

CITY OF DEWITT, IOWA
FINANCIAL STATEMENTS
June 30, 2007

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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	January 1, 2010
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, 2007, 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 Note 1, 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, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2008 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 37 through 39 are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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, 2006 (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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clifton Anderson LLP

Clinton, Iowa
January 10, 2008

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

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, 2007 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 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 non-major 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, 2007

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 "Non-major Governmental Funds." Readers who wish to obtain information on non-major funds can find it in the Combining Schedules of Non-major 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 and the 6th Avenue Reconstruction Project Fund. All other governmental funds are aggregated in a single column entitled Non-major governmental funds. Governmental funds are further broken down into the following activities:

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

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

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

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

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

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

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, Skate Park project, 8th Ave./14th St. Intersection project, Silver Creek Trail project, Custom Pak project, 2005 housing grant, and 2006 housing grant.

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.

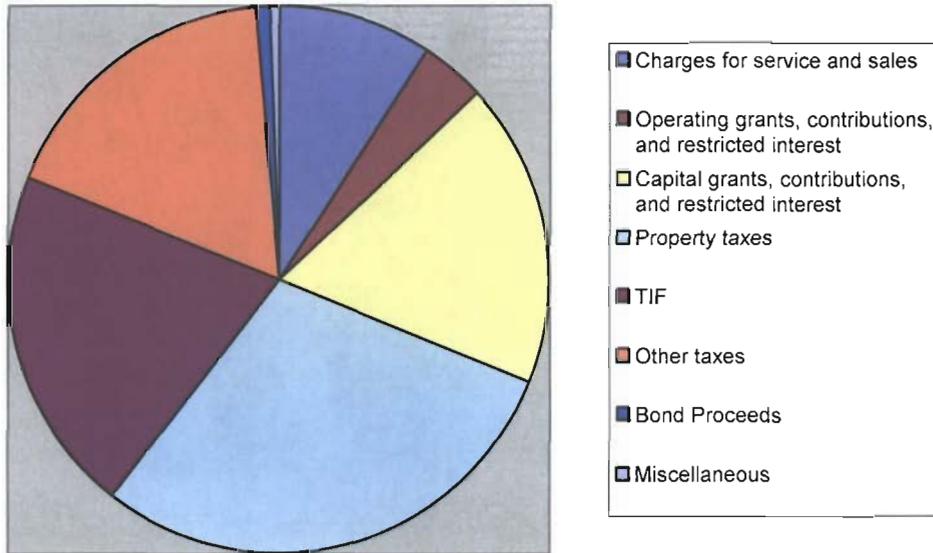
Second, of particular interest is the format that is significantly different than a typical Statement of Receipts, Disbursements, and Changes in Cash Balance. You will notice that disbursements are listed in the first column with receipts from that particular program reported to the right. The result 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, 2007, the City's governmental activities were funded as follows:

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

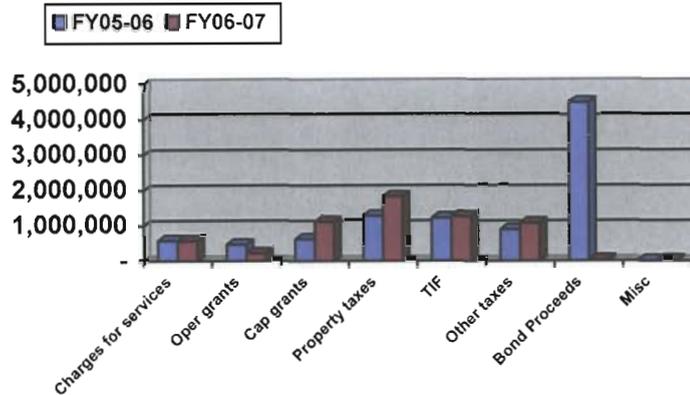
Sources of Funds for Governmental Activities



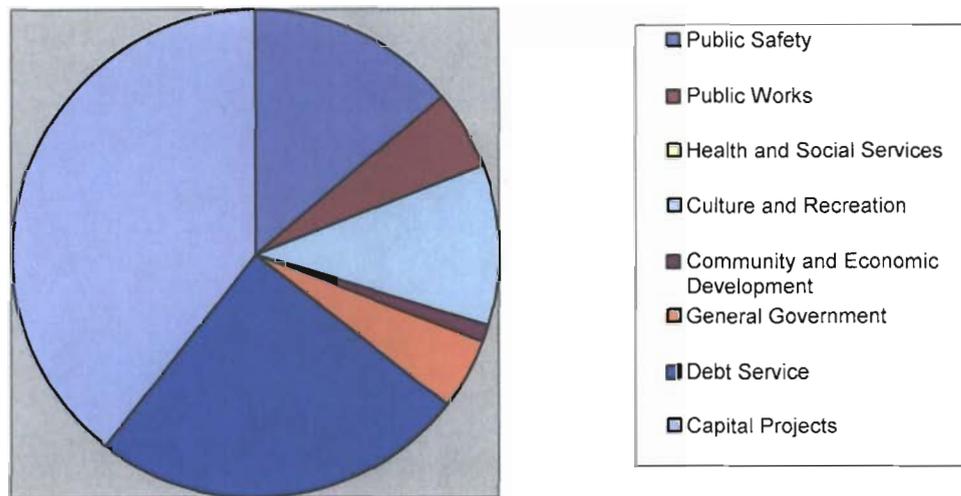
Governmental program receipts changed as compared to the prior year in several areas. Receipts overall decreased. Major differences by receipt source are outlined below. Charges for services decreased slightly in total. The largest increases were in public safety functions due to the increases in rental inspection revenue and vehicle inspection revenue. In the culture and recreation functions aquatic center daily admissions, season passes and lesson revenues all decreased. However both overall recreation charges and fitness center membership revenues increased. Community and economic development revenues decreased due to the repayments from Brazeway and Plasti-Paint ending. Operating grants, contributions, and restricted interest revenues were only about 48% of last fiscal year. This is due mostly to the fact that the donation from the Rural Fire Department for the purchase of a new rescue truck was done last fiscal year. County library assistance also decreased significantly (49%) from last year as the payment process was changed last year so more was received than normal. Capital grants, contributions, and restricted interest nearly doubled over the previous year. This is mostly attributable to the 6th Avenue Reconstruction project for which grant funds received this year totaled \$686,076. The final reimbursement on the 2005 housing grant was received this year and the 2006 housing grant was started this year but not completed. Property tax revenues were up nearly 42% due to the revaluations done by the county, annexation, valuation growth and new development. TIF revenues were up slightly. Other tax revenues increased. Utility excise tax increased about 19%. Local option sales tax receipts increased significantly while road use tax revenues decreased slightly. Bond proceeds decreased from \$4,488,844 to only \$45,000 because the only proceeds this year were from a continuation of the state revolving loan for the waste water treatment plant expansion. No other new bonds were sold in this

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

fiscal year. Miscellaneous revenues increased significantly mostly due to the sale of some old equipment/vehicles this fiscal year. Total governmental revenues this year as compared to last fiscal year are shown in the following graph.



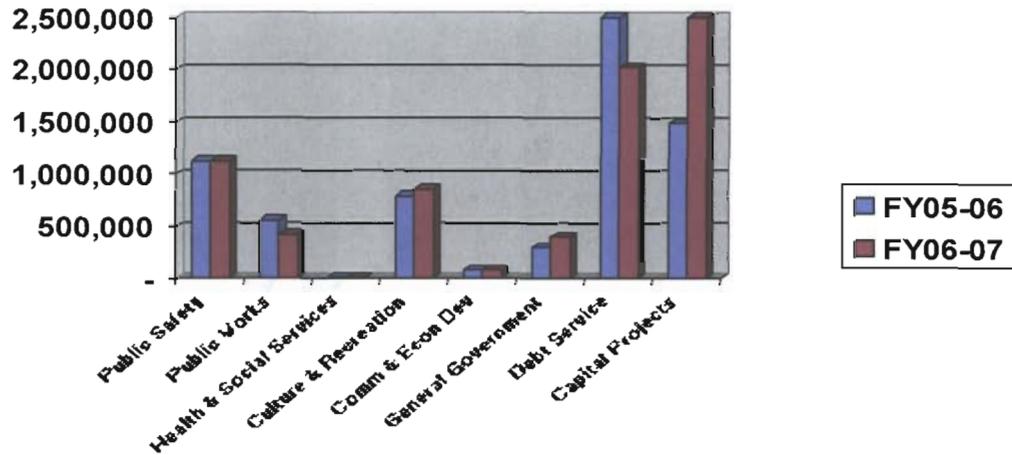
Uses of Funds in Governmental Activities



Governmental program expenses are only about 4% higher in total as compared to the prior year however, the category breakdown of the expenditures has changed. Public safety expenditures increased only very slightly. Public works decreased by about \$136,000. This is due to the fact that the street and alley maintenance work approved for fiscal year 2007 was not complete or paid for by the end of the fiscal year. Expenditures for health and social services decreased very slightly. Culture and recreation expenditures increased by about \$70,000. This is attributable to the purchase of new exercise equipment for the fitness center and the increase in the fitness center manager's hours. Community and economic development expenditures decreased only slightly. The general government expenditures increased by about 32% due to the computer system software conversion and addition of Laser Fiche document imaging. Debt service expenditures decreased by nearly 41% due to the refunding and

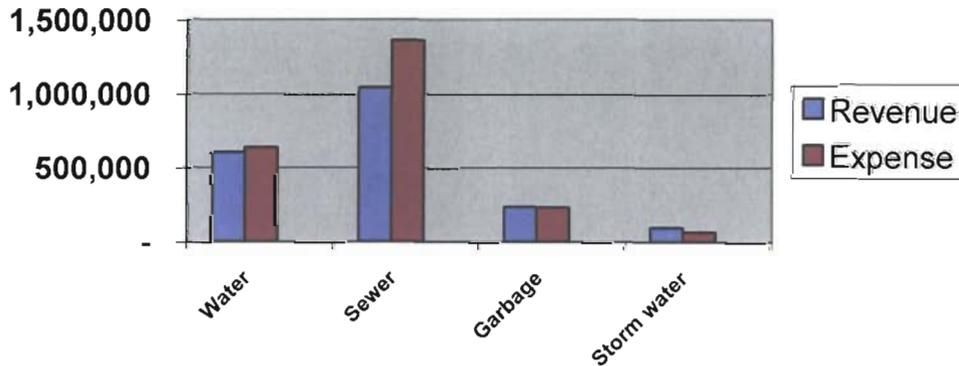
**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

early retirement of multiple bond issues last fiscal year, none of which were done this fiscal year. Capital project expenditures more than doubled over the previous year. This was mainly due to the 6th Avenue Reconstruction project but was also affected by the Skate Park project and both the 2005 and 2006 housing grants. Total governmental expenses this year as compared to last fiscal year are shown in the graph below.



Business-type Activities

For the year ended June 30, 2007, the City's business-type activities, revenues, and expenses were as follows:



CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

The water revenues are down about \$158,000 as compared to last fiscal year. Last year's revenue was inflated by \$132,000 of a loan repayment from EIG. Water consumption is also down. Conversely, water expenses increased by about \$94,000. This is due mostly to both a well repair in excess of \$47,000 and an increase in the meter repair and installation expense of over \$40,000. The meter repair and installation (\$76,975) 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 fourth year of this project. Water debt service remained about the same. The sewer fund revenues and expenses both increased. Sewer rates were increased. Multiple expenses increased from part-time salaries, health insurance, chemicals, and utilities. Sewer debt service expenses increased by nearly 78%. This is due to payments on the new state revolving loan for the most recent sewer plant expansion. The sewer plant expansion/sludge solution project expenses decreased significantly (over \$1 million) as this project neared completion. 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. The storm water has now been in place for five years. The only significant change was the increase in the storm water rates.

Budgetary Highlights

City Council approved two budget amendments during the year. The first amendment was to increase revenues and expenditures for capital projects and grants that carried over into fiscal 2006-2007, to add expenses such as fitness center water heater and Referral Center building repairs that were not known of at the time the original budget was adopted, to adjust for the call of the Fitness Center Bonds, and transfers due to project closeouts. 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 revenues such as vehicle inspections, local option sales tax, miscellaneous revenues, interest, loan proceeds and transfers. Expenses were adjusted to increase vehicle inspections, STEP grant expenses, street maintenance projects, audit costs, and purchase of the Kirby house.

For the year ended June 30, 2007, total actual revenues including other financing sources were \$813,871 under the final budget while total actual expenditures were \$1,915,038 under the final budget. The large difference between budgeted and actual expenditures is mostly due to the fact that several large capital projects were not completed and will therefore carryover into the new fiscal year.

Capital Assets and Debt Administration

As of June 30, 2007, the City had fund balances on hand of \$3,252,259 in governmental fund types and \$2,298,850 in business-type funds. The fund balances for government fund types decreased by \$1,921,004 while the fund balances for business-type funds increased by \$144,403 during fiscal year 2006-2007. The main reasons for the decrease of funds on hand in governmental fund types are the spending of funds already on hand for capital projects and large equipment purchases, as well as, a choice by city council to try to keep property tax rate increases to a minimum. In business-type funds the small increase is due to SRF and EDA

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

grant proceeds to eliminate the negative fund balance in the Sewer Plant Expansion project fund.

Debt Outstanding

As of year-end, the City had \$14,093,000 in debt outstanding compared to \$15,825,000 in 2006.

Outstanding Debt at Year End

	Totals	
	<u>2007</u>	<u>2006</u>
Governmental		
General obligation	\$ 8,818,000	\$ 9,680,000
Tax increment	400,000	1,000,000
Road use refunding	<u>1,475,000</u>	<u>1,565,000</u>
Subtotal	<u>10,693,000</u>	<u>12,245,000</u>
Business-type		
Water revenue	966,000	1,016,000
Sewer revenue	<u>2,434,000</u>	<u>2,564,000</u>
Subtotal	<u>3,400,000</u>	<u>3,580,000</u>
Total	<u>\$14,093,000</u>	<u>\$15,825,000</u>

There were no new bonds issued during the year. The state revolving loan is drawn as the City incurs expenses. At June 30, 2007, \$1,505,820 of the \$1,599,000 approved had been drawn. The City is at 62.8% of its bonding capacity down from 77.3% at June 30, 2006. For more detailed information on the City's debt and amortization terms refer to Schedules 3 and 4 and Note 3 which is on pages 26 - 32.

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

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 2006-2007 were as follows:

	<u>Rebate Scheduled</u>	<u>Actual Rebate</u>
Brazeway	\$ 30,054	\$ -
GI Plastek	<u>38,778</u>	<u>-</u>
Total	<u>\$ 68,832</u>	<u>\$ -</u>

Economic Factors

While property taxes are important to the City, they represent approximately 21% of total program resources excluding other financing sources. Property taxes were less than expected due to only partial state reimbursement on property tax credits. TIF revenues comprised just over 14% of revenues. The largest resource, at just over 25%, comes from fees and charges for services and includes utility charges. Intergovernmental revenue was high this year at nearly 19%. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly. During fiscal year 2006-2007 the City increased sewer utility fees, garbage fees, storm water fees and several other miscellaneous fees and charges. Interest revenues have started to come back up. 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 had not been able to meet their job creation goals due to the slow economy. Repayments to the state have been in full.

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007**

Next Year's Budget and Rates

For the year ending June 30, 2008, the general fund has been budgeted fairly consistently with this year. However, the budget does include a generator and fire/security wall at the police station, increase in hours for the administrative assistant at the police department, and to change the librarian to full-time status. The City is also expecting to purchase a new batting cage, new chlorine pumps for the aquatic center, new appliances for the community center, weight equipment and computers for the fitness center. Additional marketing in conjunction with DeWitt Development Company is included. SSMID revenues and expenses were added including \$13,000 from the general fund. The emergency tax levy is being utilized. \$30,000 is budgeted for additional architect fees for the future library expansion. Capital projects being budgeted in governmental activities for next year include 6th Ave. reconstruction phase II, Skate Park project phase II, and 2006 housing 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 rollback and other taxation issues such as reclassification of specific types of property continue to erode the tax base for cities.

The business-type activities include a significant increase in the chemical costs for the water utility, as well as a continuation of the radio read meter change out project. The purchase of the computer/software for the radio read meters is included. The sewer plant expansion/sludge solution project was budgeted to be completed prior to June 30, 2007. \$31,000 is included to retrofit the West lift station. Storm water utility budget includes professional fees and costs for 11th Street East improvements. No water, sewer, or storm water fee increases are included. The garbage budget is very similar to previous years. It does include a rate increase of \$.25 per month to cover the cost of the garbage contract increase. This rate increase has already been approved.

Financial Contact

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

Deanna Rodriguez
Director of Finance

BASIC FINANCIAL STATEMENTS

CITY OF DEWITT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the Year Ended June 30, 2007

	<u>Disbursements</u>	<u>Charges for Service and Sales</u>	<u>Program Receipts</u>	
			<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
FUNCTIONS/PROGRAMS				
Governmental activities:				
Public safety	\$ 1,124,137	\$ 114,285	\$ 42,988	\$ -
Public works	420,452	2,465	21,017	-
Health and social services	9,430	2,600	785	-
Culture and recreation	854,989	397,673	104,723	7,232
Community and economic development	79,590	13,424	9,661	-
General government	393,019	42,161	1,699	-
Debt service	2,018,683	-	25,135	-
Capital projects	3,192,149	-	19,352	1,112,485
Total governmental activities	8,092,449	572,608	225,360	1,119,717
Business-type activities:				
Water	636,493	564,834	42,166	-
Sewer	1,359,433	719,469	59,225	264,313
Garbage and recycling collection	233,075	235,791	684	-
Storm water utility	66,088	91,895	5,060	-
Total business-type activities	2,295,089	1,611,989	107,135	264,313
Total	\$ 10,387,538	\$ 2,184,597	\$ 332,495	\$ 1,384,030

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

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:

- 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
\$ (966,864)	\$ -	\$ (966,864)
(396,970)	-	(396,970)
(6,045)	-	(6,045)
(345,361)	-	(345,361)
(56,505)	-	(56,505)
(349,159)	-	(349,159)
(1,993,548)	-	(1,993,548)
(2,060,312)	-	(2,060,312)
<u>(6,174,764)</u>	<u>-</u>	<u>(6,174,764)</u>
-	(29,493)	(29,493)
-	(316,426)	(316,426)
-	3,400	3,400
-	30,867	30,867
<u>-</u>	<u>(311,652)</u>	<u>(311,652)</u>
<u>(6,174,764)</u>	<u>(311,652)</u>	<u>(6,486,416)</u>
1,823,987	-	1,823,987
1,264,348	-	1,264,348
77,900	-	77,900
24,825	-	24,825
560,093	-	560,093
420,808	-	420,808
26,673	-	26,673
45,000	456,055	501,055
10,126	-	10,126
<u>4,253,760</u>	<u>456,055</u>	<u>4,709,815</u>
(1,921,004)	144,403	(1,776,601)
<u>5,173,263</u>	<u>2,154,447</u>	<u>7,327,710</u>
<u>\$ 3,252,259</u>	<u>\$ 2,298,850</u>	<u>\$ 5,551,109</u>
\$ 153,186	\$ 151,226	\$ 304,412
1,687,425	529,827	2,217,252
<u>1,411,648</u>	<u>1,617,797</u>	<u>3,029,445</u>
<u>\$ 3,252,259</u>	<u>\$ 2,298,850</u>	<u>\$ 5,551,109</u>

The accompanying notes are an integral part of the 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, 2007

	<u>General</u>	<u>Special Revenue DeWitt Economic Development TIF</u>	<u>Debt Service DeWitt Economic Development TIF</u>
RECEIPTS			
Property taxes	\$ 1,082,573	\$ -	\$ -
Tax increment financing collections	-	1,264,348	-
Other city taxes	73,827	-	-
Licenses and permits	70,071	-	-
Use of money and property	76,087	5,989	18,771
Intergovernmental	81,473	-	-
Charges for services	367,974	-	-
Miscellaneous	137,817	-	-
Total receipts	1,889,822	1,270,337	18,771
DISBURSEMENTS			
Governmental activities:			
Public safety	1,005,213	-	-
Public works	18,456	-	-
Health and social services	9,447	-	-
Culture and recreation	850,131	-	-
Community and economic development	79,739	-	-
General government	393,751	-	-
Debt service	-	-	1,426,997
Capital projects	-	-	-
Total disbursements	2,356,737	-	1,426,997
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(466,915)	1,270,337	(1,408,226)
OTHER FINANCING SOURCES (USES)			
Proceeds of bonds	45,000	-	-
Sale of capital assets	678	-	-
Operating transfers in	431,959	-	1,340,621
Operating transfers out	(49,007)	(1,207,941)	-
Total other financing sources (uses)	428,630	(1,207,941)	1,340,621
NET CHANGE IN CASH BALANCES	(38,285)	62,396	(67,605)
CASH BALANCES BEGINNING OF YEAR	1,182,775	355	185,565
CASH BALANCES END OF YEAR	\$ 1,144,490	\$ 62,751	\$ 117,960
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	\$ -	\$ -	\$ 117,960
Other purposes	302,176	-	-
Unreserved:			
General fund	842,314	-	-
Special revenue funds	-	62,751	-
Capital projects funds	-	-	-
Permanent fund	-	-	-
Total cash basis fund balances	\$ 1,144,490	\$ 62,751	\$ 117,960

EXHIBIT B

<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	
<u>6th Avenue</u>	<u>Funds</u>	<u>Total</u>
\$ -	\$ 741,414	\$ 1,823,987
-	-	1,264,348
-	588,992	662,819
-	1,575	71,646
19,099	43,832	163,778
686,076	834,152	1,601,701
-	656	368,630
3,899	27,140	168,856
<u>709,074</u>	<u>2,237,761</u>	<u>6,125,765</u>
-	121,019	1,126,232
-	402,779	421,235
-	-	9,447
-	6,452	856,583
-	-	79,739
-	-	393,751
-	591,686	2,018,683
<u>2,767,543</u>	<u>424,604</u>	<u>3,192,147</u>
<u>2,767,543</u>	<u>1,546,540</u>	<u>8,097,817</u>
(2,058,469)	691,221	(1,972,052)
-	-	45,000
-	-	678
129,000	183,203	2,084,783
-	(827,835)	(2,084,783)
<u>129,000</u>	<u>(644,632)</u>	<u>45,678</u>
(1,929,469)	46,589	(1,926,374)
<u>2,184,865</u>	<u>1,619,157</u>	<u>5,172,717</u>
<u>\$ 255,396</u>	<u>\$ 1,665,746</u>	<u>\$ 3,246,343</u>
\$ -	\$ 35,226	\$ 153,186
-	-	302,176
-	-	842,314
-	1,455,042	1,517,793
255,396	5,846	261,242
-	169,632	169,632
<u>\$ 255,396</u>	<u>\$ 1,665,746</u>	<u>\$ 3,246,343</u>

The accompanying notes are an integral part of the 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, 2007

Total governmental fund cash balances (page 18) \$ 3,246,343

***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. 5,916

Cash basis net assets of governmental activities (page 16) \$ 3,252,259

Net change in cash balances (page 18) \$(1,926,374)

***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. 5,370

Change in cash balance of governmental activities (page 16) \$(1,921,004)

The accompanying notes are an integral part of the 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, 2007

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Sewer Plant Expansion/ Sludge Solution</u>
RECEIPTS			
Use of money and property	\$ 24,148	\$ 27,166	\$ 847
Intergovernmental	-	-	264,313
Charges for services	542,485	719,469	-
Miscellaneous	<u>25,258</u>	<u>11,617</u>	<u>5,948</u>
Total receipts	<u>591,891</u>	<u>758,252</u>	<u>271,108</u>
DISBURSEMENTS			
Business-type activities:			
Operations	547,340	520,857	619,503
Debt service	-	-	-
Total business-type activities	<u>547,340</u>	<u>520,857</u>	<u>619,503</u>
Governmental activities:			
Nonprogram	-	-	-
Total disbursements	<u>547,340</u>	<u>520,857</u>	<u>619,503</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>44,551</u>	<u>237,395</u>	<u>(348,395)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	456,055
Operating transfers in	-	4,314	-
Operating transfers out	<u>(90,180)</u>	<u>(281,717)</u>	<u>(5,189)</u>
Other financing sources (uses)	<u>(90,180)</u>	<u>(277,403)</u>	<u>450,866</u>
NET CHANGE IN CASH BALANCES	(45,629)	(40,008)	102,471
CASH BALANCES BEGINNING OF YEAR	<u>522,017</u>	<u>784,443</u>	<u>(65,941)</u>
CASH BALANCES END OF YEAR	<u>\$ 476,388</u>	<u>\$ 744,435</u>	<u>\$ 36,530</u>
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	\$ -	\$ -	\$ -
Other purposes	-	-	-
Unreserved	<u>476,388</u>	<u>744,435</u>	<u>36,530</u>
Total cash basis fund balances	<u>\$ 476,388</u>	<u>\$ 744,435</u>	<u>\$ 36,530</u>

EXHIBIT D

Nonmajor Proprietary Funds	Total	Internal Service Fund Payroll Clearing
\$ 23,003	\$ 75,164	\$ -
-	264,313	-
327,360	1,589,314	-
11,822	54,645	404,752
<u>362,185</u>	<u>1,983,436</u>	<u>404,752</u>
324,094	2,011,794	-
<u>287,570</u>	<u>287,570</u>	-
611,664	2,299,364	-
-	-	395,106
<u>611,664</u>	<u>2,299,364</u>	<u>395,106</u>
(249,479)	(315,928)	9,646
-	456,055	-
377,086	381,400	-
(4,314)	(381,400)	-
<u>372,772</u>	<u>456,055</u>	-
123,293	140,127	9,646
<u>913,765</u>	<u>2,154,284</u>	<u>709</u>
<u>\$ 1,037,058</u>	<u>\$ 2,294,411</u>	<u>\$ 10,355</u>
\$ 151,226	\$ 151,226	\$ -
529,827	529,827	-
<u>356,005</u>	<u>1,613,358</u>	<u>10,355</u>
<u>\$ 1,037,058</u>	<u>\$ 2,294,411</u>	<u>\$ 10,355</u>

The accompanying notes are an integral part of the 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, 2007

Total enterprise funds cash balances (page 21)	\$ 2,294,411
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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.	<u>4,439</u>
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Cash basis net assets of business-type activities (page 16)	<u>\$ 2,298,850</u>
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Net change in cash balances (page 21)	\$ 140,127
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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.	<u>4,276</u>
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Change in cash balance of business-type activities (page 16)	<u>\$ 144,403</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities and net assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

Debt Service:

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

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects:

The 6th Avenue Project is used to account for the reconstruction of 6th 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.

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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS

The City's deposits at June 30, 2007 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 3 - BONDS AND NOTES PAYABLE

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

Year Ending <u>June 30,</u>	General Obligation Bonds		Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 645,000	\$ 349,123	\$ 278,000	\$ 165,049
2009	664,000	327,394	291,000	155,569
2010	672,000	304,782	300,000	145,628
2011	696,000	281,492	314,000	135,392
2012	715,000	257,152	312,000	124,665
2013 - 2017	2,271,000	966,733	1,777,000	451,281
2018 - 2022	1,745,000	549,879	1,204,000	165,860
2023 - 2026	1,410,000	154,875	399,000	30,330
Total	<u>\$ 8,818,000</u>	<u>\$ 3,191,430</u>	<u>\$ 4,875,000</u>	<u>\$ 1,373,774</u>

Year Ending <u>June 30,</u>	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds/Notes		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 150,000	\$ 14,100	\$ 1,073,000	\$ 528,272
2009	250,000	9,000	1,205,000	491,963
2010	-	-	972,000	450,410
2011	-	-	1,010,000	416,884
2012	-	-	1,027,000	381,817
2013 - 2017	-	-	4,048,000	1,418,014
2018 - 2022	-	-	2,949,000	715,739
2023 - 2026	-	-	1,809,000	185,205
Total	<u>\$ 400,000</u>	<u>\$ 23,100</u>	<u>\$ 14,093,000</u>	<u>\$ 4,588,304</u>

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 3 - 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, 2007

NOTE 3 - 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 1/6th of the installment of interest coming due on the next interest payment date on the then outstanding Bonds and any Parity Obligations, plus an amount equal to 1/12th of the installment of principal coming due on such Bonds and any Parity Obligations on the next succeeding principal payment date until the full amount of such installment is on deposit in the Sinking Fund.

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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

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.

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 1/6th 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 1/12th 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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

There 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.

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 \$1,375,000 at June 30, 2007.

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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

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:

commencing on or before November 1, 2005, to and including April 1, 2006, a sum equal to 1/6th 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 1/12th 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 1/6th 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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

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.

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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 4 - PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required 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, 2007, 2006, and 2005 were \$52,738, \$47,957, and \$44,537, respectively, equal to the required contributions for each year.

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

Plan members are required to contribute 9.35% of *earnable* compensation and the City's contribution rate, 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, 2007, 2006, and 2005, were \$120,220, \$119,637, and \$98,592, respectively, which met the required minimum contribution for each year.

NOTE 5 - COMPENSATED ABSENCES

City employees accumulate earned but unused vacation hours and personal days for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as expenditures by the City until used or paid. The City's approximate maximum liability for earned compensated absences payable to employees at June 30, 2007, primarily relating to the General Fund, was \$45,508. This liability has been computed based on rates of pay as of June 30, 2007.

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.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 6 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

	Transfers In	Transfers Out
General	\$ 431,959	\$ 49,007
Special Revenue:		
DeWitt Economic Development TIF	-	1,207,941
Debt Service:		
DeWitt Economic Development TIF	1,340,621	-
Capital Projects		
6 th Avenue	129,000	-
Other Nonmajor Governmental Funds	183,203	827,835
Water Utility	-	90,180
Sewer Utility	4,314	281,717
Sewer Plant Expansion/Sludge Solution	-	5,189
Other Nonmajor Proprietary Funds	377,086	4,314
	\$ 2,466,183	\$ 2,466,183

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

NOTE 7 - COMMITTED CONSTRUCTION

As of June 30, 2007, the City had the following committed construction:

	Total Contract Amount	Portion at June 30, 2007	
Project		Completed	Committed
6 th Avenue-Downtown Streetscape	\$ 2,619,648	\$ 2,392,259	\$ 227,389
6 th Avenue-IDOT Project	548,243	515,844	32,399
Schmitt House	28,229	-	28,229
Giebelstein House	24,180	-	24,180
Grillot House	34,576	-	34,576
Trimble House	24,149	-	24,149
Martin House	28,087	-	28,087
Huber House	23,545	-	23,545
Meier House	22,870	-	22,870
Street Maintenance	228,000	-	228,000
Total	\$ 3,581,527	\$ 2,908,103	\$ 673,424

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 8 - 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 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, 2007, the City rebated \$-0- 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, 2007

	Governmental Fund Types <u>Actual</u>	Proprietary Fund Type <u>Actual</u>	Less Funds Not Required to be <u>Budgeted</u>
RECEIPTS			
Property taxes	\$ 1,823,987	\$ -	\$ -
Tax increment financing collections	1,264,348	-	-
Other city taxes	662,819	-	-
Licenses and permits	71,646	-	-
Use of money and property	163,778	75,164	-
Intergovernmental	1,601,701	264,313	-
Charges for services	368,630	1,589,314	-
Miscellaneous	168,856	459,397	404,752
Total receipts	6,125,765	2,388,188	404,752
DISBURSEMENTS			
Public safety	1,126,232	-	-
Public works	421,235	-	-
Health and social services	9,447	-	-
Culture and recreation	856,583	-	-
Community and economic development	79,739	-	-
General government	393,751	-	-
Debt service	2,018,683	-	-
Capital projects	3,192,147	-	-
Business-type activities	-	2,299,364	-
Nonprogram	-	395,106	395,106
Total disbursements	8,097,817	2,694,470	395,106
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,972,052)	(306,282)	9,646
OTHER FINANCING SOURCES, (NET)	45,678	456,055	-
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	(1,926,374)	149,773	9,646
BALANCES BEGINNING OF YEAR	5,172,717	2,154,993	709
BALANCES END OF YEAR	\$ 3,246,343	\$ 2,304,766	\$ 10,355

<u>Net</u>	<u>Budgeted Amounts</u>		<u>Final to Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Variance -</u> <u>Positive</u> <u>(Negative)</u>
\$ 1,823,987	\$ 1,836,035	\$ 1,836,035	\$ (12,048)
1,264,348	1,329,773	1,329,773	(65,425)
662,819	483,769	670,095	(7,276)
71,646	94,575	95,475	(23,829)
238,942	122,760	217,701	21,241
1,866,014	2,144,699	2,229,781	(363,767)
1,957,944	2,104,257	2,108,642	(150,698)
223,501	186,640	229,069	(5,568)
<u>8,109,201</u>	<u>8,302,508</u>	<u>8,716,571</u>	<u>(607,370)</u>
1,126,232	1,099,698	1,188,441	62,209
421,235	660,039	771,203	349,968
9,447	9,170	10,022	575
856,583	856,654	980,474	123,891
79,739	92,370	93,093	13,354
393,751	419,893	434,075	40,324
2,018,683	1,874,028	2,090,430	71,747
3,192,147	4,016,809	4,318,541	1,126,394
2,299,364	2,474,634	2,425,940	126,576
-	-	-	-
<u>10,397,181</u>	<u>11,503,295</u>	<u>12,312,219</u>	<u>1,915,038</u>
(2,287,980)	(3,200,787)	(3,595,648)	1,307,668
<u>501,733</u>	<u>714,142</u>	<u>708,234</u>	<u>(206,501)</u>
(1,786,247)	(2,486,645)	(2,887,414)	1,101,167
<u>7,327,001</u>	<u>6,628,335</u>	<u>7,301,160</u>	<u>25,841</u>
<u>\$ 5,540,754</u>	<u>\$ 4,141,690</u>	<u>\$ 4,413,746</u>	<u>\$ 1,127,008</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DEWITT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION -
BUDGETARY REPORTING
June 30, 2007

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 \$808,924. The budget amendments are reflected in the final budgeted amounts.

The accompanying notes are an integral part of the 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, 2007

	Special Revenue			
	Road Use Tax	Road Use Tax Reserve	Road Use Equipment Replacement	Local Option Sales Tax
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other city taxes				
Local option sales tax	-	-	-	560,093
Utility replacement tax	-	-	-	-
Total other city taxes	-	-	-	560,093
Licenses and permits	-	-	-	1,575
Use of money and property				
Interest on investments	-	7,175	678	4,223
Intergovernmental				
Road use tax	420,808	-	-	-
Local grants	-	-	-	-
Federal grants	-	-	-	-
Total intergovernmental	420,808	-	-	-
Charges for services	-	-	-	206
Miscellaneous	648	-	-	8,358
Total receipts	421,456	7,175	678	574,455
DISBURSEMENTS				
Public safety	-	-	-	-
Public works	242,437	456	-	159,886
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	242,437	456	-	159,886
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	179,019	6,719	678	414,569
OTHER FINANCING SOURCES (USES)				
Operating transfers in	509	-	-	-
Operating transfers out	(126,968)	(6,719)	-	(299,036)
Other financing sources (uses)	(126,459)	(6,719)	-	(299,036)
NET CHANGE IN CASH BALANCES	52,560	-	678	115,533
CASH BALANCES BEGINNING OF YEAR	221,402	149,840	23,641	60,433
CASH BALANCES END OF YEAR	\$ 273,962	\$ 149,840	\$ 24,319	\$ 175,966
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	\$ -	\$ -	\$ -	\$ -
Unreserved:				
Special revenue funds	273,962	149,840	24,319	175,966
Capital projects funds	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 273,962	\$ 149,840	\$ 24,319	\$ 175,966

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
\$ -	\$ -	\$ 122,190	\$ 193,165	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	5,548	8,722	-	-	-	-
-	-	5,548	8,722	-	-	-	-
-	-	-	-	-	-	-	-
1,015	-	222	-	90	23,744	136	136
-	-	-	-	-	-	-	-
-	-	-	-	350	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	350	-	-	-
-	-	-	-	-	-	-	450
2,856	-	-	-	1,535	-	-	1,723
3,871	-	127,960	201,887	1,975	23,744	136	2,309
-	-	120,220	-	-	-	-	799
-	-	-	-	-	-	-	-
-	-	-	-	1,770	4,682	-	-
-	-	-	-	-	-	-	-
-	-	120,220	-	1,770	4,682	-	799
3,871	-	7,740	201,887	205	19,062	136	1,510
-	-	-	-	-	-	-	-
-	-	-	(201,887)	-	-	(6,282)	-
-	-	-	(201,887)	-	-	(6,282)	-
3,871	-	7,740	-	205	19,062	(6,146)	1,510
32,456	144,000	2,045	-	2,952	612,852	6,146	3,762
\$ 36,327	\$ 144,000	\$ 9,785	\$ -	\$ 3,157	\$ 631,914	\$ -	\$ 5,272
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36,327	144,000	9,785	-	3,157	631,914	-	5,272
-	-	-	-	-	-	-	-
\$ 36,327	\$ 144,000	\$ 9,785	\$ -	\$ 3,157	\$ 631,914	\$ -	\$ 5,272

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, 2007

	Special Revenue		Debt Service		Capital Projects
	Emergency <u>Levy</u>	German <u>Building</u>	Debt <u>Service</u>	Road Use	2005 <u>Housing</u>
RECEIPTS					
Property taxes	\$ 262	\$ -	\$ 425,797	\$ -	\$ -
Other city taxes					
Local option sales tax	-	-	-	-	-
Utility replacement tax	-	-	14,629	-	-
Total other city taxes	-	-	14,629	-	-
Licenses and permits	-	-	-	-	-
Use of money and property					
Interest on investments	-	-	2,873	3,492	-
Intergovernmental					
Road use tax	-	-	-	-	-
Local grants	-	-	-	-	-
Federal grants	-	-	-	-	196,452
Total intergovernmental	-	-	-	-	196,452
Charges for services	-	-	-	-	-
Miscellaneous	-	500	-	-	2,061
Total receipts	262	500	443,299	3,492	198,513
DISBURSEMENTS					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	443,325	148,361	-
Capital projects	-	-	-	-	147,872
Total disbursements	-	-	443,325	148,361	147,872
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	262	500	(26)	(144,869)	50,641
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	133,687	573
Operating transfers out	(262)	-	(54,000)	-	-
Total other financing sources (uses)	(262)	-	(54,000)	133,687	573
NET CHANGE IN CASH BALANCES	-	500	(54,026)	(11,182)	51,214
CASH BALANCES BEGINNING OF YEAR	-	-	55,762	44,672	(51,214)
CASH BALANCES END OF YEAR	\$ -	\$ 500	\$ 1,736	\$ 33,490	\$ -
CASH BASIS FUND BALANCES					
Reserved:					
Debt service	\$ -	\$ -	\$ 1,736	\$ 33,490	\$ -
Unreserved:					
Special revenue funds	-	500	-	-	-
Capital projects funds	-	-	-	-	-
Permanent fund	-	-	-	-	-
Total cash basis fund balances	\$ -	\$ 500	\$ 1,736	\$ 33,490	\$ -

SCHEDULE 1
(CONTINUED)

Capital Projects					Permanent	
2006 Housing	8th Ave. & 14th St. Intersection	Silver Creek Trail	Custom- Pak	Skate Park	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 741,414
-	-	-	-	-	-	560,093
-	-	-	-	-	-	28,899
-	-	-	-	-	-	588,992
-	-	-	-	-	-	1,575
-	-	-	-	48	-	43,832
-	-	-	-	-	-	420,808
-	-	-	-	20,000	-	20,350
106,542	-	-	90,000	-	-	392,994
106,542	-	-	90,000	20,000	-	834,152
-	-	-	-	-	-	656
5,730	1,724	-	-	205	1,800	27,140
112,272	1,724	-	90,000	20,253	1,800	2,237,761
-	-	-	-	-	-	121,019
-	-	-	-	-	-	402,779
-	-	-	-	-	-	6,452
-	-	-	-	-	-	591,686
128,286	-	10,025	90,000	48,421	-	424,604
128,286	-	10,025	90,000	48,421	-	1,546,540
(16,014)	1,724	(10,025)	-	(28,168)	1,800	691,221
25,000	-	-	-	23,434	-	183,203
-	(1,724)	(130,957)	-	-	-	(827,835)
25,000	(1,724)	(130,957)	-	23,434	-	(644,632)
8,986	-	(140,982)	-	(4,734)	1,800	46,589
(4,421)	-	140,982	-	6,015	167,832	1,619,157
\$ 4,565	\$ -	\$ -	\$ -	\$ 1,281	\$ 169,632	\$ 1,665,746
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,226
-	-	-	-	-	-	1,455,042
4,565	-	-	-	1,281	-	5,846
-	-	-	-	-	169,632	169,632
\$ 4,565	\$ -	\$ -	\$ -	\$ 1,281	\$ 169,632	\$ 1,665,746

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, 2007

	<u>Storm Water Utility</u>	<u>Water Utility Equipment Replacement</u>	<u>Water Revenue Sinking</u>
RECEIPTS			
Use of money and property	\$ 5,053	\$ 2,282	\$ 782
Charges for services	91,569	-	-
Miscellaneous	332	-	-
Total receipts	<u>96,954</u>	<u>2,282</u>	<u>782</u>
DISBURSEMENTS			
Business-type activities:			
Operations	66,211	-	-
Debt service	-	-	80,480
Total disbursements	<u>66,211</u>	<u>-</u>	<u>80,480</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>30,743</u>	<u>2,282</u>	<u>(79,698)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	10,000	80,180
Operating transfers out	-	-	-
Other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>80,180</u>
NET CHANGE IN CASH BALANCES	30,743	12,282	482
CASH BALANCES BEGINNING OF YEAR	<u>155,012</u>	<u>76,423</u>	<u>545</u>
CASH BALANCES END OF YEAR	<u>\$ 185,755</u>	<u>\$ 88,705</u>	<u>\$ 1,027</u>
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	\$ -	\$ -	\$ 1,027
Other purposes	-	-	-
Unreserved	<u>185,755</u>	<u>88,705</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 185,755</u>	<u>\$ 88,705</u>	<u>\$ 1,027</u>

Enterprise Funds

<u>Water Meter Deposit</u>	<u>Sewer Revenue Sinking</u>	<u>Sewer Improvement Equipment Replacement</u>	<u>Sewer Bond Reserve</u>	<u>Sewer Improvement and Extension</u>	<u>Sewer Utility Equipment Replacement</u>	<u>Garbage and Recycling Collection</u>	<u>Total</u>
\$ 556	\$ 2,909	\$ 10,432	\$ -	\$ -	\$ 305	\$ 684	\$ 23,003
-	-	-	-	-	-	235,791	327,360
11,490	-	-	-	-	-	-	11,822
<u>12,046</u>	<u>2,909</u>	<u>10,432</u>	<u>-</u>	<u>-</u>	<u>305</u>	<u>236,475</u>	<u>362,185</u>
9,859	-	-	-	14,515	-	233,509	324,094
-	207,090	-	-	-	-	-	287,570
<u>9,859</u>	<u>207,090</u>	<u>-</u>	<u>-</u>	<u>14,515</u>	<u>-</u>	<u>233,509</u>	<u>611,664</u>
<u>2,187</u>	<u>(204,181)</u>	<u>10,432</u>	<u>-</u>	<u>(14,515)</u>	<u>305</u>	<u>2,966</u>	<u>(249,479)</u>
-	215,273	48,444	-	23,189	-	-	377,086
-	-	(4,314)	-	-	-	-	(4,314)
<u>-</u>	<u>215,273</u>	<u>44,130</u>	<u>-</u>	<u>23,189</u>	<u>-</u>	<u>-</u>	<u>372,772</u>
2,187	11,092	54,562	-	8,674	305	2,966	123,293
<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>
<u>\$ 27,376</u>	<u>\$ 40,199</u>	<u>\$ 394,559</u>	<u>\$ 110,000</u>	<u>\$ 135,268</u>	<u>\$ 11,543</u>	<u>\$ 42,626</u>	<u>\$ 1,037,058</u>
\$ -	\$ 40,199	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ 151,226
-	-	394,559	-	135,268	-	-	529,827
<u>27,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,543</u>	<u>42,626</u>	<u>356,005</u>
<u>\$ 27,376</u>	<u>\$ 40,199</u>	<u>\$ 394,559</u>	<u>\$ 110,000</u>	<u>\$ 135,268</u>	<u>\$ 11,543</u>	<u>\$ 42,626</u>	<u>\$ 1,037,058</u>

CITY OF DEWITT
SCHEDULE OF INDEBTEDNESS
Year Ended June 30, 2007

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance, Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance, End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
General obligation bonds									
97 Sewer improvement	June 13, 1997	3.920%	\$ 2,354,000	\$ 1,165,000	\$ -	\$ 87,000	\$ 1,078,000	\$ 45,668	\$ -
2000 Fitness Center	December 1, 2000	4.400% -							
		5.300%	300,000	235,000	-	235,000	-	3,179	-
Series 2002	May 1, 2002	3.900% -							
		5.250%	2,000,000	1,850,000	-	80,000	1,770,000	88,375	-
Series 2003	June 18, 2003	1.400% -							
		4.250%	1,300,000	1,165,000	-	75,000	1,090,000	41,255	-
2005 Refunding	April 6, 2005	2.750% -							
		3.300% -	2,745,000	2,420,000	-	345,000	2,075,000	76,843	-
Series 2006	May 1, 2006	3.750% -							
		4.350%	2,845,000	2,845,000	-	40,000	2,805,000	117,495	-
Total general obligation bonds			<u>\$ 11,544,000</u>	<u>\$ 9,680,000</u>	<u>\$ -</u>	<u>\$ 862,000</u>	<u>\$ 8,818,000</u>	<u>\$ 372,815</u>	<u>\$ -</u>
Revenue bonds									
97 WWTP Sewer revenue	April 3, 1997	3.920%	\$ 1,500,000	\$ 965,000	\$ -	\$ 70,000	\$ 895,000	\$ 37,828	\$ -
2002 SRF Water revenue	March 27, 2002	3.000% -	1,100,000	1,016,000	-	50,000	966,000	30,480	-
		3.250%							
2005 Road use refunding	October 1, 2005	4.050%	1,640,000	1,565,000	-	90,000	1,475,000	57,740	-
2005 SRF Sewer revenue	December 12, 2005	3.000%	1,599,000	1,599,000	-	60,000	1,539,000	39,262	-
Total revenue bonds			<u>\$ 5,839,000</u>	<u>\$ 5,145,000</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$ 4,875,000</u>	<u>\$ 165,310</u>	<u>\$ -</u>
Urban renewal tax increment financing (TIF) revenue bonds									
Series 2004	June 24, 2004	2.000% -							
		3.600%	\$ 1,440,000	\$ 700,000	\$ -	\$ 300,000	\$ 400,000	\$ 23,100	\$ -
Tax increment financing (TIF) anticipation notes									
Series 2005	September 20, 2005	3.250%	\$ 300,000	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ 9,750	\$ -

**CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2007**

Year Ending June 30,	General Obligation Bonds								
	Sewer Improvement Issued June 13, 1997			Series 2002 Issued May 1, 2002			Series 2003 Issued June 18, 2003		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2008	3.920%	\$ 90,000	\$ 42,258	4.000%	\$ 85,000	\$ 85,176	2.300%	\$ 50,000	\$ 39,718
2009	3.920%	94,000	38,730	4.100%	90,000	81,776	2.600%	55,000	38,568
2010	3.920%	97,000	35,045	4.300%	90,000	78,086	2.950%	55,000	37,138
2011	3.920%	101,000	31,242	4.400%	95,000	74,216	3.100%	60,000	35,515
2012	3.920%	105,000	27,283	4.500%	100,000	70,036	3.200%	60,000	33,655
2013	3.920%	109,000	23,167	4.600%	105,000	65,536	3.350%	65,000	31,735
2014	3.920%	114,000	18,894	4.700%	110,000	60,706	3.500%	70,000	29,558
2015	3.920%	118,000	14,426	4.800%	115,000	55,536	3.650%	70,000	27,108
2016	3.920%	123,000	9,800	4.900%	120,000	50,016	3.750%	75,000	24,553
2017	3.920%	127,000	4,978	5.000%	125,000	44,136	3.850%	80,000	21,740
2018	-	-	-	5.050%	135,000	37,886	4.000%	80,000	18,660
2019	-	-	-	5.100%	140,000	31,068	4.100%	85,000	15,460
2020	-	-	-	5.150%	145,000	23,928	4.150%	90,000	11,975
2021	-	-	-	5.200%	155,000	16,460	4.200%	95,000	8,240
2022	-	-	-	5.250%	160,000	8,400	4.250%	100,000	4,250
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
TOTAL		<u>\$ 1,078,000</u>	<u>\$ 245,823</u>		<u>\$ 1,770,000</u>	<u>\$ 782,962</u>		<u>\$ 1,090,000</u>	<u>\$ 377,873</u>

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2007

Year Ending June 30,	General Obligation Bonds							
	Refunding 2005 Issued April 6, 2005			Series 2006 Issued May 1, 2006			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2008	3.150%	\$ 350,000	\$ 65,976	3.750%	\$ 70,000	\$ 115,995	\$ 645,000	\$ 349,123
2009	3.150%	355,000	54,950	3.750%	70,000	113,370	664,000	327,394
2010	3.150%	355,000	43,768	3.750%	75,000	110,745	672,000	304,782
2011	3.150%	360,000	32,586	3.750%	80,000	107,933	696,000	281,492
2012	3.200%	370,000	21,246	3.750%	80,000	104,932	715,000	257,152
2013	3.300%	285,000	9,406	3.800%	85,000	101,933	649,000	231,777
2014	-	-	-	3.850%	90,000	98,702	384,000	207,860
2015	-	-	-	3.950%	90,000	95,238	393,000	192,308
2016	-	-	-	4.000%	95,000	91,682	413,000	176,051
2017	-	-	-	4.100%	100,000	87,883	432,000	158,737
2018	-	-	-	4.150%	105,000	83,782	320,000	140,328
2019	-	-	-	4.200%	110,000	79,425	335,000	125,953
2020	-	-	-	4.200%	110,000	74,805	345,000	110,708
2021	-	-	-	4.200%	115,000	70,185	365,000	94,885
2022	-	-	-	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
TOTAL		<u>\$ 2,075,000</u>	<u>\$ 227,932</u>		<u>\$ 2,805,000</u>	<u>\$ 1,556,840</u>	<u>\$ 8,818,000</u>	<u>\$ 3,191,430</u>

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2007

Year Ending June 30,	Revenue Bonds								
	WWTP Sewer Revenue Issued April 3, 1997			SRF Water Revenue Issued March 27, 2002			Road Use Tax Revenue Refunding Issued October 1, 2005		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2008	3.92%	\$ 75,000	\$ 35,084	3.000%	\$ 52,000	\$ 28,980	3.500%	\$ 90,000	\$ 54,815
2009	3.92%	80,000	32,144	3.000%	53,000	27,420	3.500%	95,000	51,665
2010	3.92%	80,000	29,008	3.000%	55,000	25,830	3.500%	100,000	48,340
2011	3.92%	85,000	25,872	3.000%	57,000	24,180	3.500%	105,000	44,840
2012	3.92%	85,000	22,540	3.000%	58,000	22,470	3.500%	100,000	41,165
2013	3.92%	90,000	19,208	3.000%	60,000	20,730	3.500%	110,000	37,665
2014	3.92%	95,000	15,680	3.000%	62,000	18,930	3.600%	115,000	33,815
2015	3.92%	100,000	11,956	3.000%	64,000	17,070	3.700%	120,000	29,675
2016	3.92%	100,000	8,036	3.000%	66,000	15,150	3.800%	120,000	25,235
2017	3.92%	105,000	4,116	3.000%	68,000	13,170	3.900%	125,000	20,675
2018	-	-	-	3.000%	70,000	11,130	3.950%	130,000	15,800
2019	-	-	-	3.000%	72,000	9,030	4.000%	135,000	10,665
2020	-	-	-	3.000%	74,000	6,870	4.050%	130,000	5,265
2021	-	-	-	3.000%	76,000	4,650	-	-	-
2022	-	-	-	3.000%	79,000	2,370	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
TOTAL		<u>\$ 895,000</u>	<u>\$ 203,644</u>		<u>\$ 966,000</u>	<u>\$ 247,980</u>		<u>\$ 1,475,000</u>	<u>\$ 419,620</u>

SCHEDULE 4
(CONTINUED)

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2007

Year Ending June 30,	Revenue Bonds			Urban Renewal Tax Increment Financing (TIF) Revenue Bonds				
	SRF Sewer Revenue			Series 2004				
	Issued December 12, 2005			Issued June 24, 2004				
	Interest Rate	Principal	Interest	Total		Interest Rate	Principal	Interest
			Principal	Interest				
2008	3.00%	\$ 61,000	\$ 46,170	\$ 278,000	\$ 165,049	3.400%	\$ 150,000	\$ 14,100
2009	3.00%	63,000	44,340	291,000	155,569	3.600%	250,000	9,000
2010	3.00%	65,000	42,450	300,000	145,628	-	-	-
2011	3.00%	67,000	40,500	314,000	135,392	-	-	-
2012	3.00%	69,000	38,490	312,000	124,665	-	-	-
2013	3.00%	71,000	36,420	331,000	114,023	-	-	-
2014	3.00%	73,000	34,290	345,000	102,715	-	-	-
2015	3.00%	75,000	32,100	359,000	90,801	-	-	-
2016	3.00%	78,000	29,850	364,000	78,271	-	-	-
2017	3.00%	80,000	27,510	378,000	65,471	-	-	-
2018	3.00%	82,000	25,110	282,000	52,040	-	-	-
2019	3.00%	85,000	22,650	292,000	42,345	-	-	-
2020	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	-	-	-
TOTAL		<u>\$ 1,539,000</u>	<u>\$ 502,530</u>	<u>\$ 4,875,000</u>	<u>\$ 1,373,774</u>		<u>\$ 400,000</u>	<u>\$ 23,100</u>

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
RECEIPTS				
Property taxes	\$ 1,823,987	\$ 1,285,975	\$ 1,142,889	\$ 1,139,494
Tax increment financing collections	1,264,348	1,224,276	1,298,484	1,284,915
Other city taxes	662,819	479,487	501,753	512,877
Licenses and permits	71,646	76,584	79,090	95,035
Use of money and property	163,778	126,564	92,956	84,229
Intergovernmental	1,601,701	1,052,412	642,253	835,795
Charges for services	368,630	402,619	377,353	369,882
Miscellaneous	<u>168,856</u>	<u>451,219</u>	<u>266,159</u>	<u>424,702</u>
TOTAL RECEIPTS	<u>\$ 6,125,765</u>	<u>\$ 5,099,136</u>	<u>\$ 4,400,937</u>	<u>\$ 4,746,929</u>
DISBURSEMENTS				
Public safety	\$ 1,126,232	\$ 1,126,357	\$ 958,730	\$ 1,108,695
Public works	421,235	558,330	648,813	495,211
Health and social services	9,447	9,472	8,569	9,164
Culture and recreation	856,583	789,078	755,013	1,001,691
Community and economic development	79,739	81,814	60,113	57,533
General government	393,751	298,622	277,962	278,295
Debt service	2,018,683	3,426,315	2,248,872	1,366,230
Capital projects	<u>3,192,147</u>	<u>1,481,876</u>	<u>1,185,102</u>	<u>2,202,277</u>
TOTAL DISBURSEMENTS	<u>\$ 8,097,817</u>	<u>\$ 7,771,864</u>	<u>\$ 6,143,174</u>	<u>\$ 6,519,096</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 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, 2007, which collectively comprise the City of DeWitt's basic financial statements listed in the table of contents and have issued our report thereon dated January 10, 2008. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, 2007 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 Gunderson LLP

Clinton, Iowa
January 10, 2008

**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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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
January 10, 2008

CITY OF DEWITT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007

<u>GRANTOR/PROGRAM</u>	<u>CFDA</u> <u>Number</u>	<u>Grant</u> <u>Number</u>	<u>Expenditures</u>
Indirect:			
Department of Housing and Urban Development			
Passed through Iowa Department of Economic Development:			
2005 Housing	14.239	05-HM-112-69	\$ 147,049
2006 Housing	14.228	06-HSG-053	103,287
Custom-Pak	14.228	05-ED-001	<u>90,000</u>
			<u>340,336</u>
Department of Transportation			
Passed through Iowa Department of Transportation:			
Surface Transportation Project-6th Avenue	20.205	STP-U-1855(610)-70-23	231,506
Passed through Iowa Department of Public Safety/GTSB:			
STEP-Alcohol Related Occupant Prot.	20.600	PAP 06-04 TASK 11	2,467
STEP-Alcohol Related Occupant Prot.	20.600	PAP 07-04 TASK 11	4,925
STEP-Alcohol Related Occupant Prot.	20.600	PAP 07-163 TASK 24	1,844
STEP-OWI Prevention	20.605	PAP 06-163 TASK 22	<u>6,862</u>
			<u>247,604</u>
Department of Homeland Security			
Passed through Iowa Homeland Security and Emergency:			
Emergency Protective Measures	97.000	DR-1688-IA	<u>7,351</u>
			<u>7,351</u>
Department of Justice			
Passed through Iowa Department of Justice:			
Bulletproof Vest Partnership Program	16.607	2005	<u>700</u>
			<u>700</u>
Environmental Protection Agency			
Passed through Iowa Department of Natural Resources:			
2003-2004 Sewer SRF-Sludge Solution	66.458	CS19 2257 01	<u>380,401</u>
			<u>380,401</u>
Total indirect			976,392
Direct:			
U.S. Department of Commerce			
EDA Grant-Wastewater Expansion	11.300	05-01-04058	<u>147,087</u>
TOTAL			<u>\$ 1,123,479</u>

CITY OF DEWITT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs:
Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
<u>66.458</u>	<u>2003-2004 Sewer SRF-Sludge Solution</u>
<u>14.228</u>	<u>2006 Housing</u>
<u>14.228</u>	<u>Custom-Pak</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

**CITY OF DEWITT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007**

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, 2007

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, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

- 07-I-A Certified budget - Disbursements during the year ended June 30, 2007 did not exceed amounts budgeted.

- 07-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.

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

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

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

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

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

- 07-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.

CITY OF DEWITT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended June 30, 2007

<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, 2007**

<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.