)	(115,465)	5,748	-	(44,403)	173	(8,171)	(232,655)
-	-	-	-	-	-	-	2,000
-	144,485	48,444	-	62,403	5,000	-	351,282
-	-	(28,307)	-	-	-	-	(30,307)
-	<u>144,485</u>	<u>20,137</u>	<u>-</u>	<u>62,403</u>	<u>5,000</u>	<u>-</u>	<u>322,975</u>
(490)	29,020	25,885	-	18,000	5,173	(8,171)	90,320
25,679	87	314,112	110,000	108,594	6,065	47,831	823,445
<u>\$ 25,189</u>	<u>\$ 29,107</u>	<u>\$ 339,997</u>	<u>\$ 110,000</u>	<u>\$ 126,594</u>	<u>\$ 11,238</u>	<u>\$ 39,660</u>	<u>\$ 913,765</u>
\$ -	\$ 29,107	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ 139,652
-	-	339,997	-	126,594	-	-	466,591
25,189	-	-	-	-	11,238	39,660	307,522
<u>\$ 25,189</u>	<u>\$ 29,107</u>	<u>\$ 339,997</u>	<u>\$ 110,000</u>	<u>\$ 126,594</u>	<u>\$ 11,238</u>	<u>\$ 39,660</u>	<u>\$ 913,765</u>

**CITY OF DEWITT**  
**SCHEDULE OF INDEBTEDNESS**  
Year Ended June 30, 2006

SCHEDULE 3

<b>Obligation</b>	<b>Date of Issue</b>	<b>Interest Rates</b>	<b>Amount Originally Issued</b>	<b>Balance, Beginning of Year</b>	<b>Issued During Year</b>	<b>Redeemed During Year</b>	<b>Balance, End of Year</b>	<b>Interest Paid</b>	<b>Interest Due and Unpaid</b>
General obligation bonds									
97 Sewer improvement	June 13, 1997	3.920%	\$ 2,354,000	\$ 1,249,000	\$ -	\$ 84,000	\$ 1,165,000	\$ 48,961	\$ -
2000 Fitness Center	December 1, 2000	4.400% - 5.300%	300,000	250,000	-	15,000	235,000	12,487	-
Series 2002	May 1, 2002	3.900% - 5.250%	2,000,000	1,925,000	-	75,000	1,850,000	91,375	-
Series 2003	June 18, 2003	1.400% - 4.250%	1,300,000	1,235,000	-	70,000	1,165,000	42,410	-
2005 Refunding	April 6, 2005	2.750% - 3.300%	2,745,000	2,745,000	-	325,000	2,420,000	100,077	-
Series 2006	May 1, 2006	3.750% - 4.350%	2,845,000	-	2,845,000	-	2,845,000	-	-
<b>Total general obligation bonds</b>			<u>\$ 11,544,000</u>	<u>\$ 7,404,000</u>	<u>\$ 2,845,000</u>	<u>\$ 569,000</u>	<u>\$ 9,680,000</u>	<u>\$ 295,310</u>	<u>\$ -</u>
Revenue bonds									
00 Road use tax revenue	June 1, 2000	5.500% - 5.750%	\$ 1,795,000	\$ 1,510,000	\$ -	\$ 1,510,000	\$ -	\$ 116,464	\$ -
97 WWTP Sewer revenue	April 3, 1997	3.920%	1,500,000	1,035,000	-	70,000	965,000	40,572	-
2002 SRF Water revenue	March 27, 2002	3.000% - 3.250%	1,100,000	1,065,000	-	49,000	1,016,000	31,936	-
2005 Road use refunding	October 1, 2005	4.050%	1,640,000	-	1,640,000	75,000	1,565,000	35,104	-
2005 SRF Sewer revenue	December 12, 2005	3.000%	1,599,000	-	1,599,000	-	1,599,000	5,840	-
<b>Total revenue bonds</b>			<u>\$ 7,634,000</u>	<u>\$ 3,610,000</u>	<u>\$ 3,239,000</u>	<u>\$ 1,704,000</u>	<u>\$ 5,145,000</u>	<u>\$ 229,916</u>	<u>\$ -</u>
Urban renewal tax increment financing (TIF) revenue bonds									
Series 2004	June 24, 2004	2.000% - 3.600%	\$ 1,440,000	\$ 1,065,000	\$ -	\$ 365,000	\$ 700,000	\$ 33,138	\$ -
Tax increment financing (TIF) anticipation notes									
Series 2005	September 20, 2005	3.250%	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ 6,798	\$ -

**CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2006**

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
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
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>		<u>\$ 1,165,000</u>	<u>\$ 291,491</u>		<u>\$ 235,000</u>	<u>\$ 100,960</u>		<u>\$ 1,850,000</u>	<u>\$ 871,338</u>

CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2006

Year Ending June 30,	General Obligation Bonds										Total	
	Series 2003 Issued June 18, 2003			Refunding 2005 Issued April 6, 2005			Series 2006 Issued May 1, 2006			Principal		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest			
2007	2.050%	\$ 75,000	\$ 41,255	3.150%	\$ 345,000	\$ 76,842	3.750%	\$ 40,000	\$ 117,495	\$ 637,000	\$ 381,424	
2008	2.300%	50,000	39,718	3.150%	350,000	65,976	3.750%	70,000	115,995	655,000	360,456	
2009	2.600%	55,000	38,568	3.150%	355,000	54,950	3.750%	70,000	113,370	679,000	338,257	
2010	2.950%	55,000	37,138	3.150%	355,000	43,768	3.750%	75,000	110,745	687,000	314,932	
2011	3.100%	60,000	35,515	3.150%	360,000	32,586	3.750%	80,000	107,933	711,000	290,922	
2012	3.200%	60,000	33,655	3.200%	370,000	21,246	3.750%	80,000	104,932	730,000	265,855	
2013	3.350%	65,000	31,735	3.300%	285,000	9,406	3.800%	85,000	101,933	664,000	239,745	
2014	3.500%	70,000	29,558	-	-	-	3.850%	90,000	98,702	399,000	215,085	
2015	3.650%	70,000	27,108	-	-	-	3.950%	90,000	95,238	413,000	198,783	
2016	3.750%	75,000	24,553	-	-	-	4.000%	95,000	91,682	433,000	181,516	
2017	3.850%	80,000	21,740	-	-	-	4.100%	100,000	87,883	452,000	163,182	
2018	4.000%	80,000	18,660	-	-	-	4.150%	105,000	83,782	340,000	143,743	
2019	4.100%	85,000	15,460	-	-	-	4.200%	110,000	79,425	355,000	128,328	
2020	4.150%	90,000	11,975	-	-	-	4.200%	110,000	74,805	370,000	112,033	
2021	4.200%	95,000	8,240	-	-	-	4.200%	115,000	70,185	365,000	94,885	
2022	4.250%	100,000	4,250	-	-	-	4.200%	120,000	65,355	380,000	78,005	
2023	-	-	-	-	-	-	4.200%	330,000	60,315	330,000	60,315	
2024	-	-	-	-	-	-	4.250%	345,000	46,455	345,000	46,455	
2025	-	-	-	-	-	-	4.300%	360,000	31,793	360,000	31,793	
2026	-	-	-	-	-	-	4.350%	375,000	16,312	375,000	16,312	
<b>TOTAL</b>		<u>\$ 1,165,000</u>	<u>\$ 419,128</u>		<u>\$ 2,420,000</u>	<u>\$ 304,774</u>		<u>\$ 2,845,000</u>	<u>\$ 1,674,335</u>	<u>\$ 9,680,000</u>	<u>\$ 3,662,026</u>	

SCHEDULE 4  
(CONTINUED)

CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2006

Year Ending June 30,	Revenue Bonds					
	WWTP Sewer Revenue Issued April 3, 1997			SRF Water Revenue Issued March 27, 2002		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2007	3.92%	\$ 70,000	\$ 37,828	3.000%	\$ 50,000	\$ 30,480
2008	3.92%	75,000	35,084	3.000%	52,000	28,980
2009	3.92%	80,000	32,144	3.000%	53,000	27,420
2010	3.92%	80,000	29,008	3.000%	55,000	25,830
2011	3.92%	85,000	25,872	3.000%	57,000	24,180
2012	3.92%	85,000	22,540	3.000%	58,000	22,470
2013	3.92%	90,000	19,208	3.000%	60,000	20,730
2014	3.92%	95,000	15,680	3.000%	62,000	18,930
2015	3.92%	100,000	11,956	3.000%	64,000	17,070
2016	3.92%	100,000	8,036	3.000%	66,000	15,150
2017	3.92%	105,000	4,116	3.000%	68,000	13,170
2018	-	-	-	3.000%	70,000	11,130
2019	-	-	-	3.000%	72,000	9,030
2020	-	-	-	3.000%	74,000	6,870
2021	-	-	-	3.000%	76,000	4,650
2022	-	-	-	3.000%	79,000	2,370
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
<b>TOTAL</b>		<u>\$ 965,000</u>	<u>\$ 241,472</u>		<u>\$ 1,016,000</u>	<u>\$ 278,460</u>

CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2006

Year Ending June 30,	Revenue Bonds							
	Road Use Tax Revenue Refunding Issued October 1, 2005			SRF Sewer Revenue Issued December 12, 2005			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2007	3.25%	\$ 90,000	\$ 57,740	3.00%	\$ 60,000	\$ 47,970	\$ 270,000	\$ 174,018
2008	3.50%	90,000	54,815	3.00%	61,000	46,170	278,000	165,049
2009	3.50%	95,000	51,665	3.00%	63,000	44,340	291,000	155,569
2010	3.50%	100,000	48,340	3.00%	65,000	42,450	300,000	145,628
2011	3.50%	105,000	44,840	3.00%	67,000	40,500	314,000	135,392
2012	3.50%	100,000	41,165	3.00%	69,000	38,490	312,000	124,665
2013	3.50%	110,000	37,665	3.00%	71,000	36,420	331,000	114,023
2014	3.60%	115,000	33,815	3.00%	73,000	34,290	345,000	102,715
2015	3.70%	120,000	29,675	3.00%	75,000	32,100	359,000	90,801
2016	3.80%	120,000	25,235	3.00%	78,000	29,850	364,000	78,271
2017	3.90%	125,000	20,675	3.00%	80,000	27,510	378,000	65,471
2018	3.95%	130,000	15,800	3.00%	82,000	25,110	282,000	52,040
2019	4.00%	135,000	10,665	3.00%	85,000	22,650	292,000	42,345
2020	4.05%	130,000	5,265	3.00%	88,000	20,100	292,000	32,235
2021	-	-	-	3.00%	90,000	17,460	166,000	22,110
2022	-	-	-	3.00%	93,000	14,760	172,000	17,130
2023	-	-	-	3.00%	96,000	11,970	96,000	11,970
2024	-	-	-	3.00%	98,000	9,090	98,000	9,090
2025	-	-	-	3.00%	101,000	6,150	101,000	6,150
2026	-	-	-	3.00%	104,000	3,120	104,000	3,120
<b>TOTAL</b>		<u>\$ 1,565,000</u>	<u>\$ 477,360</u>		<u>\$ 1,599,000</u>	<u>\$ 550,500</u>	<u>\$ 5,145,000</u>	<u>\$ 1,547,792</u>

SCHEDULE 4  
(CONTINUED)

CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2006

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds			Tax Increment Financing (TIF) Anticipation Notes		
	Series 2004			Series 2005		
	Issued June 24, 2004			Issued September 20, 2005		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2007	3.000%	\$ 300,000	\$ 23,100	3.250%	\$ 300,000	\$ 9,750
2008	3.400%	150,000	14,100	-	-	-
2009	3.600%	250,000	9,000	-	-	-
<b>TOTAL</b>		<u>\$ 700,000</u>	<u>\$ 46,200</u>		<u>\$ 300,000</u>	<u>\$ 9,750</u>

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>RECEIPTS</b>				
Property taxes	\$ 1,285,975	\$ 1,142,889	\$ 1,139,494	\$ 1,059,702
Tax increment financing collections	1,224,276	1,298,484	1,284,915	1,166,226
Other city taxes	479,487	501,753	512,877	522,472
Licenses and permits	76,584	79,090	95,035	73,976
Use of money and property	126,564	92,956	84,229	118,425
Intergovernmental	1,052,412	642,253	835,795	664,112
Charges for services	402,619	377,353	369,882	375,242
Miscellaneous	451,219	266,159	424,702	222,844
<b>TOTAL RECEIPTS</b>	<u>\$ 5,099,136</u>	<u>\$ 4,400,937</u>	<u>\$ 4,746,929</u>	<u>\$ 4,202,999</u>
<b>DISBURSEMENTS</b>				
Public safety	\$ 1,126,357	\$ 958,730	\$ 1,108,695	\$ 670,001
Public works	558,330	648,813	495,211	521,324
Health and social services	9,472	8,569	9,164	9,664
Culture and recreation	789,078	755,013	1,001,691	768,214
Community and economic development	81,814	60,113	57,533	196,015
General government	298,622	277,962	278,295	289,838
Debt service	3,426,315	2,248,872	1,366,230	1,422,744
Capital projects	1,481,876	1,185,102	2,202,277	1,315,919
<b>TOTAL DISBURSEMENTS</b>	<u>\$ 7,771,864</u>	<u>\$ 6,143,174</u>	<u>\$ 6,519,096</u>	<u>\$ 5,193,719</u>

**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, 2006, 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, 2006. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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.

**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, 2006 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.

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 Henderson LLP*

Clinton, Iowa  
July 28, 2006

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

To the Honorable Mayor and  
Members of the City Council:

**Compliance**

We have audited the compliance of the City of DeWitt, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of DeWitt's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of DeWitt's management. Our responsibility is to express an opinion on the City of DeWitt's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of DeWitt's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of DeWitt's compliance with those requirements.

In our opinion, the City of DeWitt, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

**Internal Control Over Compliance**

The management of the City of DeWitt, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of DeWitt's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of 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.

*Clifton Gunderson LLP*

Clinton, Iowa  
July 28, 2006

**CITY OF DEWITT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2006**

<u>GRANTOR/PROGRAM</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
Department of Housing and Urban Development			
Passed through Iowa Department of Economic Development:			
2004 Housing	14.239	04-HM-117-65	\$ 65,002
2005 Housing	14.239	05-HM-112-69	105,096
2006 Housing	14.228	06-HSG-053	4,421
Custom-Pak	14.228	05-ED-001	4,629
			<u>179,148</u>
Department of Transportation			
Passed through Iowa Department of Transportation:			
Iowa Living Roadways	20.205	23-01-03	1,082
Surface Transportation Project-6th Avenue	20.205	STP-U-1855(610)-70-23	128,208
Passed through Iowa Department of Public Safety/GTSB:			
STEP-Alcohol Related Occupant Prot.	20.600	PAP 05-04 TASK 11	2,191
STEP-OWI Prevention	20.605	PAP 05-0163 TASK 22	4,801
STEP-Alcohol Related Occupant Prot.	20.600	PAP 06-04 TASK 11	7,428
STEP-OWI Prevention	20.605	PAP 06-163 TASK 22	992
			<u>144,702</u>
Department of Homeland Security			
Passed through Iowa Homeland Security and Emergency:			
Pre-disaster Mitigation Planning	97.047	PDMC-PL-2003-23-00	122
			<u>122</u>
Department of Justice			
Passed through Iowa Division of Narcotics Enforcement:			
Meth Tasks Force Reimbursements	16.580	2005	1,906
			<u>1,906</u>
Environmental Protection Agency			
Passed through Iowa Department of Natural Resources:			
2003-2004 Sewer SRF-Sludge Solution	66.458	CS19 2257 01	639,066
			<u>639,066</u>
Total indirect			964,944
Direct:			
U.S. Department of Commerce			
EDA Grant-Wastewater Expansion	11.300	05-01-04058	610,406
			<u>610,406</u>
<b>TOTAL</b>			<u>\$ 1,575,350</u>



**CITY OF DEWITT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No matters were noted.

**CITY OF DEWITT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Part III: Federal Award Findings and Questioned Costs:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No matters were noted.

**CITY OF DEWITT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2006**

**Part IV: Other Findings Related to Required Statutory Reporting:**

- 06-I-A     Certified budget - Disbursements during the year ended June 30, 2006 did not exceed amounts budgeted.
- 06-I-B     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.
- 06-I-C     Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- 06-I-D     Business transactions - No business transactions between the City and City officials or employees were noted.
- 06-I-E     Bond coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions.
- 06-I-F     Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 06-I-G     Revenue bonds - The City has complied with the provisions of the revenue bond indebtedness.
- 06-I-H     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.
- 06-I-I     Financial condition - The City had deficit balances in the Capital Projects - 2005 Housing, Capital Projects - 2006 Housing, and Enterprise Fund - Sewer Plant Expansion/Sludge Solution.

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.

Conclusion - Response accepted.

**CITY OF DEWITT  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2006**

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>
N/A		

**CITY OF DEWITT  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2006**

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title Phone Number</u>	<u>Anticipated Date of Completion</u>
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There were no comments made regarding reportable conditions or noncompliance with federal awards.