CITY OF DEWITT, IOWA

FINANCIAL STATEMENTS
June 30, 2008

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CITY OF DEWITT

OFFICIALS

Name	Title	Term Expires
Donald J. Thiltgen	Mayor	January 1, 2010
Verlyn Scheckel	Mayor Pro Tem	January 1, 2010
Carole Dunkin	Council Member	January 1, 2012
Kurt Ketelsen	Council Member	January 1, 2012
Verlyn Scheckel	Council Member	January 1, 2012
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, 2008, 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, 2008, 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 2, 2009 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 16 and 42 through 44 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, 2007 (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, are presented for purposes of additional analysis and are 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 Gunderson LLP

Clinton, Iowa
January 2, 2009

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

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, 2008 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 17.

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, debt service, and capital projects. Business-type activities are water, sewer, garbage and recycling collection, and storm water utility.

Statement of Activities and Net Assets

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

Following the Statement of Activities and Net Assets is a section containing fund financial statements. In the Statement of Cash Receipts, Disbursements and Changes in Cash Balances the City's major funds are presented in their own column and the remaining funds are combined into a column titled "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, and the Debt Service 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.

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, 2008 Homeownership Grant, 2008 Owner-occupied Grant, Westbrook Baseball Diamond Improvements, Skate Park project, Springbrook Road/17th Street project, Silver Creek Trail project 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

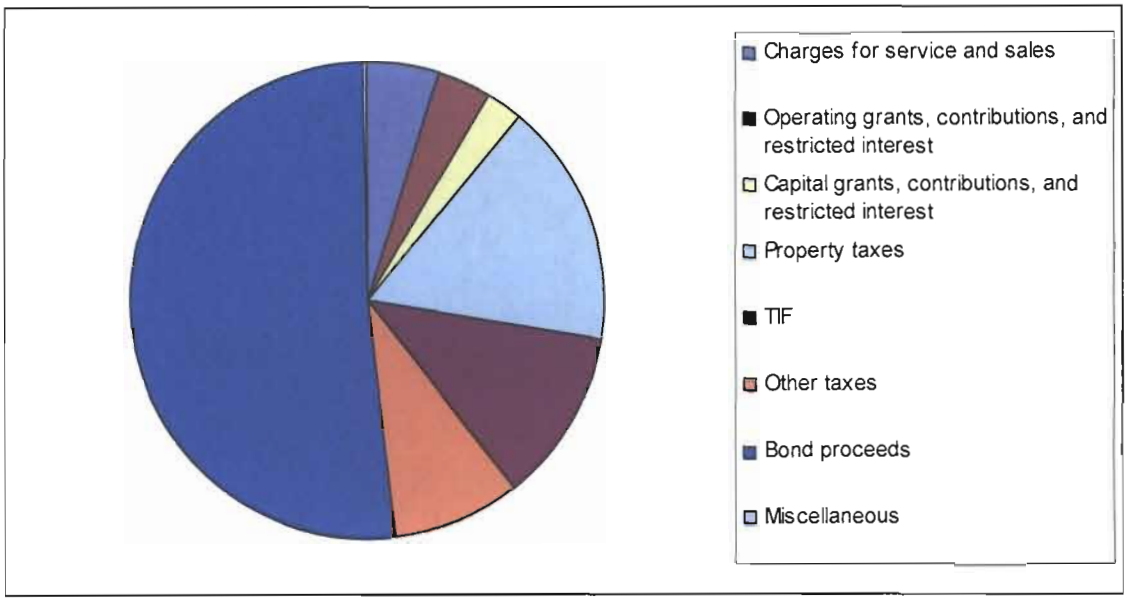
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from $3,252,259 to $7,553,524. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

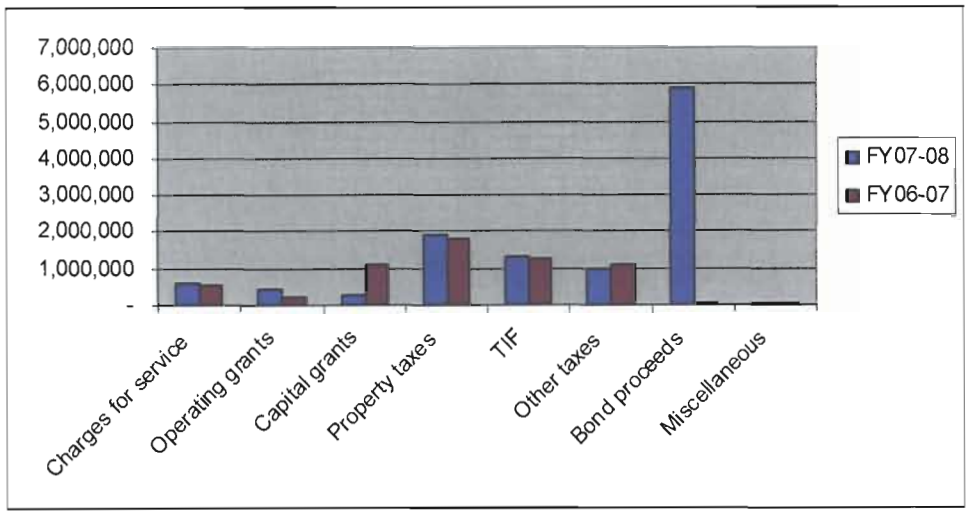
	2008	2007
Receipts and transfers:		
Program receipts:		
Charges for service	$ 574,388	$ 572,608
Operating grants, contributions, and restricted interest	422,259	225,360
Capital grants, contributions, and restricted interest	275,787	1,119,717
General receipts:		
Property tax	3,228,019	3,088,335
Utility excise tax	75,555	77,900
Hotel/motel tax	22,407	24,825
Local option sales tax	449,719	560,093
Road use tax	432,561	420,808
Unrestricted interest on investments	23,533	26,673
Bond proceeds	5,879,165	45,000
Miscellaneous	11,306	10,126
Sale of capital assets	4,936	-
Total receipts and transfers	11,399,635	6,171,445
Disbursements:		
Public safety	1,125,368	1,124,137
Public works	825,780	420,452
Health and social services	9,925	9,430
Culture and recreation	850,541	854,989
Community and economic development	99,167	79,590
General government	315,742	393,019
Debt service	3,259,523	2,018,683
Capital projects	612,324	3,192,149
Total disbursements	7,098,370	8,092,449
Increase (decrease) in cash basis net assets	4,301,265	(1,921,004)
Cash basis net assets, beginning of year	3,252,259	5,173,263
Cash basis net assets, end of year	$7,553,524	$3,252,259

For the year ended June 30, 2008, the City's governmental activities were funded as follows:

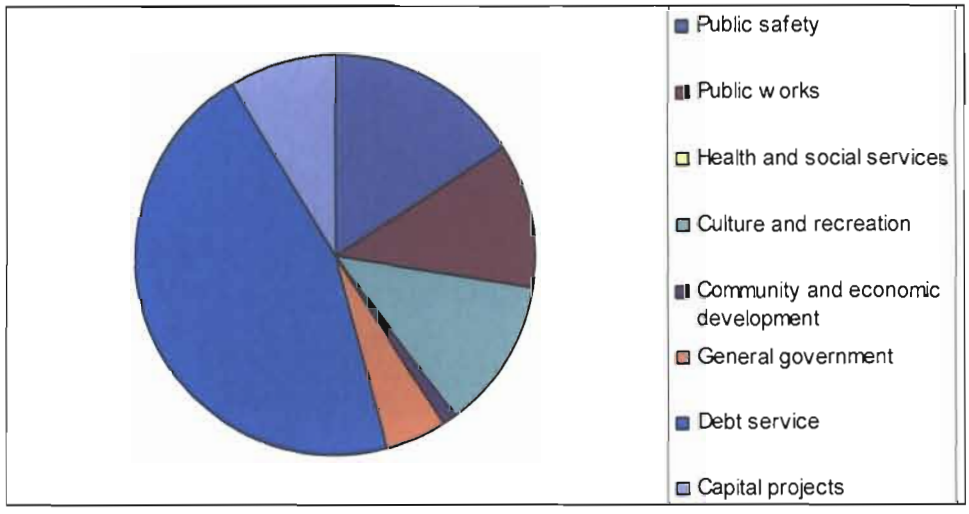
Sources of Funds for Governmental Activities



Governmental program receipts changed as compared to the prior year in several areas. Receipts overall more than doubled mostly due to bond proceeds. Major differences by receipt source are outlined below. Operating grants, contributions, and restricted interest revenues increased over 87% from last fiscal year. The difference in public works is in large part due to FEMA reimbursements for ice storms this past winter. The large difference in culture and recreation is due mostly to the receipt of a donation for over $100,000 to the library endowment fund left in a will. The high increase in community and economic development is due to donations received for the Hausbarn project which had just barely begun last fiscal year. Capital grants, contributions, and restricted interest decreased by over $1 million as compared to the previous year. These change annually depending on what projects are in process and where they are in the process. This is largely attributable to the 6th Avenue Reconstruction project for which grant funds received this year totaled $86,336 as compared to $686,076 last fiscal year. The reimbursements on the 2006 housing grant received this year totaled $184,714 which had just begun last year. Property tax revenues were up about 4% due to valuation growth, new development, and the creation of a Self-Supporting Municipal Improvement District in the downtown area. TIF revenues were up slightly. Other tax revenues decreased by over $100,000. Local option sales tax receipts decreased significantly while road use tax revenues increased slightly. Local option sales tax revenues are highly dependent on the economy. Bond proceeds increased from only $45,000 to $5,879,165 because the only proceeds last year were from a continuation of the state revolving loan for the waste water treatment plant expansion but two large bond issues were completed in the current fiscal year. These were for upcoming/current capital projects and one of these new issues included amounts to refund the 2002 general obligation bonds. Miscellaneous revenues increased slightly. Total governmental revenues this year as compared to last fiscal year are shown in the following graph.

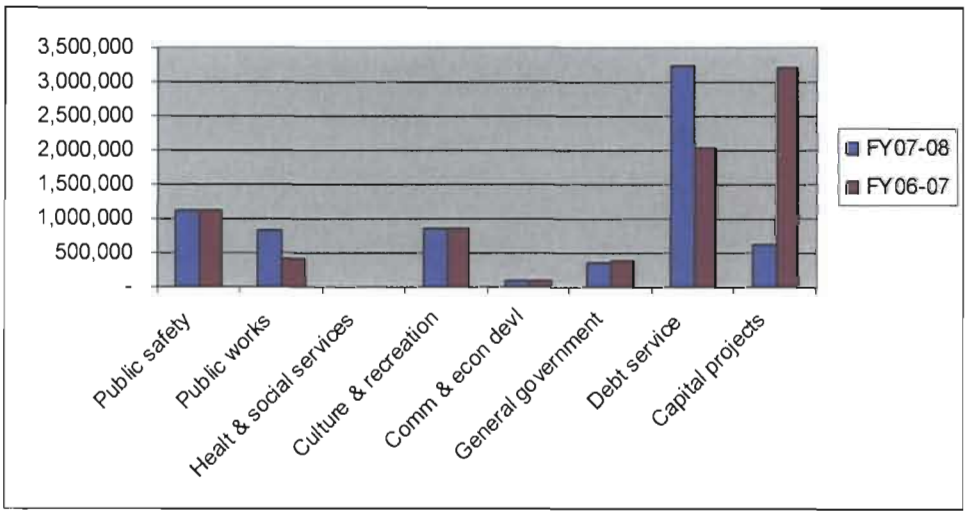


Uses of Funds in Governmental Activities



Governmental program expenses are about 12% less in total as compared to the prior year however, the category breakdown of the expenditures has changed significantly. Public safety expenditures increased only very slightly. Public works nearly do
ubled. 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; therefore both FY07 and FY08 street work was done in the current year. In addition due to abnormal weather and the sand shortage, snow expenditures were more than twice as high as normal. Expenditures for health and social services increased very slightly. Culture and recreation expenditures decreased slightly. Community and economic development expenditures increased by nearly $20,000. This was due to the reorganization of the TIF district and establishment of a TIF blight area and residential TIF policy. The general government expenditures decreased by about 19% due to the computer system software conversion and addition of Laser Fiche document

imaging last year which are not normal annual expenditures. Debt service expenditures increased by over 61% due to the refunding of the 2002 general obligation bond issue in the current fiscal year, none of which were done last year. Capital project expenditures decreased dramatically 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. Most of these projects were completed fully or mostly last fiscal year. The FY08 projects did not get started as quickly as expected so many of these expenditures will fall in next fiscal year. The total governmental expenses this year as compared to last fiscal year are shown in the graph below.



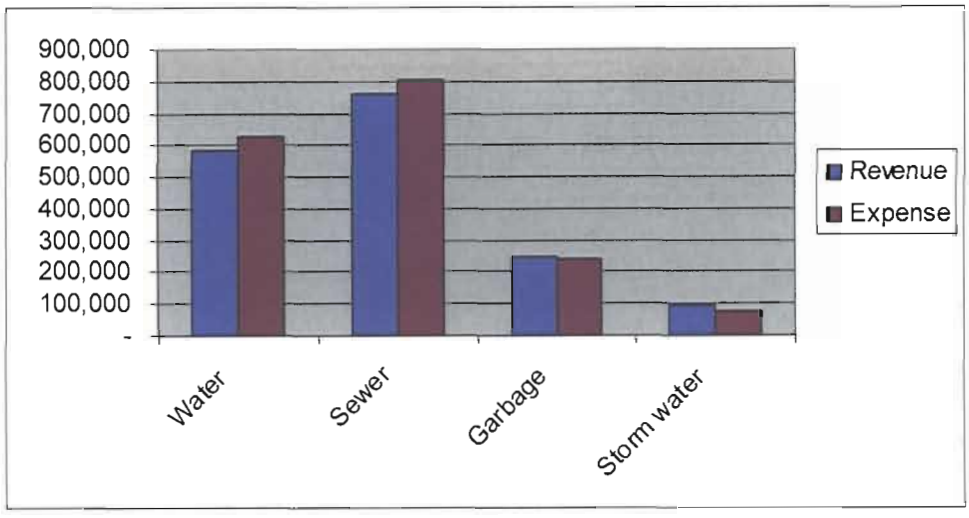
Business-type Activities

Changes in Cash Basis Net Assets of Business Type Activities

	2008	2007
Receipts:		
Program receipts:		
Charges for service:		
Water	$ 581,332	$ 564,834
Sewer	761,738	719,469
Garbage and recycling collection	244,768	235,791
Storm water utility	93,801	91,895
Operating grants, contributions, and restricted interest	104,320	107,135
Capital grants, contributions, and restricted interest	-	264,313
General receipts:		
Bond proceeds	51,180	456,055
Total receipts	1,837,139	2,439,492
Disbursements and transfers:		
Water	628,779	636,493
Sewer	802,283	1,359,433
Garbage and recycling collection	240,310	233,075
Storm water utility	73,451	66,088
Total disbursements and transfers	1,744,823	2,295,089
Increase in cash balance	92,316	144,403
Cash basis net assets, beginning of year	2,298,850	2,154,447
Cash basis net assets, end of year	$2,391,166	$2,298,850

Total business type activities receipts for the fiscal year were $1,837,139 compared to $2,439,492 last year. Total disbursements for the fiscal year decreased by 24% to a total of $1,744,823.

For the year ended June 30, 2008, the City's business-type activities, revenues, and expenses were as follows:



The water revenues are up about $20,600 as compared to last fiscal year. This is due to both increased metered sales revenue and repayment by the Springbrook Country Club for part of a watermain extension. Water rates were increased. Conversely, water expenses decreased slightly. The meter repair and installation ($76,182) 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 fifth year of this project. This is nearly complete with the exception of larger than normal meters at several businesses/apartment buildings that will be complete in the upcoming year. Water debt service remained about the same. The sewer fund revenues increased while expenses decreased significantly. Sewer rates were increased. Also several new house permits were issued with sewer tap on fees. The significant decrease in expenses is due largely to the fact that the sewer plant expansion/sludge solution project expenses decreased significantly as this project was completed. Few expenses for this were in the current year. Sewer debt service expenses remained about the same. The garbage and recycling collection fund revenues and expenses both increased with both increase in fees and increase in households. Garbage fees were increased significantly to cover an increase in the cost of our garbage contract. The storm water has now been in place for six years. Revenues stayed about the same. The expenses increased with the completion of a small storm drainage project.

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 2007-2008, to add expenses such as restructuring of TIF and annexation process that were not known of at the time the original budget was adopted, to adjust for the 2008 TIF and 2008 GO Bonds and the related projects, and project donations. 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 bond proceeds and donations. Expenses adjustments include repairing roof/basement issues at police station, approved street maintenance work, increases to gasoline and utility expenses in multiple departments, snow budget overages, and the road work at the compost facility.

For the year ended June 30, 2008, total actual revenues including other financing sources were $1,808,777 under the final budget while total actual expenditures were $5,701,216 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, 2008, the City had fund balances on hand of $7,553,524 in governmental fund types and $2,391,166 in business-type funds. The fund balances for government fund types increased by $4,301,265 while the fund balances for business-type funds increased by $92,316 during fiscal year 2007-2008. The main reasons for the increase of funds on hand in governmental fund types are the receipt of bond proceeds for capital projects and large equipment purchases that have not yet been spent, as well as, a choice by city council to accumulate TIF tax receipts in order to allow for the future call and prepayment of TIF debt. In business-type funds the small increase is due to increases in utility fees to cover operational expenses and necessary set-asides for future needs.

Debt Outstanding

As of year-end, the City had $17,081,000 in debt outstanding compared to $14,093,000 in 2007.

Outstanding Debt at Year End

	Totals	
	2008	**2007**
Governmental		
General obligation	$12,233,000	$ 8,818,000
Tax increment	250,000	400,000
Road use refunding	1,385,000	1,475,000
Subtotal	13,868,000	10,693,000
Business-type		
Water revenue	914,000	966,000
Sewer revenue	2,299,000	2,434,000
Subtotal	3,213,000	3,400,000
Total	$17,081,000	$14,093,000

There were two new bonds issued during the year. The first is the General Obligation and Refunding Bonds Series 2008A and the second is the General Obligation Urban Renewal Bonds, Series 2008. The state revolving loan is drawn as the City incurs expenses. The final draw was done this year. The City is at 78.8% of its bonding capacity up from 62.8% at June 30, 2007. 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 29 - 37.

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. One of the agreements is an upfront grant that must be repaid to the City by the industry if incremental taxes fall below the amount agreed to in the development agreement. Both agreements for the current year had the requirements met. One listed below received 100% of the scheduled rebate. The other did not have to make any repayment to the City. The other two have not yet started. Each agreement is written so that each year stands alone. Rebates for fiscal year 2007-2008 were as follows:

	Rebate Scheduled	Actual Rebate
DeWitt Development Company	$ 25,948	$ 25,948

Economic Factors

While property taxes are important to the City, they represent approximately 26% of total program resources excluding other financing sources. Property taxes were just slightly higher than expected due to receipt of some previous year taxes. TIF revenues comprised just over 18% of revenues. The largest resource, at nearly 28%, comes from fees and charges for services and includes utility charges. Intergovernmental revenue was lower this year at nearly 11%. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly. During fiscal year 2007-2008 the City increased sewer utility fees, water utility fees, garbage 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. The extreme weather over the past year has also adversely affected the City's operating costs. Ice storms, excessive snows, and strong winds required much more labor and materials costs than normal. Our county had two declared disasters this year.

Next Year's Budget and Rates

For the year ending June 30, 2009, the general fund has been budgeted fairly consistently with this year. However, the budget does include an increase in hours for the administrative assistant at the police department, parks mower replacement, painting/tiling at the community center, fitness center software upgrades and new weight equipment. The City is also expecting to purchase new aerial maps, new signs at Westbrook and replace playground chips at the parks. Additional marketing in conjunction with DeWitt Development Company is included. SSMID revenues and expenses were added including $14,251 from the general fund. The emergency tax levy is being utilized. $45,000 is budgeted for additional architect fees for the future library expansion and $5,000 for marketing/pubic relations regarding the expansion. Capital projects being budgeted in governmental activities for next year include 6th Ave. reconstruction phase II, Springbrook Road/17th Street, extension of Silver Creek park trail, and Westbrook baseball diamond improvements.

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. Much discussion also continues in regard to TIF and other economic development issues. Union rights will also continue to be discussed with several proposals that would have a very negative impact on cities.

The business-type activities include a continuation of the radio read meter change out project in the water utility. This budgeted amount however has decreased from $75,000 in FY08 to $42,000 in FY09 for the final year of the project. The purchase of a replacement pick-up, $10,000 towards a GIS system and $15,000 to close water loops is also included. Sewer utility budget includes $10,000 shop addition, a replacement pick-up and $10,000 towards a GIS system. $40,000 is included to add an additional pump at the West lift station. The sewer plant expansion/sludge solution project was budgeted to be completed prior to June 30, 2007 which it is except for road work for the new location of the compost area. Storm water utility budget includes $50,000 for costs for 11th Street East improvements. The council does not want work to begin however until they determine the way in which they want the improvements to be done. The garbage budget is significantly higher than previous years. The new garbage contract costs increased significantly when rebid. The new costs are effective July 1, 2008. The garbage rate has already been increased to partially offset the increase in costs but the rest will be covered with existing fund balance. It is expected that the garbage rate will be increased again in Spring 2009. Water and sewer fee increases are included. These were already implemented in Spring 2008.

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, 2008

		Program Receipts		
	Disbursements	Charges for Service and Sales	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
FUNCTIONS/PROGRAMS				
Governmental activities:				
Public safety	$ 1,125,368	$ 119,184	$ 49,625	$ -
Public works	825,780	6,101	32,283	-
Health and social services	9,925	2,400	751	-
Culture and recreation	850,541	400,071	225,266	-
Community and economic development	99,167	4,160	66,049	-
General government	315,742	42,472	2,249	-
Debt service	3,259,523	-	14,185	-
Capital projects	612,324	-	31,851	275,787
Total governmental activities	7,098,370	574,388	422,259	275,787
Business-type activities:				
Water	628,779	581,332	46,315	-
Sewer	802,283	761,738	53,018	-
Garbage and recycling collection	240,310	244,768	493	-
Storm water utility	73,451	93,801	4,494	-
Total business-type activities	1,744,823	1,681,639	104,320	-
Total	$ 8,843,193	$ 2,256,027	$ 526,579	$ 275,787
General receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Utility excise tax				
Hotel/motel tax				
Local option sales tax				
Road use tax				
Unrestricted investment earnings				
Bond proceeds				
Miscellaneous				
Sale of capital assets				
Total general receipts				
CHANGE IN CASH BASIS NET ASSETS				
CASH BASIS NET ASSETS BEGINNING OF YEAR				
CASH BASIS NET ASSETS END OF YEAR				
CASH BASIS NET ASSETS				
Restricted:				
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
$ (956,559)	$ -	$ (956,559)
(787,396)	-	(787,396)
(6,774)	-	(6,774)
(225,204)	-	(225,204)
(28,958)	-	(28,958)
(271,021)	-	(271,021)
(3,245,338)	-	(3,245,338)
(304,686)	-	(304,686)
(5,825,936)	-	(5,825,936)
-	(1,132)	(1,132)
-	12,473	12,473
-	4,951	4,951
-	24,844	24,844
-	41,136	41,136
(5,825,936)	41,136	(5,784,800)
1,902,104	-	1,902,104
1,325,915	-	1,325,915
75,555	-	75,555
22,407	-	22,407
449,719	-	449,719
432,561	-	432,561
23,533	-	23,533
5,879,165	51,180	5,930,345
11,306	-	11,306
4,936	-	4,936
10,127,201	51,180	10,178,381
4,301,265	92,316	4,393,581
3,252,259	2,298,850	5,551,109
$ 7,553,524	$ 2,391,166	$ 9,944,690
$ 185,829	$ 159,961	$ 345,790
2,290,924	643,816	2,934,740
5,076,771	1,587,389	6,664,160
$ 7,553,524	$ 2,391,166	$ 9,944,690

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, 2008

		Special Revenue	Debt Service
	General	DeWitt Economic Development TIF	Debt Service
RECEIPTS			
Property taxes	$ 1,101,230	$ -	$ 432,795
Tax increment financing collections	-	1,325,915	-
Other city taxes	68,781	-	13,748
Licenses and permits	74,818	-	-
Use of money and property	75,355	11,602	2,725
Intergovernmental	92,293	-	-
Charges for services	370,251	-	-
Miscellaneous	139,391	-	-
Total receipts	1,922,119	1,337,517	449,268
DISBURSEMENTS			
Governmental activities:			
Public safety	1,005,794	-	-
Public works	28,989	-	-
Health and social services	9,930	-	-
Culture and recreation	838,528	-	-
Community and economic development	76,050	7,695	-
General government	315,902	-	-
Debt service	-	25,948	2,379,346
Capital projects	-	-	-
Total disbursements	2,275,193	33,643	2,379,346
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(353,074)	1,303,874	(1,930,078)
OTHER FINANCING SOURCES (USES)			
Proceeds of bonds	115,929	-	1,960,714
Sale of capital assets	469	-	-
Operating transfers in	394,744	-	-
Operating transfers out	(18,376)	(703,673)	-
Total other financing sources (uses)	492,766	(703,673)	1,960,714
NET CHANGE IN CASH BALANCES	139,692	600,201	30,636
CASH BALANCES BEGINNING OF YEAR	1,144,490	62,751	1,736
CASH BALANCES END OF YEAR	$ 1,284,182	$ 662,952	$ 32,372
CASH BASIS FUND BALANCES			
Reserved:			
Debt service	$ -	$ -	$ 32,372
Other purposes	368,664	-	-
Unreserved:			
General fund	915,518	-	-
Special revenue funds	-	662,952	-
Capital projects funds	-	-	-
Permanent fund	-	-	-
Total cash basis fund balances	$ 1,284,182	$ 662,952	$ 32,372

Nonmajor Governmental Funds	Total
$ 368,079	$ 1,902,104
-	1,325,915
465,152	547,681
2,884	77,702
83,800	173,482
703,612	795,905
3,944	374,195
178,690	318,081
1,806,161	5,515,065
120,144	1,125,938
797,209	826,198
-	9,930
12,443	850,971
15,472	99,217
-	315,902
854,229	3,259,523
612,324	612,324
2,411,821	7,100,003
(605,660)	(1,584,938)
3,802,522	5,879,165
4,936	5,405
931,318	1,326,062
(604,013)	(1,326,062)
4,134,763	5,884,570
3,529,103	4,299,632
2,037,366	3,246,343
$ 5,566,469	$ 7,545,975
$ 153,457	$ 185,829
-	368,664
-	915,518
1,457,170	2,120,122
3,785,040	3,785,040
170,802	170,802
$ 5,566,469	$ 7,545,975

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, 2008

Total governmental fund cash balances (page 21)	$ 7,545,975
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.	7,549
Cash basis net assets of governmental activities (page 19)	$ 7,553,524
Net change in cash balances (page 21)	$ 4,299,632
Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:	
The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.	1,633
Change in cash balance of governmental activities (page 19)	$ 4,301,265

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, 2008

	Water Utility	Sewer Utility
OPERATING RECEIPTS		
Charges for services	$ 557,977	$ 761,739
Miscellaneous	33,202	14,937
Total operating receipts	591,179	776,676
OPERATING DISBURSEMENTS		
Governmental activities:		
Nonprogram	-	-
Business-type activities:	537,277	540,636
Total operating disbursements	537,277	540,636
EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	53,902	236,040
NON-OPERATING RECEIPTS (DISBURSEMENTS)		
Interest on investments	10,702	23,610
Miscellaneous	9,660	-
Bond proceeds	-	-
Debt service	-	-
Net non-operating receipts (disbursements)	20,362	23,610
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	74,264	259,650
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	-
Operating transfers out	(90,480)	(282,698)
Other financing sources (uses)	(90,480)	(282,698)
NET CHANGE IN CASH BALANCES	(16,216)	(23,048)
CASH BALANCES BEGINNING OF YEAR	476,388	744,435
CASH BALANCES END OF YEAR	$ 460,172	$ 721,387
CASH BASIS FUND BALANCES		
Reserved:		
Debt service	$ -	$ -
Other purposes	-	-
Unreserved	460,172	721,387
Total cash basis fund balances	$ 460,172	$ 721,387

Nonmajor Proprietary Funds	Total	Internal Service Fund Payroll Clearing
$ 338,161	$ 1,657,877	$ -
12,628	60,767	419,618
350,789	1,718,644	419,618
-	-	417,103
376,349	1,454,262	-
376,349	1,454,262	417,103
(25,560)	264,382	2,515
23,343	57,655	-
-	9,660	-
51,180	51,180	-
(291,443)	(291,443)	-
(216,920)	(172,948)	-
(242,480)	91,434	2,515
373,178	373,178	-
-	(373,178)	-
373,178	-	-
130,698	91,434	2,515
1,073,588	2,294,411	10,355
$ 1,204,286	$ 2,385,845	$ 12,870
$ 159,961	$ 159,961	$ -
643,816	643,816	-
400,509	1,582,068	12,870
$ 1,204,286	$ 2,385,845	$ 12,870

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, 2008

Total enterprise funds cash balances (page 24)	$ 2,385,845
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.	5,321
Cash basis net assets of business-type activities (page 19)	$ 2,391,166
Net change in cash balances (page 24)	$ 91,434
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.	882
Change in cash balance of business-type activities (page 19)	$ 92,316

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

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.

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 Debt Service Fund is used to account for the payment of interest and principal of the City's debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following major proprietary funds:

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

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

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

C. Basis of Accounting

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

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

D. Budgets and Budgetary Accounting

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

NOTE 2 - DEPOSITS

The City's deposits at June 30, 2008 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 June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	$ 999,000	$ 450,238	$ 291,000	$ 148,025
2010	1,202,000	409,314	300,000	138,820
2011	876,000	373,137	314,000	129,320
2012	900,000	344,881	312,000	119,375
2013	1,234,000	315,397	331,000	109,515
2014 - 2018	2,932,000	1,091,374	1,729,000	379,960
2019 - 2023	2,500,000	649,160	1,018,000	125,790
2024 - 2027	1,590,000	178,200	303,000	18,360
Total	$12,233,000	$ 3,811,701	$ 4,598,000	$ 1,169,165

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds/Notes		Total	
	Principal	Interest	Principal	Interest
2009	$ 250,000	$ 9,000	$ 1,540,000	$ 607,263
2010	-	-	1,502,000	548,134
2011	-	-	1,190,000	502,457
2012	-	-	1,212,000	464,256
2013	-	-	1,565,000	424,912
2014 - 2018	-	-	4,661,000	1,471,334
2019 - 2023	-	-	3,518,000	774,950
2024 - 2027	-	-	1,893,000	196,560
Total	$ 250,000	$ 9,000	$17,081,000	$ 4,989,866

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

On February 1, 2008, the City issued $3,610,000 of General Obligation Bonds, with interest rates ranging from 3.5% to 4.1%. The City issued the bonds to provide funds to pay the cost of constructing street and related improvements, acquiring equipment for the police department and public works department and to advance refund $1,770,000 of the outstanding Series 2002 General Obligation Bonds with interest rates ranging from 3.90% to 5.25%. The City used a portion of 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 2002 General Obligation Bonds. As a result, the Series 2002 General Obligation Bonds are considered defeased. The outstanding principal of the defeased bonds is $1,685,000 at June 30, 2008.

The advance refunding increased total debt service payments over the next 14 years by $60,269. This results in an economic loss (difference between the present values of the debt service payments on the old and new debt) of $85,817.

1997 WWTP Sewer Revenue Bonds

The City has pledged the net revenues of the Wastewater Treatment System of the City to repay the $1,500,000 1997 WWTP Sewer Revenue Bonds issued in April 1997. Proceeds from the bonds provided financing for the improvements and extensions to the Municipal Sanitary Sewer System of the City. The bonds are payable solely from the net revenues of the Wastewater Treatment System and are payable through 2017. The total interest and principal remaining to be paid on the bonds is $949,000.

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

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

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

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.

As of June 30, 2008, the City is no longer obligated to maintain a balance in the Reserve Fund, except insofar as such a balance is required with respect to other municipal bonds or notes issued by the City and payable from the Net Revenues of the Municipal Sanitary Sewer System.

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.

2005 SRF Sewer Revenue Bonds

The City has pledged the net revenues of the Municipal Sanitary Sewer System of the City to repay the $1,599,000 2005 SRF Sewer Revenue Bonds issued in December 2005. Proceeds from the bonds provided financing for the cost of constructing improvements and extensions to the Municipal Sanitary Sewer System. The bonds are payable solely from the net revenues of the Municipal Sanitary Sewer System and are payable through 2026. The total interest and principal remaining to be paid on the bonds is $1,935,360.

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

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:

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

> 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.

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

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

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.

For the current year, principal and interest paid and total customer net receipts for the City's Sewer Revenue Bonds were $210,463 and $259,650, respectively.

2002 SRF Water Revenue Bonds

The City has pledged the net revenues of the Water System of the City to repay the $1,100,000 2002 SRF Water Revenue Bonds issued in March 2002. Proceeds from the bonds provided financing for the cost of constructing improvements to the Water System. The bonds are payable solely from the net revenues of the Water System and are payable through 2022. The total interest and principal remaining to be paid on the bonds is $1,133,000. For the current year, principal and interest paid and total customer net receipts for the City's Water Revenue Bonds were $80,980 and $74,264, respectively.

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

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.

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

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

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

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

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

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 $1,300,000 at June 30, 2008.

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 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. The bonds are payable through 2020. Total principal and interest remaining to be paid on the notes is $1,385,000. For the current year, principal and interest paid and total road use tax receipts were $144,815 and $432,561, respectively.

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

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

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.

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.

NOTE 3 - BONDS AND NOTES PAYABLE (CONTINUED)

Urban Renewal Tax Increment Financing Revenue Bonds

The City issued $1,440,000 of urban renewal tax increment financing revenue bonds in June 2004 for the purpose of carrying out projects in the Urban Renewal Areas consisting of the construction of street, sanitary sewer, storm sewer and water improvements; and the construction of recreation trail improvements. The bonds are payable solely from the income and proceeds of the Urban Renewal Tax Revenue Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the bonds is $259,000 payable through June 2009. For the current year, principal and interest paid and total TIF receipts were $164,100 and $1,325,915 respectively.

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 3.90% of their annual covered salary and the City is required to contribute 6.05% 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, 2008, 2007, and 2006 were $53,702, $52,738, and $47,957, 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, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

NOTE 4 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, can not be less than 17% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to the Plan for the years ended June 30, 2008, 2007, and 2006, were $117,465, $120,220, and $119,637, 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, 2008, primarily relating to the General Fund, was $57,649. This liability has been computed based on rates of pay as of June 30, 2008.

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

NOTE 6 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

	Transfers In	Transfers Out
General	$ 394,744	$ 18,376
Special Revenue:		
DeWitt Economic Development TIF	-	703,673
Other Nonmajor Governmental Funds	931,318	604,013
Water Utility	-	90,480
Sewer Utility	-	282,698
Other Nonmajor Proprietary Funds	373,178	-
	$ 1,699,240	$ 1,699,240

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, 2008, the City had the following committed construction:

	Total Contract Amount	Portion at June 30, 2008	
		Completed	Committed
Project			
6th Avenue-IDOT Project	$ 548,243	$ 515,844	$ 32,399
6th Avenue-Supplemental	67,368	31,588	35,780
6th Avenue-Phase II	2,030,848	-	2,030,848
Total	$ 2,646,459	$ 547,432	$2,099,027

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, pursuant to Chapters 15A and 403 of the Code of Iowa, in the maximum total amount of $260,948.

During the year ended June 30, 2008, the City rebated $25,948.

NOTE 10 - SUBSEQUENT EVENT

On September 2, 2008, the City entered in to a loan agreement with the Iowa Department of Natural Resources in the amount of $75,000. If all contractual obligations of the contract are met, $20,000 of the loan will be forgiven. The remaining $55,000 is a zero interest loan with required quarterly payments of $2,750 and final maturity on January 15, 2014.

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, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Less Funds Not Required to be Budgeted
RECEIPTS			
Property taxes	$ 1,902,104	$ -	$ -
Tax increment financing collections	1,325,915	-	-
Other city taxes	547,681	-	-
Licenses and permits	77,702	-	-
Use of money and property	173,482	57,655	-
Intergovernmental	795,905	-	-
Charges for services	374,195	1,657,877	-
Miscellaneous	318,081	541,225	419,618
Total receipts	5,515,065	2,256,757	419,618
DISBURSEMENTS			
Public safety	1,125,938	-	-
Public works	826,198	-	-
Health and social services	9,930	-	-
Culture and recreation	850,971	-	-
Community and economic development	99,217	-	-
General government	315,902	-	-
Debt service	3,259,523	-	-
Capital projects	612,324	-	-
Business-type activities	-	1,745,705	-
Nonprogram	-	417,103	417,103
Total disbursements	7,100,003	2,162,808	417,103
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,584,938)	93,949	2,515
OTHER FINANCING SOURCES (USES), (NET)	5,884,570	-	-
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	4,299,632	93,949	2,515
BALANCES BEGINNING OF YEAR	3,246,343	2,304,766	10,355
BALANCES END OF YEAR	$ 7,545,975	$ 2,398,715	$ 12,870

Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance - Positive (Negative)
$ 1,902,104	$ 1,898,445	$ 1,898,445	$ 3,659
1,325,915	1,300,000	1,300,000	25,915
547,681	523,466	543,987	3,694
77,702	78,728	81,928	(4,226)
231,137	157,215	165,615	65,522
795,905	2,502,131	2,223,888	(1,427,983)
2,032,072	2,096,625	2,099,673	(67,601)
439,688	169,033	367,532	72,156
7,352,204	8,725,643	8,681,068	(1,328,864)
1,125,938	1,128,189	1,234,877	108,939
826,198	675,560	1,005,544	179,346
9,930	10,000	11,000	1,070
850,971	884,638	920,749	69,778
99,217	96,859	108,965	9,748
315,902	311,460	332,139	16,237
3,259,523	1,365,226	3,267,235	7,712
612,324	3,055,495	5,390,375	4,778,051
1,745,705	1,750,837	1,884,070	138,365
-	-	-	-
8,845,708	9,278,264	14,154,954	5,309,246
(1,493,504)	(552,621)	(5,473,886)	3,980,382
5,884,570	1,301,300	5,972,513	(87,943)
4,391,066	748,679	498,627	3,892,439
5,540,754	4,333,815	5,551,163	(10,409)
$ 9,931,820	$ 5,082,494	$ 6,049,790	$ 3,882,030

CITY OF DEWITT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - BUDGETARY REPORTING
June 30, 2008

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 nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the general fund, 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 $4,876,690. The budget amendments are reflected in the final budgeted amounts.

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, 2008

	Special Revenue				
	Road Use Tax	Road Use Tax Reserve	Road Use Equipment Replacement	Local Option Sales Tax	Economic Development Revolving Loan Fund
RECEIPTS					
Property taxes	$ -	$ -	$ -	$ -	$ -
Other city taxes					
Local option sales tax	-	-	-	449,719	-
Utility replacement tax	-	-	-	-	-
Total other city taxes	-	-	-	449,719	-
Licenses and permits	-	-	-	2,884	-
Use of money and property					
Interest on investments	-	4,929	609	2,914	912
Intergovernmental					
Road use tax	432,561	-	-	-	-
Local grants	-	-	-	-	-
Federal grants	-	-	-	-	-
Total intergovernmental	432,561	-	-	-	-
Charges for services	-	-	-	2,944	-
Miscellaneous	17,533	-	-	5,770	-
Total receipts	450,094	4,929	609	464,231	912
DISBURSEMENTS					
Public safety	-	-	-	-	-
Public works	399,720	457	-	397,032	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	399,720	457	-	397,032	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	50,374	4,472	609	67,199	912
OTHER FINANCING SOURCES (USES)					
Proceeds of bonds	-	-	-	-	-
Sale of capital assets	-	-	-	4,936	-
Operating transfers in	48,074	-	-	-	-
Operating transfers out	(136,631)	(4,472)	-	(179,888)	-
Total other financing sources (uses)	(88,557)	(4,472)	-	(174,952)	-
NET CHANGE IN CASH BALANCES	(38,183)	-	609	(107,753)	912
CASH BALANCES BEGINNING OF YEAR	273,962	149,840	24,319	175,966	36,327
CASH BALANCES END OF YEAR	$ 235,779	$ 149,840	$ 24,928	$ 68,213	$ 37,239
CASH BASIS FUND BALANCES					
Reserved:					
Debt service	$ -	$ -	$ -	$ -	$ -
Unreserved:					
Special revenue funds	235,779	149,840	24,928	68,213	37,239
Capital projects funds	-	-	-	-	-
Permanent fund	-	-	-	-	-
Total cash basis fund balances	$ 235,779	$ 149,840	$ 24,928	$ 68,213	$ 37,239

Special Revenue							
DeWitt Economic Development TIF Reserve	Retirement Benefits	Employee Benefits	DeWitt Public Library Building	Library Endowment Fund	Police Capital Improvements	Emergency Levy	SSMID
$ -	$ 112,854	$ 218,013	$ -	$ -	$ -	$ 34,238	$ 2,974
-	-	-	-	-	-	-	-
-	4,761	9,214	-	-	-	1,458	-
-	4,761	9,214	-	-	-	1,458	-
-	-	-	-	-	-	-	-
-	210	-	81	33,746	156	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,000	-	-
-	-	-	1,060	101,368	3,320	-	-
-	117,825	227,227	1,141	135,114	4,476	35,696	2,974
-	117,465	-	-	-	2,679	-	-
-	-	-	-	-	-	-	-
-	-	-	2,429	10,014	-	-	-
-	-	-	-	-	-	-	15,472
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	117,465	-	2,429	10,014	2,679	-	15,472
-	360	227,227	(1,288)	125,100	1,797	35,696	(12,498)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,498
-	-	(227,227)	-	-	-	(35,696)	-
-	-	(227,227)	-	-	-	(35,696)	12,498
-	360	-	(1,288)	125,100	1,797	-	-
144,000	9,785	-	3,157	631,914	5,272	-	-
$ 144,000	$ 10,145	$ -	$ 1,869	$ 757,014	$ 7,069	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
144,000	10,145	-	1,869	757,014	7,069	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 144,000	$ 10,145	$ -	$ 1,869	$ 757,014	$ 7,069	$ -	$ -

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, 2008

	Special Revenue	Debt Service		Capital Projects	
	German Building	DeWitt Economic Development TIF	Road Use	6th Avenue	2008 Homeownership Grant
RECEIPTS					
Property taxes	$ -	$ -	$ -	$ -	$ -
Other city taxes					
Local option sales tax	-	-	-	-	-
Utility replacement tax	-	-	-	-	-
Total other city taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property					
Interest on investments	-	9,479	1,980	16,240	-
Intergovernmental					
Road use tax	-	-	-	-	-
Local grants	-	-	-	10,288	-
Federal grants	-	-	-	76,049	-
Total intergovernmental	-	-	-	86,337	-
Charges for services	-	-	-	-	-
Miscellaneous	40,665	-	-	3,542	-
Total receipts	40,665	9,479	1,980	106,119	-
DISBURSEMENTS					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	-	708,813	145,416	-	-
Capital projects	-	-	-	346,849	878
Total disbursements	-	708,813	145,416	346,849	878
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	40,665	(699,334)	(143,436)	(240,730)	(878)
OTHER FINANCING SOURCES (USES)					
	-	-	-	1,562,522	-
	-	-	-	-	-
Operating transfers in	-	703,673	141,104	20,091	878
Operating transfers out	(20,091)	-	-	-	-
Total other financing sources (uses)	(20,091)	703,673	141,104	1,582,613	878
NET CHANGE IN CASH BALANCES	20,574	4,339	(2,332)	1,341,883	-
CASH BALANCES BEGINNING OF YEAR	500	117,960	33,490	255,396	-
CASH BALANCES END OF YEAR	$ 21,074	$ 122,299	$ 31,158	$ 1,597,279	$ -
CASH BASIS FUND BALANCES					
Reserved:					
Debt service	$ -	$ 122,299	$ 31,158	$ -	$ -
Unreserved:					
Special revenue funds	21,074	-	-	-	-
Capital projects funds	-	-	-	1,597,279	-
Permanent fund	-	-	-	-	-
Total cash basis fund balances	$ 21,074	$ 122,299	$ 31,158	$ 1,597,279	$ -

Capital Projects						Permanent	
2008 Owner Occupied Grant	2006 Housing	Westbrook BB Diamond Improvement	Silver Creek Trail	Springbrook Road 17th/St	Skate Park	Cemetery Perpetual Care	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 368,079
-	-	-	-	-	-	-	449,719
-	-	-	-	-	-	-	15,433
-	-	-	-	-	-	-	465,152
-	-	-	-	-	-	-	2,884
-	-	1,731	3,853	6,782	178	-	83,800
-	-	-	-	-	-	-	432,561
-	-	-	-	-	-	-	10,288
-	184,714	-	-	-	-	-	260,763
-	184,714	-	-	-	-	-	703,612
-	-	-	-	-	-	-	3,944
-	3,695	-	-	-	567	1,170	178,690
-	188,409	1,731	3,853	6,782	745	1,170	1,806,161
-	-	-	-	-	-	-	120,144
-	-	-	-	-	-	-	797,209
-	-	-	-	-	-	-	12,443
-	-	-	-	-	-	-	15,472
-	-	-	-	-	-	-	854,229
46	192,966	4,566	24,200	42,775	44	-	612,324
46	192,966	4,566	24,200	42,775	44	-	2,411,821
(46)	(4,557)	(2,835)	(20,347)	(35,993)	701	1,170	(605,660)
-	-	305,455	712,727	1,221,818	-	-	3,802,522
-	-	-	-	-	-	-	4,936
-	-	-	-	-	5,000	-	931,318
-	(8)	-	-	-	-	-	(604,013)
-	(8)	305,455	712,727	1,221,818	5,000	-	4,134,763
(46)	(4,565)	302,620	692,380	1,185,825	5,701	1,170	3,529,103
-	4,565	-	-	-	1,281	169,632	2,037,366
$ (46)	$ -	$ 302,620	$ 692,380	$ 1,185,825	$ 6,982	$ 170,802	$ 5,566,469
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 153,457
-	-	-	-	-	-	-	1,457,170
(46)	-	302,620	692,380	1,185,825	6,982	-	3,785,040
-	-	-	-	-	-	170,802	170,802
$ (46)	$ -	$ 302,620	$ 692,380	$ 1,185,825	$ 6,982	$ 170,802	$ 5,566,469

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, 2008

	Storm Water Utility	Water Utility Equipment Replacement	Water Revenue Sinking	Water Meter Deposit
OPERATING RECEIPTS				
Charges for services	$ 93,393	$ -	$ -	$ -
Miscellaneous	408	-	-	12,220
Total operating receipts	93,801	-	-	12,220
OPERATING DISBURSEMENTS				
Business-type activities:	73,488	-	-	10,840
EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	20,313	-	-	1,380
NON-OPERATING RECEIPTS (DISBURSEMENTS)				
Interest on investments	4,494	2,450	687	748
Bond proceeds	-	-	-	-
Debt service	-	-	(80,980)	-
Net non-operating receipts (disbursem	4,494	2,450	(80,293)	748
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	24,807	2,450	(80,293)	2,128
Operating transfers in	-	10,000	80,480	-
NET CHANGE IN CASH BALANCES	24,807	12,450	187	2,128
CASH BALANCES BEGINNING OF YEAR	185,755	88,705	1,027	27,376
CASH BALANCES END OF YEAR	$ 210,562	$ 101,155	$ 1,214	$ 29,504
CASH BASIS FUND BALANCES				
Reserved:				
Debt service	$ -	$ -	$ 1,214	$ -
Other purposes	-	-	-	-
Unreserved	210,562	101,155	-	29,504
Total cash basis fund balances	$ 210,562	$ 101,155	$ 1,214	$ 29,504

Enterprise Funds							
Sewer Revenue Sinking	Sewer Improvement Equipment Replacement	Sewer Plant Expansion/ Sludge Solution	Sewer Bond Reserve	Sewer Improvement and Extension	Sewer Utility Equipment Replacement	Garbage and Recycling Collection	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 244,768	$ 338,161
-	-	-	-	-	-	-	12,628
-	-	-	-	-	-	244,768	350,789
-	-	51,590	-	-	-	240,431	376,349
-	-	(51,590)	-	-	-	4,337	(25,560)
2,757	10,452	973	-	-	289	493	23,343
-	-	51,180	-	-	-	-	51,180
(210,463)	-	-	-	-	-	-	(291,443)
(207,706)	10,452	52,153	-	-	289	493	(216,920)
(207,706)	10,452	563	-	-	289	4,830	(242,480)
216,254	48,444	-	-	18,000	-	-	373,178
8,548	58,896	563	-	18,000	289	4,830	130,698
40,199	394,559	36,530	110,000	135,268	11,543	42,626	1,073,588
$ 48,747	$ 453,455	$ 37,093	$ 110,000	$ 153,268	$ 11,832	$ 47,456	$ 1,204,286
$ 48,747	$ -	$ -	$ 110,000	$ -	$ -	$ -	$ 159,961
-	453,455	37,093	-	153,268	-	-	643,816
-	-	-	-	-	11,832	47,456	400,509
$ 48,747	$ 453,455	$ 37,093	$ 110,000	$ 153,268	$ 11,832	$ 47,456	$ 1,204,286

CITY OF DEWITT
SCHEDULE OF INDEBTEDNESS
Year Ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance, Beginning of Year	Issued During Year	Redeemed During Year	Balance, End of Year	Interest Paid	Interest Due and Unpaid
General obligation bonds									
97 Sewer improvement	June 13, 1997	3.000%	$ 2,354,000	$ 1,078,000	$ -	$ 90,000	$ 988,000	$ 37,299	$ -
Series 2002	May 1, 2002	3.900% - 5.250%	2,000,000	1,770,000	-	1,770,000	-	101,639	-
Series 2003	June 18, 2003	1.400% - 4.250%	1,300,000	1,090,000	-	50,000	1,040,000	39,718	-
2005 Refunding	April 6, 2005	2.750% - 3.300% -	2,745,000	2,075,000	-	350,000	1,725,000	65,975	-
Series 2006	May 1, 2006	3.750% - 4.350%	2,845,000	2,805,000	-	70,000	2,735,000	115,995	-
2008 Urban Renewal	April 1, 2008	2.400% - 3.550%	2,240,000	-	2,240,000	-	2,240,000	-	-
2008 Refunding	February 1, 2008	3.500% - 4.100% -	3,610,000	-	3,610,000	105,000	3,505,000	34,103	-
Total general obligation bonds			$ 17,094,000	$ 8,818,000	$ 5,850,000	$ 2,435,000	$ 12,233,000	$ 394,729	$ -
Revenue bonds									
97 WWTP Sewer revenue	April 3, 1997	3.000%	$ 1,500,000	$ 895,000	$ -	$ 75,000	$ 820,000	$ 30,967	$ -
2002 SRF Water revenue	March 27, 2002	3.000% - 3.250%	1,100,000	966,000	-	52,000	914,000	28,980	-
2005 Road use refunding	October 1, 2005	4.050%	1,640,000	1,475,000	-	90,000	1,385,000	54,815	-
2005 SRF Sewer revenue	December 12, 2005	3.000%	1,599,000	1,539,000	-	60,000	1,479,000	44,496	-
Total revenue bonds			$ 5,839,000	$ 4,875,000	$ -	$ 277,000	$ 4,598,000	$ 159,258	$ -
Urban renewal tax increment financing (TIF) revenue bonds									
Series 2004	June 24, 2004	2.000% - 3.600%	$ 1,440,000	$ 400,000	$ -	$ 150,000	$ 250,000	$ 14,100	$ -

SCHEDULE 4

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2008

	General Obligation Bonds								
	Sewer Improvement Issued June 13, 1997			Series 2003 Issued June 18, 2003			Refunding 2005 Issued April 6, 2005		
Year Ending June 30,	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2009	3.000%	$ 94,000	$ 29,640	2.600%	$ 55,000	$ 38,568	3.150%	$ 355,000	$ 54,950
2010	3.000%	97,000	26,820	2.950%	55,000	37,138	3.150%	355,000	43,768
2011	3.000%	101,000	23,910	3.100%	60,000	35,515	3.150%	360,000	32,586
2012	3.000%	105,000	20,880	3.200%	60,000	33,655	3.200%	370,000	21,246
2013	3.000%	109,000	17,730	3.350%	65,000	31,735	3.300%	285,000	9,406
2014	3.000%	114,000	14,460	3.500%	70,000	29,558		-	-
2015	3.000%	118,000	11,040	3.650%	70,000	27,108		-	-
2016	3.000%	123,000	7,500	3.750%	75,000	24,553		-	-
2017	3.000%	127,000	3,810	3.850%	80,000	21,740		-	-
2018		-	-	4.000%	80,000	18,660		-	-
2019		-	-	4.100%	85,000	15,460		-	-
2020		-	-	4.150%	90,000	11,975		-	-
2021		-	-	4.200%	95,000	8,240		-	-
2022		-	-	4.250%	100,000	4,250		-	-
2023		-	-		-	-		-	-
2024		-	-		-	-		-	-
2025		-	-		-	-		-	-
2026		-	-		-	-		-	-
2027		-	-		-	-		-	-
TOTAL		$ 988,000	$ 155,790		$ 1,040,000	$ 338,155		$ 1,725,000	$ 161,956

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2008

Year Ending June 30,	General Obligation Bonds									Total	
	Series 2006 Issued May 1, 2006			Series 200B Issued April 1, 2008			Series 2008 Issued February 1, 2008				
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2009	3.750%	$ 70,000	$ 113,370	3.00%	$ 325,000	$ 80,975	3.500%	$ 100,000	$ 132,735	$ 999,000	$ 450,238
2010	3.750%	75,000	110,745	3.00%	450,000	61,608	3.500%	170,000	129,235	1,202,000	409,314
2011	3.750%	80,000	107,933	3.00%	100,000	49,908	3.500%	175,000	123,285	876,000	373,137
2012	3.750%	80,000	104,932	3.00%	100,000	47,008	3.500%	185,000	117,160	900,000	344,881
2013	3.800%	85,000	101,933	3.00%	500,000	43,908	3.500%	190,000	110,685	1,234,000	315,397
2014	3.850%	90,000	98,702	3.00%	765,000	27,158	3.500%	200,000	104,035	1,239,000	273,913
2015	3.950%	90,000	95,238		-	-	3.500%	200,000	97,035	478,000	230,421
2016	4.000%	95,000	91,682		-	-	3.500%	210,000	90,035	503,000	213,770
2017	4.100%	100,000	87,883		-	-	3.625%	220,000	82,685	527,000	196,118
2018	4.150%	105,000	83,782		-	-		-	74,710	185,000	177,152
2019	4.200%	110,000	79,425		-	-	4.000%	465,000	74,710	660,000	169,595
2020	4.200%	110,000	74,805		-	-		-	56,110	200,000	142,890
2021	4.200%	115,000	70,185		-	-	4.000%	500,000	56,110	710,000	134,535
2022	4.200%	120,000	65,355		-	-		-	36,110	220,000	105,715
2023	4.200%	330,000	60,315		-	-	4.000%	380,000	36,110	710,000	96,425
2024	4.250%	345,000	46,455		-	-		-	20,910	345,000	67,365
2025	4.300%	360,000	31,793		-	-		-	20,910	360,000	52,703
2026	4.350%	375,000	16,312		-	-		-	20,910	375,000	37,222
2027		-	-		-	-	4.100%	510,000	20,910	510,000	20,910
TOTAL		$ 2,735,000	$ 1,440,845		$ 2,240,000	$ 310,565		$ 3,505,000	$ 1,404,390	$ 12,233,000	$ 3,811,701

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2008

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			SRF Sewer Revenue Issued December 12, 2005			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2009	3.00%	$ 80,000	$ 24,600	3.000%	$ 53,000	$ 27,420	3.500%	$ 95,000	$ 51,665	3.00%	$ 63,000	$ 44,340	$ 291,000	$ 148,025
2010	3.00%	80,000	22,200	3.000%	55,000	25,830	3.500%	100,000	48,340	3.00%	65,000	42,450	300,000	138,820
2011	3.00%	85,000	19,800	3.000%	57,000	24,180	3.500%	105,000	44,840	3.00%	67,000	40,500	314,000	129,320
2012	3.00%	85,000	17,250	3.000%	58,000	22,470	3.500%	100,000	41,165	3.00%	69,000	38,490	312,000	119,375
2013	3.00%	90,000	14,700	3.000%	60,000	20,730	3.500%	110,000	37,665	3.00%	71,000	36,420	331,000	109,515
2014	3.00%	95,000	12,000	3.000%	62,000	18,930	3.600%	115,000	33,815	3.00%	73,000	34,290	345,000	99,035
2015	3.00%	100,000	9,150	3.000%	64,000	17,070	3.700%	120,000	29,675	3.00%	75,000	32,100	359,000	87,995
2016	3.00%	100,000	6,150	3.000%	66,000	15,150	3.800%	120,000	25,235	3.00%	78,000	29,850	364,000	76,385
2017	3.00%	105,000	3,150	3.000%	68,000	13,170	3.900%	125,000	20,675	3.00%	80,000	27,510	378,000	64,505
2018		-	-	3.000%	70,000	11,130	3.950%	130,000	15,800	3.00%	83,000	25,110	283,000	52,040
2019		-	-	3.000%	72,000	9,030	4.000%	135,000	10,665	3.00%	85,000	22,650	292,000	42,345
2020		-	-	3.000%	74,000	6,870	4.050%	130,000	5,265	3.00%	88,000	20,100	292,000	32,235
2021		-	-	3.000%	76,000	4,650		-	-	3.00%	90,000	17,460	166,000	22,110
2022		-	-	3.000%	79,000	2,370		-	-	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		$ 820,000	$ 129,000		$ 914,000	$ 219,000		$ 1,385,000	$ 364,805		$ 1,479,000	$ 456,360	$ 4,598,000	$ 1,169,165

SCHEDULE 4
(CONTINUED)

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2008

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Revenue Bonds Series 2004 Issued June 24, 2004		
	Interest Rate	Principal	Interest
2009	3.600%	$ 250,000	$ 9,000
2010		-	-
2011		-	-
2012		-	-
2013		-	-
2014		-	-
2015		-	-
2016		-	-
2017		-	-
2018		-	-
2019		-	-
2020		-	-
2021		-	-
2022		-	-
2023		-	-
2024		-	-
2025		-	-
2026		-	-
TOTAL		$ 250,000	$ 9,000

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

	2008	2007	2006	2005	2004
RECEIPTS					
Property taxes	$ 1,902,104	$ 1,823,987	$ 1,285,975	$ 1,142,889	$ 1,139,494
Tax increment financing collections	1,325,915	1,264,348	1,224,276	1,298,484	1,284,915
Other city taxes	547,681	662,819	479,487	501,753	512,877
Licenses and permits	77,702	71,646	76,584	79,090	95,035
Use of money and property	173,482	163,778	126,564	92,956	84,229
Intergovernmental	795,905	1,601,701	1,052,412	642,253	835,795
Charges for services	374,195	368,630	402,619	377,353	369,882
Miscellaneous	318,081	168,856	451,219	266,159	424,702
TOTAL RECEIPTS	$ 5,515,065	$ 6,125,765	$ 5,099,136	$ 4,400,937	$ 4,746,929
DISBURSEMENTS					
Public safety	$ 1,125,938	$ 1,126,232	$ 1,126,357	$ 958,730	$ 1,108,695
Public works	826,198	421,235	558,330	648,813	495,211
Health and social services	9,930	9,447	9,472	8,569	9,164
Culture and recreation	850,971	856,583	789,078	755,013	1,001,691
Community and economic development	99,217	79,739	81,814	60,113	57,533
General government	315,902	393,751	298,622	277,962	278,295
Debt service	3,259,523	2,018,683	3,426,315	2,248,872	1,366,230
Capital projects	612,324	3,192,147	1,481,876	1,185,102	2,202,277
TOTAL DISBURSEMENTS	$ 7,100,003	$ 8,097,817	$ 7,771,864	$ 6,143,174	$ 6,519,096

Clifton Gunderson LLP
Certified Public Accountants & Consultants

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

To the Honorable Mayor and
Members of the City Council:

We have audited the 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, 2008, 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 2, 2009. 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 opinions 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.

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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item II-A-08 to be a significant deficiency in internal control over financial reporting.

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

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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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dewitt's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of DeWitt's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the City of DeWitt's response, we did not audit the City of DeWitt's response and, accordingly, we express no opinion on it.

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 2, 2009

CITY OF DEWITT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Section II - Financial Statement Findings

Significant Deficiencies:

II-A-08 Journal Entries

Criteria - The City does not have effective internal controls over journal entries. Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement could occur and not be detected. A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition - Currently, one individual has the ability to make journal entries with no formal review process.

Effect - As a result of this condition, there is a higher risk that account balances could be materially misstated.

Cause - The City has a limited number of employees performing accounting functions.

Recommendation - We recommend that the City has another employee review journal entries and supporting documentation on a monthly basis. The reviewer should then sign and date the entries as an indication of approval.

Response - Monthly journal entry reports noting purpose will be given to the City Council for review.

Conclusion - Response accepted.

Instances of Non-compliance:

No matters were noted.

CITY OF DEWITT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2008

Section III - Other Findings Related to Required Statutory Reporting:

III-A-08 Certified budget - Disbursements during the year ended June 30, 2008 did not exceed amounts budgeted.

III-B-08 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.

III-C-08 Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-08 Business transactions - No business transactions between the City and City officials or employees were noted.

III-E-08 Bond coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

III-F-08 Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-08 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.

III-H-08 Revenue bonds - The City has complied with the provisions of the revenue bond indebtedness.