

CITY OF DEWITT, IOWA

FINANCIAL STATEMENTS

June 30, 2010

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## CITY OF DEWITT

### OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Donald J. Thiltgen	Mayor	January 1, 2012
Verlyn Scheckel	Mayor Pro Tem	January 1, 2012
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, 2014
Dawn Marcus	Council Member	January 1, 2014
Steven M. Lindner	City Administrator	Appointed
Deanna Rodriguez	Director of Finance/Treasurer	Appointed
Robert J. McGee	City Attorney	Appointed
Matt Proctor	Director of Public Works	Appointed
Tom Whitten	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, 2010, which collectively comprise the City of DeWitt, Iowa's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeWitt, Iowa'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, Iowa as of June 30, 2010, 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 December 7, 2010 on our consideration of the City of DeWitt, Iowa'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 41 through 43 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, Iowa's basic financial statements. The financial statements of the City of DeWitt, Iowa for the six years ended June 30, 2009 (which are not presented herein) were audited by other auditors and expressed unqualified opinions on those statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplemental information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wendy Park & Foster, CPA PC*

Clinton, Iowa  
December 7, 2010

**CITY OF DEWITT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**

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, 2010 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.

**CITY OF DEWITT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**

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, DeWitt Economic Development TIF Special Revenue Fund, DeWitt Economic Development TIF Debt Service Fund, and the Springbrook Road 17<sup>th</sup>/Street Capital Project Fund. All other governmental funds are aggregated in a single column entitled Non-major governmental funds. Governmental funds are further broken down into the following activities:

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

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

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

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

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

**CITY OF DEWITT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**

**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 the Springbrook Road 17<sup>th</sup>/Street Capital Project Fund, the 2008 Homeownership Grant, the 2008 Owner-occupied Grant, the Westbrook Baseball Diamond Improvements, the 11<sup>th</sup> Street Widening project, the 11<sup>th</sup> Street West project, the 290<sup>th</sup> Avenue project, the East Side Storm Water project, the Star project, the Silver Creek Trail project, the 6th Ave. reconstruction project, the Skate Park project, the Inflow/Infiltration project and other Stimulus projects.

**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.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

**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 \$6,810,011 to \$7,963,596. The analysis that follows focuses on the changes in cash balances for governmental activities.

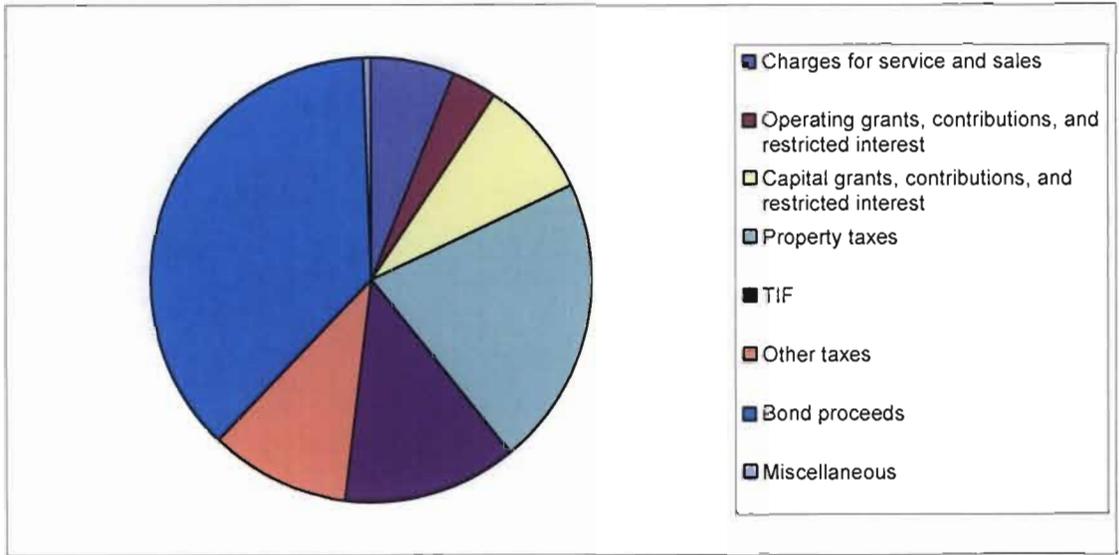
**Changes in Cash Basis Net Assets of Governmental Activities**

	<u>2010</u>	<u>2009</u>
<b>Receipts and transfers:</b>		
Program receipts:		
Charges for service	\$ 613,955	\$ 610,216
Operating grants, contributions, and restricted interest	349,411	273,728
Capital grants, contributions, and restricted interest	887,118	1,339,061
General receipts:		
Property tax	3,465,426	3,303,576
Utility excise tax	64,315	76,475
Hotel/motel tax	14,954	20,614
Local option sales tax	530,772	581,001
Road use tax	446,302	418,914
Unrestricted interest on investments	11,998	14,817
Bond proceeds	3,810,734	2,976,213
Miscellaneous	31,030	10,950
Sale of capital assets	260	2,104
Transfers	-	22,947
Total receipts and transfers	<u>10,226,275</u>	<u>9,650,616</u>
<b>Disbursements:</b>		
Public safety	1,069,503	1,132,015
Public works	585,318	602,196
Health and social services	16,337	12,782
Culture and recreation	1,091,575	922,503
Community and economic development	125,220	86,565
General government	350,246	498,590
Debt service	2,739,057	3,758,890
Capital projects	<u>3,095,434</u>	<u>3,380,588</u>
Total disbursements	<u>9,072,690</u>	<u>10,394,129</u>
Increase (decrease) in cash basis net assets	1,153,585	(743,513)
Cash basis net assets, beginning of year	<u>6,810,011</u>	<u>7,553,524</u>
<b>Cash basis net assets, end of year</b>	<u><b>\$7,963,596</b></u>	<u><b>\$6,810,011</b></u>

For the year ended June 30, 2010, the City's governmental activities were funded as follows:

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

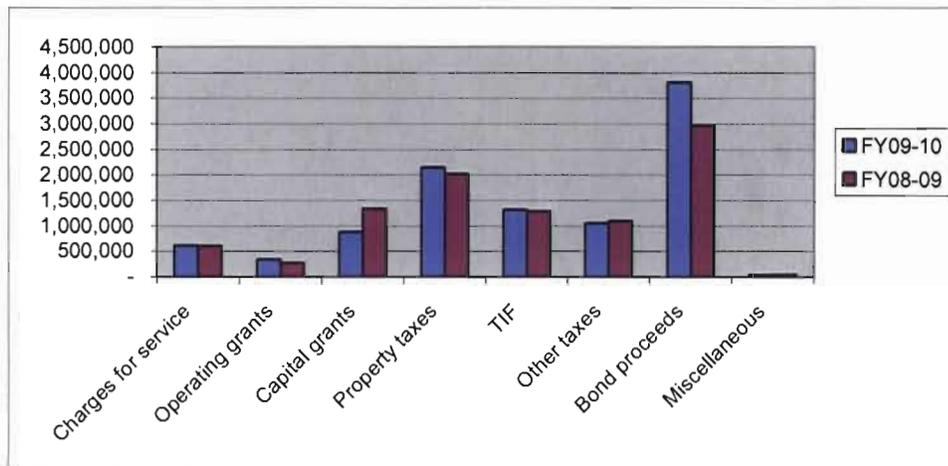
**Sources of Funds for Governmental Activities**



Governmental program receipts changed as compared to the prior year in several areas. Receipts overall increased by approximately \$575 thousand due to multiple factors the largest of which include changes in capital grant and bond proceeds revenues. Major differences by receipt source are outlined below. Charges for service receipts increased very slightly as water, sewer and storm water utility rates remained the same. The garbage/recycling rate was increased by \$.75 per month per household. Operating grants, contributions, and restricted interest receipts increased nearly 28% from last fiscal year which makes it more comparable with FY08. The two largest differences in the public safety area are the JAG grant received this year which partially replaced the school's donation for the school resource officer and the reimbursement from the rural fire department of nearly \$36,000 for a piece of equipment purchased by the City. The difference in public works is in large part due to FEMA reimbursements for wind/ice storms the previous winter and insulation rebates received this fiscal year. The jump in health and social services revenues is an insulation rebate received for the referral center building. The difference in culture and recreation is due mostly to the receipt of a donation for over \$22,000 to the fitness center to cover part of the cost for a new piece of equipment. There was also an increase in library county revenues of nearly \$8,000. There was only a small increase in community and economic development. This is due to receipt of a housing grant reimbursement less the reduction in donations received for the Hausbarn project which slowed down as compared to the previous fiscal year. The large difference in the general government section is the EMC insurance rebate received this year. Debt service interest is only about half as compared to last year due to a decrease in fund balance mostly in the TIF debt service fund. However, interest in the capital projects area is about 23% higher than last year due to increased fund balances in the various capital project funds as several projects are behind anticipated schedules. Capital grants, contributions, and restricted interest decreased by over \$450,000 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 6<sup>th</sup> Avenue Reconstruction project for which grant funds received this year totaled \$321,384

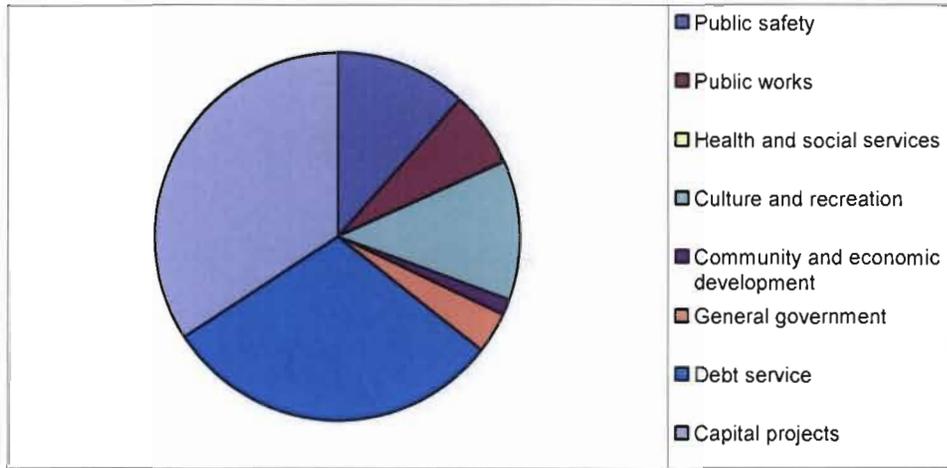
**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

as compared to \$1,261,717 last fiscal year. The reimbursements on the 2008 housing grants received last year totaled \$74,199 as compared to \$337,483 for the same grants this year. This year DeWitt also received the grant reimbursements totaling \$221,791 on both the IJOBS east side storm water project and the 11<sup>th</sup> Street overlay stimulus project which had not started last fiscal year. Property tax receipts were up about 6.3% due to valuation growth and new development. TIF receipts were back up about 2.7% making them more like FY2008. Other tax receipts decreased by over \$40,000. Local option sales tax receipts decreased by \$50,000 while road use tax receipts increased by \$27,000. Local option sales tax receipts are highly dependent on the economy. Bond proceeds increased from \$2,976,213 to \$3,810,734. The current year bond issue was for upcoming/current capital projects and included amounts to refund the 2005 general obligation bonds. Last fiscal year included two bond issues including refinancing the 2003 general obligation bonds but they were for smaller amounts in total. Miscellaneous receipts increased by about \$20,000 due to receipt of more reimbursements/refunds. Total governmental receipts this year as compared to last fiscal year are shown in the following graph.



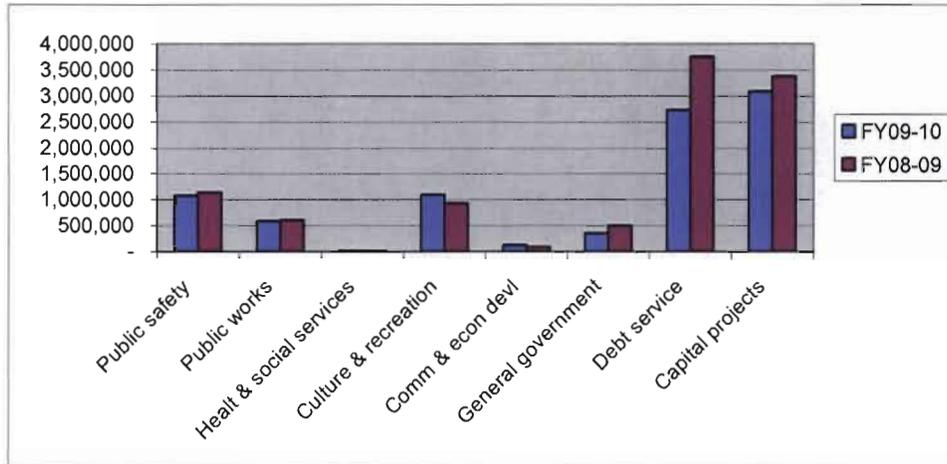
**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

**Uses of Funds in Governmental Activities**



Governmental program disbursements are about 13% less in total as compared to the prior year however, some categories have changed more significantly than others. Public safety disbursements decreased only about 5%. Public works disbursements decreased by only 2.8%. Disbursements for health and social services increased by nearly 28% (only \$3,555) due to repairs done at the Referral Center. Last fiscal year windows were replaced and this year wall insulation and a furnace replacement were completed. Culture and recreation disbursements increased over 18%. This was due in part to replacement of the fitness center air handler unit in the pool area for \$86,000 but also due to items such as splitting the spin room and capital purchases in this area. Community and economic development disbursements increased by over 44.6% or \$38,655. This was due to the first year of a Guardian rebate agreement for \$38,000. The general government disbursements decreased by nearly 30% due in large part to the purchase of the REC building and related disbursements last fiscal year which are not normal annual disbursements. Debt service disbursements decreased by about 27% due to the refunding of the 2003 general obligation bond issue and the call and prepayment of the 1997 WWTP general obligation bonds in the previous fiscal year. Capital project disbursements decreased by about 8.4% over the previous year. This was mainly due to the 6<sup>th</sup> Avenue Reconstruction project but was also affected by the 17<sup>th</sup> St/18<sup>th</sup> Ave project, inflow/infiltration project, Silver Creek Trail extension project, 11<sup>th</sup> stimulus project, both of the 2008 housing grants and all the other capital projects. The 6<sup>th</sup> Avenue phase II project was nearly complete by the end of the previous fiscal year with the exception of the hausbarn and sculptures. Most of the rest of the projects were in process during the current year. The FY08 projects did not get started as quickly as expected so many of these disbursements fell in FY09. Some of these projects and the FY09 projects are behind anticipated schedules. For example the Westbrook baseball diamond reconfiguration from FY08 is scheduled for fall 2010 and spring 2011 rather than its original fall 2008 schedule. The total governmental disbursements this year as compared to last fiscal year are shown in the graph below.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**



**Business-type Activities**

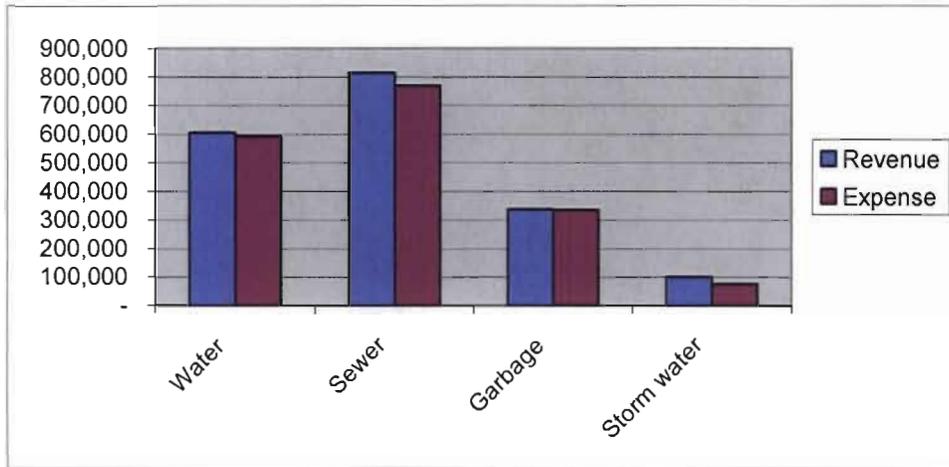
**Changes in Cash Basis Net Assets of Business Type Activities**

	<u>2010</u>	<u>2009</u>
<b>Receipts and transfers:</b>		
Program receipts:		
Charges for service:		
Water	\$ 584,333	\$ 596,014
Sewer	794,575	811,707
Garbage and recycling collection	338,388	319,046
Storm water utility	94,972	94,204
Operating grants, contributions, and restricted interest	47,699	54,317
General receipts:		
Transfers	-	(22,947)
Total receipts and transfers	<u>1,859,967</u>	<u>1,852,341</u>
<b>Disbursements:</b>		
Water	593,206	525,578
Sewer	769,745	809,705
Garbage and recycling collection	336,720	320,905
Storm water utility	<u>76,721</u>	<u>71,808</u>
Total disbursements	<u>1,776,392</u>	<u>1,727,996</u>
Increase in cash balance	83,575	124,345
Cash basis net assets, beginning of year	<u>2,515,511</u>	<u>2,391,166</u>
<b>Cash basis net assets, end of year</b>	<u><b>\$2,599,086</b></u>	<u><b>\$2,515,511</b></u>

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

Total business type activities receipts for the fiscal year were \$1,859,967 compared to \$1,852,341 last year. Total disbursements for the fiscal year increased by 2.8% to a total of \$1,776,392.

For the year ended June 30, 2010, the City's business-type activities, receipts, and disbursements were as follows:



The water receipts are down about \$11,600 as compared to last fiscal year. This is due to both decreased metered sales revenue in the current year and decreases in new houses which causes a decrease in water connection fees. It was a much drier year last year as compared to the current year. Water rates remained the same. Conversely, water disbursements increased by over 12%. Part of the increase in expense is due to scheduled well maintenance of about \$30,000. Utility costs were up about \$8,000. More capital equipment purchases were also budgeted and expended in the current year. Water debt service remained about the same. The sewer fund receipts and disbursements decreased. Sewer rates remained the same. Sewer usage is based on water usage therefore since water usage decreased so did sewer usage. Similar to water, the number of new house permits issued with sewer tap on fees decreased as compared to last year. The increase in disbursements last year was due largely to the fact that the SCADA system required updating. This year all the maintenance line item expenses decreased including building/ground, collection system, and operational equipment maintenance. Sewer debt service disbursements remained about the same. The garbage and recycling collection fund receipts and disbursements increased with both an increase in fees and an increase in households. Garbage fees were increased again to cover an increase in the cost of our garbage contract. The storm water system has now been in place for eight years. Receipts and disbursements increased slightly. This fee is a set amount rather than based on any type of usage.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

**Budgetary Highlights**

The City Council approved two budget amendments during the year. The first amendment was to increase receipts and disbursements for capital projects and grants that carried over into fiscal year 2009-2010 and were newly funded, and to add disbursements for costs related to the aquatic center leak, fitness equipment, 3 phase air compressors and new I-Jobs street expenditures that were not known of at the time the original budget was adopted. There were also adjustments to revenue for I-Jobs street monies, interest and cost reimbursements. The second budget amendment also included adjustments for capital projects and grants that were not known about previously or for which the timetable needed adjustment. It also increased various receipts such as bond proceeds, FEMA reimbursement and interest. Disbursement adjustments included an additional payment for a refunded bond issue, aquatic center repairs, a city hall server and arial work.

For the year ended June 30, 2010, total actual receipts including other financing sources were \$749,522 under the final budget while total actual disbursements were \$1,819,566 under the final budget. The main difference for receipts is grant receipts that will be received in the new fiscal year and funds not required to be budgeted. The large difference between budgeted and actual disbursements is mostly due to the fact that several large capital projects were not completed and will therefore carryover into the new fiscal year. There is also annual street maintenance money that was not expended by fiscal year end.

**Capital Assets and Debt Administration**

As of June 30, 2010, the City had fund balances on hand of \$7,956,364 in governmental fund types and \$2,593,925 in business-type funds. The fund balances for government fund types increased by \$1,153,095 while the fund balances for business-type funds increased by \$83,305 during fiscal year 2009-2010. The main reason for the increase of funds on hand in governmental fund types are timelines for capital projects and street maintenance so funds were not spent as quickly as expected. Some of these delays are due to required permitting with IDNR that is time consuming. In business-type funds the small increase is necessary set-asides for future needs and saving storm water funds for a future sweeper purchase.

**CITY OF DEWITT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010**

**Debt Outstanding**

As of year-end, the City had \$17,991,214 in debt outstanding compared to \$16,578,214 in 2009.

**Outstanding Debt at Year End**

	<b>Totals</b>	
	<u><b>2010</b></u>	<u><b>2009</b></u>
Governmental		
General obligation	\$13,960,000	\$12,280,000
Tax increment	-	-
Road use refunding	1,190,000	1,290,000
DNR loan	20,214	31,214
Subtotal	<u>15,170,214</u>	<u>13,601,214</u>
Business-type		
Water revenue	806,000	861,000
Sewer revenue	<u>2,015,000</u>	<u>2,116,000</u>
Subtotal	<u>2,821,000</u>	<u>2,977,000</u>
<b>Total</b>	<u><b>\$17,991,214</b></u>	<u><b>\$16,578,214</b></u>

There was one new bond issued during the year. The 2010 General Obligation Urban Renewal Bonds included funds to prepay the 2005 refunding bond, as well as, funds for new capital projects. The City is at 84.9% of its bonding capacity up slightly from 78.25 % at June 30, 2009. 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 five TIF rebate agreements with five different industries/developers. 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. That agreement for the current year had the requirements met. Therefore, the industry did not have to make any repayment to the City. Two of the agreements started in the current year. One received 100% of the annual specified payment but the other had not met the development requirements so received no payment for 2010. The other two have not yet started. Each agreement is written so that each year stands alone.

**CITY OF DEWITT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**

**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 less than expected due to unpaid taxes. TIF revenues comprised just under 16% of revenues. The largest resource, at just over 26.5%, comes from fees and charges for services and includes utility charges. Intergovernmental revenue was less this year at under 18%. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly. During fiscal year 2009-2010 the City increased garbage fees, cemetery rates and some other miscellaneous fees and charges. Interest revenues have been down. Drastic utility and gasoline rate increases have adversely affected the City's operating disbursements. Although gasoline is not as bad this year as it was in the last fiscal year. The extreme weather over the past few years 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. This year lightning damage has occurred multiple times. The overall economic situation has also negatively impacted collection of items like utility payments as more citizens are unemployed or underemployed.

**Next Year's Budget and Rates**

For the year ending June 30, 2011, the general fund has been budgeted fairly consistently with this year. However, the budget does include CALEA expenses, a new police vehicle, fewer building permits, traffic signal battery back up, sitework at the compost area, a new parks mower, a new cemetery mower, tiling at the community center, new weight equipment at the fitness center and several improvements to the fitness center including doors, windows, carpet and track resurfacing. The City is also expecting to increase the allocation to DeWitt Development, advertising for the Hausbarn and purchasing additional software at city hall. SSMID receipts increased slightly including \$14,891 from the general fund and disbursements were decreased. The salt budget is being kept high as it more than doubled due to the last couple of winters and the depletion of the salt supply on hand. The emergency tax levy is not being utilized. \$40,000 is budgeted for additional architect fees for the future library expansion and \$60,000 for purchase of the Thiel building from the general fund. Capital projects being budgeted in governmental activities for next year include 6th Ave. reconstruction phase II and III, east side storm water project, inflow/infiltration project, extension of Silver Creek park trail, Westbrook baseball diamond improvements, the 2008 owner-occupied rehabilitation grant, 11<sup>th</sup> Street widening, 11<sup>th</sup> Street west, 290<sup>th</sup> Avenue and the STAR project.

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. A committee is to provide feedback to the legislature this

**CITY OF DEWITT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2010**

November. 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 completion of the radio read meter change out project in the water utility. The water utility budget also includes a \$10,000 purchase of meter test equipment, trench box sides, \$30,000 towards a new truck, and money for materials for the 7<sup>th</sup> Ave main. The sewer utility budget includes \$44,000 for various items such as an VFD John Deere lift station, lift valves, slip lining, televising and manhole improvements and repairs necessary in the 7<sup>th</sup> Street area. Money is also budgeted for part of a GIS employee. The storm water utility budget includes \$20,000 for improvements in the southwest corner of town. Also included is a culvert at Elmwood cemetery. The garbage budget is higher than last years' budget. The new garbage contract costs increased significantly when rebid. The new costs were effective July 1, 2008 and increase each year. The garbage rate has already been increased to offset the increase in costs. The garbage contract will be rebid in spring 2011. Water rates were increased but sewer and storm drainage rates have not been.

**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, 2010

	<u>Disbursements</u>	<u>Program Receipts</u>		
		<u>Charges for Service and Sales</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
<b>FUNCTIONS/PROGRAMS</b>				
Governmental activities:				
Public safety	\$ 1,069,503	\$ 134,285	\$ 80,973	\$ -
Public works	585,318	4,621	18,090	-
Health and social services	16,337	2,400	4,468	-
Culture and recreation	1,091,575	418,555	137,423	-
Community and economic development	125,220	12,090	15,393	-
General government	350,246	42,004	15,422	-
Debt service	2,739,057	-	8,108	-
Capital projects	3,095,434	-	69,534	887,118
Total governmental activities	<u>9,072,690</u>	<u>613,955</u>	<u>349,411</u>	<u>887,118</u>
Business-type activities:				
Water	593,206	584,333	21,207	-
Sewer	769,745	794,575	19,750	-
Garbage and recycling collection	336,720	338,388	308	-
Storm water utility	76,721	94,972	6,434	-
Total business-type activities	<u>1,776,392</u>	<u>1,812,268</u>	<u>47,699</u>	<u>-</u>
 Total	 <u>\$ 10,849,082</u>	 <u>\$ 2,426,223</u>	 <u>\$ 397,110</u>	 <u>\$ 887,118</u>
 General receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Utility excise tax				
Hotel/motel tax				
Local option sales tax				
Road use tax				
Unrestricted investment earnings				
Bond proceeds				
Miscellaneous				
Sale of capital assets				
Total general receipts				
 <b>CHANGE IN CASH BASIS NET ASSETS</b>				
<b>CASH BASIS NET ASSETS BEGINNING OF YEAR</b>				
<b>CASH BASIS NET ASSETS END OF YEAR</b>				
<b>CASH BASIS NET ASSETS</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Urban renewal				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net assets				

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

Governmental Activities	Business-type Activities	Total
\$ (854,245)	\$ -	\$ (854,245)
(562,607)	-	(562,607)
(9,469)	-	(9,469)
(535,597)	-	(535,597)
(97,737)	-	(97,737)
(292,820)	-	(292,820)
(2,730,949)	-	(2,730,949)
(2,138,782)	-	(2,138,782)
<u>(7,222,206)</u>	<u>-</u>	<u>(7,222,206)</u>
-	12,334	12,334
-	44,580	44,580
-	1,976	1,976
-	24,685	24,685
-	83,575	83,575
<u>(7,222,206)</u>	<u>83,575</u>	<u>(7,138,631)</u>
2,145,806	-	2,145,806
1,319,620	-	1,319,620
64,315	-	64,315
14,954	-	14,954
530,772	-	530,772
446,302	-	446,302
11,998	-	11,998
3,810,734	-	3,810,734
31,030	-	31,030
260	-	260
<u>8,375,791</u>	<u>-</u>	<u>8,375,791</u>
1,153,585	83,575	1,237,160
<u>6,810,011</u>	<u>2,515,511</u>	<u>9,325,522</u>
<u>\$ 7,963,596</u>	<u>\$ 2,599,086</u>	<u>\$ 10,562,682</u>
\$ 174,180	\$ -	\$ 174,180
11,155	-	11,155
9,249	124,328	133,577
4,675,442	-	4,675,442
2,130,746	894,317	3,025,063
962,824	1,580,441	2,543,265
<u>\$ 7,963,596</u>	<u>\$ 2,599,086</u>	<u>\$ 10,562,682</u>

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

CITY OF DEWITT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
As of and for the Year Ended June 30, 2010

	<u>General</u>	<u>Special Revenue DeWitt Economic Development TIF</u>
<b>RECEIPTS</b>		
Property taxes	\$ 1,243,211	\$ -
Tax increment financing collections	-	1,319,620
Other city taxes	54,559	-
Licenses and permits	82,631	-
Use of money and property	61,945	1,695
Intergovernmental	106,385	-
Charges for services	407,624	-
Miscellaneous	201,935	-
Total receipts	<u>2,158,290</u>	<u>1,321,315</u>
<b>DISBURSEMENTS</b>		
Governmental activities:		
Public safety	985,640	-
Public works	23,196	-
Health and social services	16,340	-
Culture and recreation	1,089,688	-
Community and economic development	73,356	39,589
General government	350,299	-
Debt service	-	-
Capital projects	-	-
Total disbursements	<u>2,538,519</u>	<u>39,589</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>(380,229)</u>	<u>1,281,726</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds of bonds	-	-
Sale of capital assets	-	-
Operating transfers in	474,178	-
Operating transfers out	(22,814)	(1,270,571)
Total other financing sources (uses)	<u>451,364</u>	<u>(1,270,571)</u>
<b>NET CHANGE IN CASH BALANCES</b>	71,135	11,155
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>1,441,811</u>	<u>-</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 1,512,946</u>	<u>\$ 11,155</u>
<b>CASH BASIS FUND BALANCES</b>		
Reserved:		
Debt service	\$ -	\$ -
Other purposes	557,354	-
Unreserved:		
General fund	955,592	-
Special revenue funds	-	11,155
Capital projects funds	-	-
Permanent fund	-	-
Total cash basis fund balances	<u>\$ 1,512,946</u>	<u>\$ 11,155</u>

EXHIBIT B

<u>Debt Service</u> <u>DeWitt Economic</u> <u>Development TIF</u>	<u>Capital Projects</u> <u>Springbrook Road</u> <u>17th/Street</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 902,595	\$ 2,145,806
-	-	-	1,319,620
-	-	555,482	610,041
-	-	2,572	85,203
6,618	3,231	63,509	136,998
-	-	1,349,013	1,455,398
-	-	1,744	409,368
-	-	50,912	252,847
<u>6,618</u>	<u>3,231</u>	<u>2,925,827</u>	<u>6,415,281</u>
-	-	84,024	1,069,664
-	-	562,211	585,407
-	-	-	16,340
-	-	2,052	1,091,740
-	-	12,294	125,239
-	-	-	350,299
1,980,296	-	758,761	2,739,057
-	1,176,404	1,919,030	3,095,434
<u>1,980,296</u>	<u>1,176,404</u>	<u>3,338,372</u>	<u>9,073,180</u>
<u>(1,973,678)</u>	<u>(1,173,173)</u>	<u>(412,545)</u>	<u>(2,657,899)</u>
550,141	-	3,260,593	3,810,734
-	-	260	260
1,270,571	-	204,000	1,948,749
-	-	(655,364)	(1,948,749)
<u>1,820,712</u>	<u>-</u>	<u>2,809,489</u>	<u>3,810,994</u>
(152,966)	(1,173,173)	2,396,944	1,153,095
<u>152,966</u>	<u>1,220,464</u>	<u>3,988,028</u>	<u>6,803,269</u>
<u>\$ -</u>	<u>\$ 47,291</u>	<u>\$ 6,384,972</u>	<u>\$ 7,956,364</u>
\$ -	\$ -	\$ 9,249	\$ 9,249
-	-	-	557,354
-	-	-	955,592
-	-	1,573,392	1,584,547
-	47,291	4,628,151	4,675,442
-	-	174,180	174,180
<u>\$ -</u>	<u>\$ 47,291</u>	<u>\$ 6,384,972</u>	<u>\$ 7,956,364</u>

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

CITY OF DEWITT  
 RECONCILIATION OF THE STATEMENT OF CASH  
 RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
 TO THE STATEMENT OF ACTIVITIES AND NET ASSETS  
 GOVERNMENTAL FUNDS  
 As of and for the Year Ended June 30, 2010

<b>Total governmental fund cash balances (page 21)</b>	<b>\$ 7,956,364</b>
 <i>Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:</i>	
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.	<u>7,232</u>
<b>Cash basis net assets of governmental activities (page 19)</b>	<b><u>\$ 7,963,596</u></b>
 <b>Net change in cash balances (page 21)</b>	 <b>\$ 1,153,095</b>
 <i>Amounts reported for governmental activities in the Statement of Activities and Net Assets are different because:</i>	
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.	<u>490</u>
<b>Change in cash balance of governmental activities (page 19)</b>	<b><u>\$ 1,153,585</u></b>

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, 2010

	<u>Sewer Utility</u>
<b>OPERATING RECEIPTS</b>	
Charges for services	\$ 794,575
Miscellaneous	2,971
Total operating receipts	<u>797,546</u>
<b>OPERATING DISBURSEMENTS</b>	
Governmental activities:	
Nonprogram	-
Business-type activities:	563,382
Total operating disbursements	<u>563,382</u>
<b>EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS</b>	<u>234,164</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>	
Interest on investments	10,691
Intergovernmental	-
Debt service	-
Net non-operating receipts (disbursements)	<u>10,691</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>244,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Operating transfers in	19,078
Operating transfers out	(285,424)
Other financing sources (uses)	<u>(266,346)</u>
<b>NET CHANGE IN CASH BALANCES</b>	(21,491)
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>762,747</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 741,256</u>
<b>CASH BASIS FUND BALANCES</b>	
Reserved:	
Debt service	\$ -
Other purposes	-
Unreserved	<u>741,256</u>
Total cash basis fund balances	<u>\$ 741,256</u>

EXHIBIT D

<b>Nonmajor Proprietary Funds</b>	<b>Total</b>	<b>Internal Service Fund Payroll Clearing</b>
\$ 993,614	\$ 1,788,189	\$ -
27,100	30,071	463,166
1,020,714	1,818,260	463,166
-	-	462,406
925,970	1,489,352	-
925,970	1,489,352	462,406
94,744	328,908	760
27,516	38,207	-
3,500	3,500	-
(287,310)	(287,310)	-
(256,294)	(245,603)	-
(161,550)	83,305	760
380,654	399,732	-
(114,308)	(399,732)	-
266,346	-	-
104,796	83,305	760
1,747,873	2,510,620	11,633
\$ 1,852,669	\$ 2,593,925	\$ 12,393
124,328	124,328	-
894,317	894,317	-
834,024	1,575,280	12,393
\$ 1,852,669	\$ 2,593,925	\$ 12,393

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, 2010

Total enterprise funds cash balances (page 24)	\$ 2,593,925
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***Amounts reported for business-type activities in the Statement of  
 Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The assets of the Internal Service Fund are included in business-type activities in the Statement of Net Assets.	5,161
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Cash basis net assets of business-type activities (page 19)	\$ 2,599,086
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Net change in cash balances (page 24)	\$ 83,305
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***Amounts reported for business-type activities in the Statement of  
 Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The change in net assets of the Internal Service Fund is reported with business-type activities.	270
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Change in cash balance of business-type activities (page 19)	\$ 83,575
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The accompanying notes are an integral part of the financial statements.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**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. Basis of Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of activities and net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**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 the following categories/components:

*Nonexpendable restricted net assets* are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

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

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding categories. 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.

**Fund Financial Statements**

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

The City reports the following major governmental funds:

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

**Special Revenue:**

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

**Debt Service:**

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

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Projects:

The Springbrook Road/17<sup>th</sup> Street Fund is used to account for costs related to the capital project.

Additionally, the City reports the following major proprietary fund:

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. Measurement Focus and 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. During the year ended June, 30, 2010, disbursements exceeded the amounts budgeted in the debt service function.

**E. Subsequent Events**

Management has evaluated subsequent events through December 7, 2010, the date the financial statements were available to be issued.

**NOTE 2 - DEPOSITS**

The City's deposits in banks at June 30, 2010 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.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 2 - DEPOSITS (CONTINUED)**

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE**

Annual debt service requirements to maturity for general obligation and revenue bonds, loans, and notes payable are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 1,255,000	\$ 455,694	\$ 312,000	\$ 128,210
2012	1,090,000	421,628	310,000	118,325
2013	1,525,000	395,966	329,000	108,525
2014	1,510,000	353,323	343,000	98,105
2015	1,315,000	304,571	357,000	87,125
2016 - 2020	3,835,000	1,017,827	1,596,000	264,180
2021 - 2025	2,545,000	482,813	621,000	64,950
2026 - 2027	885,000	58,132	143,000	3,030
<b>Total</b>	<b>\$ 13,960,000</b>	<b>\$ 3,489,954</b>	<b>\$ 4,011,000</b>	<b>\$ 872,450</b>

Year Ending June 30,	DNR Loan		Total	
	Principal	Interest	Principal	Interest
2011	\$ 6,243	-	\$ 1,573,243	\$ 583,904
2012	6,243	-	1,406,243	539,953
2013	6,243	-	1,860,243	504,491
2014	1,485	-	1,854,485	451,428
2015	-	-	1,672,000	391,696
2016 - 2020	-	-	5,431,000	1,282,007
2021 - 2025	-	-	3,166,000	547,763
2026 - 2027	-	-	1,028,000	61,162
<b>Total</b>	<b>\$ 20,214</b>	<b>\$ -</b>	<b>\$ 17,991,214</b>	<b>\$ 4,362,404</b>

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

On May 1, 2010, the City issued \$3,810,000 of General Obligation Urban Renewal and Refunding Bonds, with interest rates ranging from 0.1% to 2.85%. The City issued the bonds to provide funds to pay the costs of undertaking urban renewal projects in the DeWitt Economic Development District consisting of constructing street, water, sanitary and storm sewer and sidewalk improvements and installing street lighting and street signalization improvements; constructing a community gymnasium and recreation facility; and refunding the City's General Obligation Urban Renewal Refunding Bonds, Series 2005, dated April 1, 2005 with interest rates ranging from 2.75% to 3.3%.

The current refunding increased total debt service payments over the next 4 years by \$76,245. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10,220.

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 \$1,505,000 at June 30, 2010.

The advance refunding increased total debt service payments over the next 5 years by \$60,269. This results in an economic gain (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 \$742,200.

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

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

achieve a proper matching of revenues with principal and interest payments within each Bond Year; the Sinking Fund will be depleted at least once each Bond Year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on the fund for the immediately preceding Bond Year; or (ii) 1/12 of the principal and interest payments on the Series 1997 Bond for the immediately preceding Bond Year; amounts on deposit in the Sinking Fund will be invested by the City without restriction as to yield for a period of 13 months after their date of deposit.

There is hereby created and shall be maintained a separate Sewer Revenue Bond Reserve Fund (the "Reserve Fund") and from and after the issuance of the Bonds, there shall be set aside and paid each month into the Reserve Fund from the Net Revenues of the Utility, after first making the required payments into the Sinking Fund, an amount equal to the amount required hereunder to be deposited in such month into the Sinking Fund; provided, however, that when the total amount on deposit in the Reserve Fund is equal to the lesser of (i) the maximum amount of principal and interest becoming due on the Bonds in any succeeding fiscal year; (ii) 125% of the average amount of principal and interest becoming due on the Bonds in any succeeding fiscal year; or (iii) 10 percent of the principal amount of the Bonds then outstanding (the "Required Reserve Fund Balance"), no further deposits shall be made into the Reserve Fund, except to maintain the Reserve Fund at such level, and when the amount on deposit in the Reserve Fund is greater than the Required Reserve Fund Balance, such additional amounts shall be withdrawn and paid into the Revenue Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Obligations for the payment of which insufficient money shall be available in the Sinking Fund. Whenever it shall become necessary to so use money in the Reserve Fund, the prescribed payments referred to above shall be continued or resumed until the amount on deposit in the Reserve Fund has been restored to the Required Reserve Fund Balance. As of June 30, 2008, the City was 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) 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) (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 extension to the

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

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 \$1,714,700.

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:

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

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

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

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

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

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

first making the required payments into the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds, the Outstanding Bonds and any Parity Obligations.

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

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

For the current year, principal and interest paid and total customer net receipts for the City's Sewer Revenue Bonds were \$206,480 and \$244,855, 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 \$971,750. For the current year, principal and interest paid and total customer net receipts for the City's Water Revenue Bonds were \$80,830 and \$89,060, 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:

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

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

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

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

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

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

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

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

**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

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

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 \$1,135,000 at June 30, 2010.

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 \$1,454,800. For the current year, principal and interest paid and total road use tax receipts were \$148,340 and \$446,302 respectively.

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

provided, however, that no further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire the Refunding Bonds then outstanding which are

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

payable from the Sinking funds and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

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

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

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

There is hereby created a special fund to be known and designated as the Principal and Interest Reserve Fund for the Refunding Bonds (hereinafter referred to as the "Reserve Fund"), which shall be held by the Trustee and into which there shall be set apart and paid from the Loan Proceeds at the time of the delivery of the Refunding Bonds an amount equal to the lesser of: (i) the maximum amount of principal and interest becoming due on the Refunding Bonds in any succeeding fiscal year, (ii) 125% of the average amount of principal and interest becoming due on the Refunding Bonds in any succeeding fiscal year; or (iii) 10% of the principal amount of the Refunding Bonds (the "Required Reserve Fund Balance"), which amount has been determined to be \$149,840. Thereafter, whenever the sum on deposit in the Reserve Fund has been reduced to less than the Required Reserve Fund Balance by the expenditure of all or a portion of the funds on deposit therein for any of the purposes specified herein, there shall be deposited into the Reserve Fund the remaining Road Use Tax Revenues after first making the required deposits into the Sinking Fund, until the sum on deposit in the Reserve Fund has been restored to the Required Reserve Fund Balance. All money credited to the Reserve Fund shall be used and is hereby pledged for the payment of the principal of and interest on the Refunding Bonds whenever for any reason the funds on deposit in the Sinking Fund are insufficient to pay such principal and interest when due.

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.

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)**

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.

**DNR Loan Payable**

On September 30, 2008, the City of Dewitt entered into a loan agreement with the Department of Natural Resources for the purpose of paying costs associated with the acquisition of a compost screener. The loan amount totaled \$51,214, of which \$20,000 will be forgiven if all contractual obligations are met. Quarterly principal payments in the amount of \$1,561 are required at 0% interest. The loan will be repaid with future tax revenues and the proceeds are to be held in the Debt Service Fund of the City and set aside to be used solely and only for the payment of the principal of the loan. The loan is secured by a Uniform Commercial Code Financing Statement filed with the Office of the Secretary of State on all tangible property purchased with funds received.

**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 4.30% of their annual covered salary and the City is required to contribute 6.65% 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, 2010, 2009, and 2008 were \$65,081, \$55,570, and \$53,702, 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

**CITY OF DEWITT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 4 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

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.

Plan members are required to contribute 9.40% 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, 2010, 2009, and 2008, were \$83,282, \$89,340, and \$117,465, 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, 2010, primarily relating to the General Fund, was \$61,718. This liability has been computed based on rates of pay as of June 30, 2010.

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, 2010 is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$ 474,178	\$ 22,814
Special Revenue:		
DeWitt Economic Development TIF	-	1,270,571
Debt Service:		
DeWitt Economic Development TIF	1,270,571	-
Other Nonmajor Governmental Funds	204,000	655,364
Sewer Utility	19,078	285,424
Other Nonmajor Proprietary Funds	380,654	114,308
	<b>\$ 2,348,481</b>	<b>\$ 2,348,481</b>

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

**CITY OF DEWITT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**NOTE 7 - COMMITTED CONSTRUCTION**

As of June 30, 2010, the City had the following committed construction:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Portion at June 30, 2010</u>	
		<u>Completed</u>	<u>Committed</u>
6 <sup>th</sup> Avenue-Supplemental	\$ 67,368	\$ 64,000	\$ 3,368
6 <sup>th</sup> Avenue-Phase II	2,146,149	2,089,677	56,472
Silver Creek Trail Extension	421,222	-	421,222
12 <sup>th</sup> Street Reconstruction	397,405	165,925	231,480
2008 Housing	<u>51,054</u>	<u>-</u>	<u>51,054</u>
<b>Total</b>	<b><u>\$ 3,083,198</u></b>	<b><u>\$ 2,319,602</u></b>	<b><u>\$ 763,596</u></b>

**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 - DEFICIT BALANCES**

The Debt Service Fund had a deficit balance of \$20,807 at June 30, 2010. In addition, the 2008 Homeownership Grant Capital Projects Fund, the 2008 Owner Occupied Grant Capital Projects Fund and the Stimulus Projects Capital Projects Fund had deficit balances of \$2,021, \$34,993 and \$142,696, respectively, at June 30, 2010. The deficit balances were a result of costs being incurred prior to the availability of funds. The deficit balance in the Debt Service fund will be eliminated with property tax collections. The deficit balances in the Capital Projects Funds will be eliminated upon receipt of grant funds.

**NOTE 10 - 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 \$235,000.

During the year ended June 30, 2010, the City rebated \$38,000.

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

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF DEWITT**  
**BUDGETARY COMPARISON SCHEDULE OF**  
**RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -**  
**BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**Year Ended June 30, 2010**

	<b>Governmental Fund Types</b>	<b>Proprietary Fund Type</b>	<b>Less Funds Not Required to be</b>
	<u><b>Actual</b></u>	<u><b>Actual</b></u>	<u><b>Budgeted</b></u>
<b>RECEIPTS</b>			
Property taxes	\$ 2,145,806	\$ -	\$ -
Tax increment financing collections	1,319,620	-	-
Other city taxes	610,041	-	-
Licenses and permits	85,203	-	-
Use of money and property	136,998	38,207	-
Intergovernmental	1,455,398	3,500	-
Charges for services	409,368	1,788,189	-
Miscellaneous	252,847	493,237	463,166
Total receipts	<u>6,415,281</u>	<u>2,323,133</u>	<u>463,166</u>
<b>DISBURSEMENTS</b>			
Public safety	1,069,664	-	-
Public works	585,407	-	-
Health and social services	16,340	-	-
Culture and recreation	1,091,740	-	-
Community and economic development	125,239	-	-
General government	350,299	-	-
Debt service	2,739,057	-	-
Capital projects	3,095,434	-	-
Business-type activities	-	1,776,662	-
Nonprogram	-	462,406	462,406
Total disbursements	<u>9,073,180</u>	<u>2,239,068</u>	<u>462,406</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(2,657,899)	84,065	760
<b>OTHER FINANCING SOURCES (USES), (NET)</b>	<u>3,810,994</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES</b>	1,153,095	84,065	760
<b>BALANCES BEGINNING OF YEAR</b>	<u>6,803,269</u>	<u>2,522,253</u>	<u>11,633</u>
<b>BALANCES END OF YEAR</b>	<u>\$ 7,956,364</u>	<u>\$ 2,606,318</u>	<u>\$ 12,393</u>

<b>Net</b>	<b>Budgeted Amounts</b>		<b>Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Variance - Positive (Negative)</b>
\$ 2,145,806	\$ 2,138,271	\$ 2,138,272	\$ 7,534
1,319,620	1,300,000	1,300,000	19,620
610,041	604,877	604,877	5,164
85,203	67,765	68,765	16,438
175,205	165,515	202,065	(26,860)
1,458,898	1,041,835	1,698,693	(239,795)
2,197,557	2,263,110	2,276,930	(79,373)
<u>282,918</u>	<u>637,044</u>	<u>733,913</u>	<u>(450,995)</u>
<u>8,275,248</u>	<u>8,218,417</u>	<u>9,023,515</u>	<u>(748,267)</u>
1,069,664	1,109,018	1,165,955	96,291
585,407	659,432	728,923	143,516
16,340	10,700	16,524	184
1,091,740	1,014,999	1,188,349	96,609
125,239	150,171	161,772	36,533
350,299	356,267	374,745	24,446
2,739,057	1,695,554	2,726,266	(12,791)
3,095,434	4,390,111	4,412,938	1,317,504
1,776,662	1,860,852	1,893,936	117,274
-	-	-	-
<u>10,849,842</u>	<u>11,247,104</u>	<u>12,669,408</u>	<u>1,819,566</u>
(2,574,594)	(3,028,687)	(3,645,893)	1,071,299
<u>3,810,994</u>	<u>2,250</u>	<u>3,812,249</u>	<u>(1,255)</u>
1,236,400	(3,026,437)	166,356	1,070,044
<u>9,313,889</u>	<u>5,299,335</u>	<u>9,325,522</u>	<u>(11,633)</u>
<u>\$ 10,550,289</u>	<u>\$ 2,272,898</u>	<u>\$ 9,491,878</u>	<u>\$ 1,058,411</u>

**CITY OF DEWITT**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION -**  
**BUDGETARY REPORTING**  
**June 30, 2010**

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 \$1,422,304. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the debt service function.

**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, 2010

	Special Revenue				
	Road Use Tax	Road Use Tax Reserve	Road Use Equipment Replacement	Local Option Sales Tax	Economic Development Revolving Loan Fund
<b>RECEIPTS</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other city taxes					
Local option sales tax	-	-	-	530,772	-
Utility replacement tax	-	-	-	-	-
Total other city taxes	-	-	-	530,772	-
Licenses and permits	-	-	-	2,572	-
Use of money and property					
Interest on investments	-	5,985	252	2,887	409
Intergovernmental					
Road use tax	446,302	-	-	-	-
State grants	-	-	-	-	-
Federal grants	22,053	-	-	-	-
Total intergovernmental	468,355	-	-	-	-
Charges for services	-	-	-	244	-
Miscellaneous	2,928	-	-	5,128	-
Total receipts	471,283	5,985	252	541,603	409
<b>DISBURSEMENTS</b>					
Public safety	-	-	-	-	-
Public works	315,063	-	-	247,148	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	315,063	-	-	247,148	-
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>156,220</u>	<u>5,985</u>	<u>252</u>	<u>294,455</u>	<u>409</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bonds	-	-	-	-	-
Sale of capital assets	-	-	-	260	-
Operating transfers in	28,940	-	-	-	-
Operating transfers out	(145,561)	(5,985)	-	(212,309)	-
Total other financing sources (uses)	(116,621)	(5,985)	-	(212,049)	-
<b>NET CHANGE IN CASH BALANCES</b>	39,599	-	252	82,406	409
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>252,262</u>	<u>149,840</u>	<u>25,258</u>	<u>198,715</u>	<u>37,811</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 291,861</u>	<u>\$ 149,840</u>	<u>\$ 25,510</u>	<u>\$ 281,121</u>	<u>\$ 38,220</u>
<b>CASH BASIS FUND BALANCES</b>					
Reserved:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:					
Special revenue funds	291,861	149,840	25,510	281,121	38,220
Capital projects funds	-	-	-	-	-
Permanent fund	-	-	-	-	-
Total cash basis fund balances	<u>\$ 291,861</u>	<u>\$ 149,840</u>	<u>\$ 25,510</u>	<u>\$ 281,121</u>	<u>\$ 38,220</u>

SCHEDULE 1

<u>Retirement Benefits</u>	<u>Employee Benefits</u>	<u>DeWitt Public Library Building</u>	<u>Library Endowment Fund</u>	<u>Police Capital Improvements</u>	<u>Emergency Levy</u>
\$ 84,559	\$ 221,704	\$ -	\$ -	\$ -	\$ 38,636
-	-	-	-	-	-
2,698	7,074	-	-	-	1,234
<u>2,698</u>	<u>7,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,234</u>
-	-	-	-	-	-
82	-	28	16,234	100	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,500	-
-	-	1,864	-	1,410	-
<u>87,339</u>	<u>228,778</u>	<u>1,892</u>	<u>16,234</u>	<u>3,010</u>	<u>39,870</u>
83,282	-	-	-	742	-
-	-	2,052	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>83,282</u>	<u>-</u>	<u>2,052</u>	<u>-</u>	<u>742</u>	<u>-</u>
4,057	228,778	(160)	16,234	2,268	39,870
-	-	-	-	-	-
-	-	-	-	-	-
-	(243,892)	-	-	-	(39,870)
-	<u>(243,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,870)</u>
4,057	(15,114)	(160)	16,234	2,268	-
<u>6,441</u>	<u>15,114</u>	<u>2,542</u>	<u>749,568</u>	<u>5,890</u>	<u>-</u>
<u>\$ 10,498</u>	<u>\$ -</u>	<u>\$ 2,382</u>	<u>\$ 765,802</u>	<u>\$ 8,158</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,498	-	2,382	765,802	8,158	-
-	-	-	-	-	-
<u>\$ 10,498</u>	<u>\$ -</u>	<u>\$ 2,382</u>	<u>\$ 765,802</u>	<u>\$ 8,158</u>	<u>\$ -</u>

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, 2010

	Special Revenue		Debt Service		Capital Projects
	German Building	SSMID	Debt Service	Road Use	2008 Homeownership Grant
<b>RECEIPTS</b>					
Property taxes	\$ -	\$ 2,991	\$ 554,705	\$ -	\$ -
Other city taxes					
Local option sales tax	-	-	-	-	-
Utility replacement tax	-	-	13,704	-	-
Total other city taxes	-	-	13,704	-	-
Licenses and permits	-	-	-	-	-
Use of money and property					
Interest on investments	-	-	1,435	55	-
Intergovernmental					
Road use tax	-	-	-	-	-
State grants	-	-	-	-	-
Federal grants	-	-	-	-	133,845
Total intergovernmental	-	-	-	-	133,845
Charges for services	-	-	-	-	-
Miscellaneous	700	-	-	-	170
Total receipts	700	2,991	569,844	55	134,015
<b>DISBURSEMENTS</b>					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	12,294	-	-	-
Debt service	-	-	610,000	148,761	-
Capital projects	-	-	-	-	124,890
Total disbursements	-	12,294	610,000	148,761	124,890
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	700	(9,303)	(40,156)	(148,706)	9,125
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bonds	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Operating transfers in	-	9,303	-	151,545	-
Operating transfers out	(700)	-	-	-	-
Total other financing sources (uses)	(700)	9,303	-	151,545	-
<b>NET CHANGE IN CASH BALANCES</b>	-	-	(40,156)	2,839	9,125
<b>CASH BALANCES BEGINNING OF YEAR</b>	-	-	19,349	27,217	(11,146)
<b>CASH BALANCES END OF YEAR</b>	\$ -	\$ -	\$ (20,807)	\$ 30,056	\$ (2,021)
<b>CASH BASIS FUND BALANCES</b>					
Reserved:					
Debt service	\$ -	\$ -	\$ (20,807)	\$ 30,056	\$ -
Unreserved:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	(2,021)
Permanent fund	-	-	-	-	-
Total cash basis fund balances	\$ -	\$ -	\$ (20,807)	\$ 30,056	\$ (2,021)

Capital Projects						
2008 Owner Occupied Grant	Westbrook BB Diamond Improvement	11th Street Widening	11th Street West	290th Avenue	East Side Storm Water Project	Star Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,243	2,691	177	104	253	1,766
-	-	-	-	-	-	-
203,638	-	-	-	-	30,000	-
203,638	-	-	-	-	30,000	-
-	-	-	-	-	-	-
257	-	-	-	-	-	-
203,895	4,243	2,691	177	104	30,253	1,766
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
247,083	21,872	19,822	662	120,477	257,011	6,630
247,083	21,872	19,822	662	120,477	257,011	6,630
(43,188)	(17,629)	(17,131)	(485)	(120,373)	(226,758)	(4,864)
-	-	1,162,900	76,036	120,373	330,979	760,358
7,352	-	-	-	-	-	-
7,352	-	1,162,900	76,036	120,373	330,979	760,358
(35,836)	(17,629)	1,145,769	75,551	-	104,221	755,494
843	308,005	-	-	-	-	-
<u>\$ (34,993)</u>	<u>\$ 290,376</u>	<u>\$ 1,145,769</u>	<u>\$ 75,551</u>	<u>\$ -</u>	<u>\$ 104,221</u>	<u>\$ 755,494</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(34,993)	290,376	1,145,769	75,551	-	104,221	755,494
<u>\$ (34,993)</u>	<u>\$ 290,376</u>	<u>\$ 1,145,769</u>	<u>\$ 75,551</u>	<u>\$ -</u>	<u>\$ 104,221</u>	<u>\$ 755,494</u>

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, 2010

SCHEDULE 1  
 (Continued)

	Capital Projects					Permanent	
	Silver Creek Trail	6th Avenue	Skate Park	Inflow/ Infiltration Project	Stimulus Projects	Cemetery Perpetual Care	Total
<b>RECEIPTS</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 902,595
Other city taxes							
Local option sales tax	-	-	-	-	-	-	530,772
Utility replacement tax	-	-	-	-	-	-	24,710
Total other city taxes	-	-	-	-	-	-	555,482
Licenses and permits	-	-	-	-	-	-	2,572
Use of money and property							
Interest on investments	6,715	7,411	47	12,635	-	-	63,509
Intergovernmental							
Road use tax	-	-	-	-	-	-	446,302
State grants	-	17,000	-	-	-	-	47,000
Federal grants	-	304,384	-	-	191,791	-	855,711
Total intergovernmental	-	321,384	-	-	191,791	-	1,349,013
Charges for services	-	-	-	-	-	-	1,744
Miscellaneous	534	35,760	-	-	-	2,161	50,912
Total receipts	7,249	364,555	47	12,635	191,791	2,161	2,925,827
<b>DISBURSEMENTS</b>							
Public safety	-	-	-	-	-	-	84,024
Public works	-	-	-	-	-	-	562,211
Culture and recreation	-	-	-	-	-	-	2,052
Community and economic development	-	-	-	-	-	-	12,294
Debt service	-	-	-	-	-	-	758,761
Capital projects	111,609	320,303	-	277,326	411,345	-	1,919,030
Total disbursements	111,609	320,303	-	277,326	411,345	-	3,338,372
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	(104,360)	44,252	47	(264,691)	(219,554)	2,161	(412,545)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds of bonds	-	434,241	-	375,706	-	-	3,260,593
Sale of capital assets	-	-	-	-	-	-	260
Operating transfers in	-	700	-	-	6,160	-	204,000
Operating transfers out	-	-	(7,047)	-	-	-	(655,364)
Total other financing sources (uses)	-	434,941	(7,047)	375,706	6,160	-	2,809,489
<b>NET CHANGE IN CASH BALANCES</b>	(104,360)	479,193	(7,000)	111,015	(213,394)	2,161	2,396,944
<b>CASH BALANCES BEGINNING OF YEAR</b>	630,370	403,936	7,000	916,296	70,698	172,019	3,988,028
<b>CASH BALANCES END OF YEAR</b>	\$ 526,010	\$ 883,129	\$ -	\$ 1,027,311	\$ (142,696)	\$ 174,180	\$ 6,384,972
<b>CASH BASIS FUND BALANCES</b>							
Reserved:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,249
Unreserved:							
Special revenue funds	-	-	-	-	-	-	1,573,392
Capital projects funds	526,010	883,129	-	1,027,311	(142,696)	-	4,628,151
Permanent fund	-	-	-	-	-	174,180	174,180
Total cash basis fund balances	\$ 526,010	\$ 883,129	\$ -	\$ 1,027,311	\$ (142,696)	\$ 174,180	\$ 6,384,972

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, 2010

	Water Utility	Storm Water Utility	Water Utility Equipment Replacement	Water Revenue Sinking	Water Meter Deposit
<b>OPERATING RECEIPTS</b>					
Charges for services	\$ 560,254	\$ 94,972	\$ -	\$ -	\$ -
Miscellaneous	14,932	248	-	-	11,920
Total operating receipts	575,186	95,220	-	-	11,920
<b>OPERATING DISBURSEMENTS</b>					
Business-type activities:	502,866	76,733	-	-	9,600
Total operating disbursements	502,866	76,733	-	-	9,600
<b>EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS</b>					
	72,320	18,487	-	-	2,320
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>					
Interest on investments	16,740	2,686	1,377	317	-
Intergovernmental	-	3,500	-	-	-
Debt service	-	-	-	(80,830)	-
Net non-operating receipts (disbursements)	16,740	6,186	1,377	(80,513)	-
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>					
	89,060	24,673	1,377	(80,513)	2,320
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	15,000	80,230	-
Operating transfers out	(95,230)	-	-	-	-
Total other financing sources (uses)	(95,230)	-	15,000	80,230	-
<b>NET CHANGE IN CASH BALANCES</b>					
	(6,170)	24,673	16,377	(283)	2,320
<b>CASH BALANCES BEGINNING OF YEAR</b>					
	527,427	240,113	122,753	991	29,941
<b>CASH BALANCES END OF YEAR</b>					
	\$ 521,257	\$ 264,786	\$ 139,130	\$ 708	\$ 32,261
<b>CASH BASIS FUND BALANCES</b>					
Reserved:					
Debt service	\$ -	\$ -	\$ -	\$ 708	\$ -
Other purposes	-	-	139,130	-	32,261
Unreserved	521,257	264,786	-	-	-
Total cash basis fund balances	\$ 521,257	\$ 264,786	\$ 139,130	\$ 708	\$ 32,261

Enterprise Funds						
Sewer Revenue Sinking	Sewer Improvement Equipment Replacement	Sewer Bond Reserve	Sewer Improvement and Extension	Sewer Utility Equipment Replacement	Garbage and Recycling Collection	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,388	\$ 993,614
-	-	-	-	-	-	27,100
-	-	-	-	-	338,388	1,020,714
-	-	-	-	-	336,771	925,970
-	-	-	-	-	336,771	925,970
-	-	-	-	-	1,617	94,744
938	4,729	-	-	421	308	27,516
-	-	-	-	-	-	3,500
(206,480)	-	-	-	-	-	(287,310)
(205,542)	4,729	-	-	421	308	(256,294)
(205,542)	4,729	-	-	421	1,925	(161,550)
203,980	48,444	-	18,000	15,000	-	380,654
-	(19,078)	-	-	-	-	(114,308)
203,980	29,366	-	18,000	15,000	-	266,346
(1,562)	34,095	-	18,000	15,421	1,925	104,796
15,182	456,956	110,000	171,268	27,186	46,056	1,747,873
\$ 13,620	\$ 491,051	\$ 110,000	\$ 189,268	\$ 42,607	\$ 47,981	\$ 1,852,669
\$ 13,620	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ 124,328
-	491,051	-	189,268	42,607	-	894,317
-	-	-	-	-	47,981	834,024
\$ 13,620	\$ 491,051	\$ 110,000	\$ 189,268	\$ 42,607	\$ 47,981	\$ 1,852,669

CITY OF DEWITT  
 SCHEDULE OF INDEBTEDNESS  
 Year Ended June 30, 2010

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance, Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance, End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
General obligation bonds									
2005 Refunding	April 6, 2005	2.750% - 3.300%	\$ 2,745,000	\$ 1,370,000	-	\$ 1,370,000	\$ -	\$ 43,768	\$ -
Series 2006	May 1, 2006	3.750% - 4.350%	2,845,000	2,665,000	-	75,000	2,590,000	110,745	-
2008 Urban Renewal	April 1, 2008	2.400% - 3.550%	2,240,000	1,915,000	-	450,000	1,465,000	61,608	-
2008 Refunding	February 1, 2008	3.500% - 4.100%	3,610,000	3,405,000	-	170,000	3,235,000	129,235	-
Series 2009A	April 1, 2009	2.000% - 4.300%	1,170,000	1,170,000	-	65,000	1,105,000	48,020	-
Series 2009B	April 1, 2009	1.900% - 2.600%	1,755,000	1,755,000	-	-	1,755,000	45,068	-
2010 Refunding	May 1, 2010	1.000% - 2.850%	3,810,000	-	3,810,000	-	3,810,000	-	-
<b>Total</b>			<b>\$ 18,175,000</b>	<b>\$ 12,280,000</b>	<b>\$ 3,810,000</b>	<b>\$ 2,130,000</b>	<b>\$ 13,960,000</b>	<b>\$ 438,444</b>	<b>\$ -</b>
Revenue bonds									
97 WWTP Sewer revenue	April 3, 1997	3.000%	\$ 1,500,000	\$ 740,000	-	\$ 80,000	\$ 660,000	\$ 22,200	\$ -
2002 SRF Water revenue	March 27, 2002	3.000% - 3.250%	1,100,000	861,000	-	55,000	806,000	25,830	-
2005 Road use refunding	October 1, 2005	4.050%	1,640,000	1,290,000	-	100,000	1,190,000	48,340	-
2005 SRF Sewer revenue	December 12, 2005	3.000%	1,599,000	1,418,000	-	63,000	1,355,000	41,280	-
<b>Total</b>			<b>\$ 5,839,000</b>	<b>\$ 4,309,000</b>	<b>\$ -</b>	<b>\$ 298,000</b>	<b>\$ 4,011,000</b>	<b>\$ 137,650</b>	<b>\$ -</b>
Loans									
2008 DNR Loan	March 4, 2009	0.000%	\$ 31,214	\$ 31,214	-	\$ 11,000	\$ 20,214	\$ -	\$ -

CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2010

Year Ending June 30,	General Obligation Bonds											
	Series 2006			Series 2008			Series 2008			Series 2008		
	Issued May 1, 2006			Issued April 1, 2008			Issued February 1, 2008			Issued February 1, 2008		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2011	3.750%	\$ 80,000	\$ 107,933	2.900%	\$ 100,000	\$ 49,908	3.500%	\$ 175,000	\$ 123,285			
2012	3.750%	80,000	104,932	3.100%	100,000	47,008	3.500%	185,000	117,160			
2013	3.800%	85,000	101,933	3.350%	500,000	43,908	3.500%	190,000	110,685			
2014	3.850%	90,000	98,702	3.550%	765,000	27,158	3.500%	200,000	104,035			
2015	3.950%	90,000	95,238	-	-	-	3.500%	200,000	97,035			
2016	4.000%	95,000	91,682	-	-	-	3.500%	210,000	90,035			
2017	4.100%	100,000	87,883	-	-	-	3.625%	220,000	82,685			
2018	4.150%	105,000	83,782	-	-	-			74,710			
2019	4.200%	110,000	79,425	-	-	-	4.000%	465,000	74,710			
2020	4.200%	110,000	74,805	-	-	-			56,110			
2021	4.200%	115,000	70,185	-	-	-	4.000%	500,000	56,110			
2022	4.200%	120,000	65,355	-	-	-			36,110			
2023	4.200%	330,000	60,315	-	-	-	4.000%	380,000	36,110			
2024	4.250%	345,000	46,455	-	-	-			20,910			
2025	4.300%	360,000	31,793	-	-	-			20,910			
2026	4.350%	375,000	16,312	-	-	-	4.100%	510,000	20,910			
2027		-	-	-	-	-						
<b>TOTAL</b>		<b>\$ 2,590,000</b>	<b>\$ 1,216,730</b>		<b>\$ 1,465,000</b>	<b>\$ 167,982</b>		<b>\$ 3,235,000</b>	<b>\$ 1,142,420</b>			

SCHEDULE 4  
(CONTINUED)

CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2010

Year Ending June 30,	General Obligation Bonds												
	Series 2009A			Series 2009B			Series 2010			Total			
	Issued April 1, 2009	Issued April 1, 2009	Issued April 1, 2009	Issued April 1, 2009	Issued April 1, 2009	Issued April 1, 2009	Issued May 1, 2010	Issued May 1, 2010	Issued May 1, 2010	Issued May 1, 2010	Issued May 1, 2010	Issued May 1, 2010	
Interest Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest
2011	2.000%	\$ 125,000	\$ 41,160	1.900%	\$ 500,000	\$ 38,630	1.000%	\$ 275,000	\$ 94,778	\$ 1,255,000	\$ 455,694	\$ 1,255,000	\$ 455,694
2012	2.500%	-	38,660	2.100%	500,000	29,130	1.150%	225,000	84,738	1,090,000	421,628	1,090,000	421,628
2013	2.500%	125,000	38,660	2.350%	400,000	18,630	1.550%	225,000	82,150	1,525,000	395,966	1,525,000	395,966
2014	3.000%	-	35,535	2.600%	355,000	9,230	1.900%	100,000	78,663	1,510,000	353,323	1,510,000	353,323
2015	3.000%	140,000	35,535	-	-	-	2.250%	885,000	76,763	1,315,000	304,571	1,315,000	304,571
2016	3.500%	-	31,335	-	-	-	2.550%	1,000,000	56,850	1,305,000	269,902	1,305,000	269,902
2017	3.500%	155,000	31,335	-	-	-	2.850%	1,100,000	31,350	1,575,000	233,253	1,575,000	233,253
2018	4.000%	-	25,910	-	-	-	-	-	-	105,000	184,402	105,000	184,402
2019	4.000%	165,000	25,910	-	-	-	-	-	-	740,000	180,045	740,000	180,045
2020	4.100%	-	19,310	-	-	-	-	-	-	110,000	150,225	110,000	150,225
2021	4.100%	185,000	19,310	-	-	-	-	-	-	800,000	145,605	800,000	145,605
2022	4.200%	100,000	11,725	-	-	-	-	-	-	220,000	113,190	220,000	113,190
2023	4.300%	110,000	7,525	-	-	-	-	-	-	820,000	103,950	820,000	103,950
2024	-	-	-	-	-	-	-	-	-	345,000	67,365	345,000	67,365
2025	-	-	-	-	-	-	-	-	-	360,000	52,703	360,000	52,703
2026	-	-	-	-	-	-	-	-	-	375,000	37,222	375,000	37,222
2027	-	-	-	-	-	-	-	-	-	510,000	20,910	510,000	20,910
<b>TOTAL</b>		<b>\$ 1,105,000</b>	<b>\$ 361,910</b>		<b>\$ 1,755,000</b>	<b>\$ 95,620</b>		<b>\$ 3,810,000</b>	<b>\$ 505,292</b>	<b>\$ 13,960,000</b>	<b>\$ 3,489,954</b>	<b>\$ 13,960,000</b>	<b>\$ 3,489,954</b>

CITY OF DEWITT  
BOND AND NOTE MATURITIES  
June 30, 2010

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				
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest		
2011	3.00%	\$ 85,000	\$ 19,800	3.000%	\$ 57,000	\$ 24,180	3.500%	\$ 105,000	\$ 44,840	3.00%	\$ 65,000	\$ 39,390		
2012	3.00%	85,000	17,250	3.000%	58,000	22,470	3.500%	100,000	41,165	3.00%	67,000	37,440		
2013	3.00%	90,000	14,700	3.000%	60,000	20,730	3.500%	110,000	37,665	3.00%	69,000	35,430		
2014	3.00%	95,000	12,000	3.000%	62,000	18,930	3.600%	115,000	33,815	3.00%	71,000	33,360		
2015	3.00%	100,000	9,150	3.000%	64,000	17,070	3.700%	120,000	29,675	3.00%	73,000	31,230		
2016	3.00%	100,000	6,150	3.000%	66,000	15,150	3.800%	120,000	25,235	3.00%	75,000	29,040		
2017	3.00%	105,000	3,150	3.000%	68,000	13,170	3.900%	125,000	20,675	3.00%	78,000	26,790		
2018	-	-	-	3.000%	70,000	11,130	3.950%	130,000	15,800	3.00%	80,000	24,450		
2019	-	-	-	3.000%	72,000	9,030	4.000%	135,000	10,665	3.00%	83,000	22,050		
2020	-	-	-	3.000%	74,000	6,870	4.050%	130,000	5,265	3.00%	85,000	19,560		
2021	-	-	-	3.000%	76,000	4,650	-	-	-	3.00%	88,000	17,010		
2022	-	-	-	3.000%	79,000	2,370	-	-	-	3.00%	90,000	14,370		
2023	-	-	-	-	-	-	-	-	-	3.00%	93,000	11,670		
2024	-	-	-	-	-	-	-	-	-	3.00%	96,000	8,880		
2025	-	-	-	-	-	-	-	-	-	3.00%	99,000	6,000		
2026	-	-	-	-	-	-	-	-	-	3.00%	143,000	3,030		
<b>TOTAL</b>		<b>\$ 660,000</b>	<b>\$ 82,200</b>		<b>\$ 806,000</b>	<b>\$ 165,750</b>		<b>\$ 1,190,000</b>	<b>\$ 264,800</b>		<b>\$ 1,355,000</b>	<b>\$ 359,700</b>	<b>\$ 4,011,000</b>	<b>\$ 872,450</b>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>RECEIPTS</b>							
Property taxes	\$ 2,145,806	\$ 2,018,679	\$ 1,902,104	\$ 1,823,987	\$ 1,285,975	\$ 1,142,889	\$ 1,139,494
Tax increment financing collections	1,319,620	1,284,897	1,325,915	1,264,348	1,224,276	1,298,484	1,284,915
Other city taxes	610,041	678,090	547,681	662,819	479,487	501,753	512,877
Licenses and permits	85,203	62,521	77,702	71,646	76,584	79,090	95,035
Use of money and property	136,998	166,600	173,482	163,778	126,564	92,956	84,229
Intergovernmental	1,455,398	1,839,501	795,905	1,601,701	1,052,412	642,253	835,795
Charges for services	409,368	411,704	374,195	368,630	402,619	377,353	369,882
Miscellaneous	252,847	187,360	318,081	168,856	451,219	266,159	424,702
<b>TOTAL RECEIPTS</b>	<b>\$ 6,415,281</b>	<b>\$ 6,649,352</b>	<b>\$ 5,515,065</b>	<b>\$ 6,125,765</b>	<b>\$ 5,099,136</b>	<b>\$ 4,400,937</b>	<b>\$ 4,746,929</b>
<b>DISBURSEMENTS</b>							
Public safety	\$ 1,069,664	\$ 1,131,735	\$ 1,125,938	\$ 1,126,232	\$ 1,126,357	\$ 958,730	\$ 1,108,695
Public works	585,407	602,046	826,198	421,235	558,330	648,813	495,211
Health and social services	16,340	12,779	9,930	9,447	9,472	8,569	9,164
Culture and recreation	1,091,740	922,275	850,971	856,583	789,078	755,013	1,001,691
Community and economic development	125,239	86,543	99,217	79,739	81,814	60,113	57,533
General government	350,299	498,466	315,902	393,751	298,622	277,962	278,295
Debt service	2,739,057	3,758,890	3,259,523	2,018,683	3,426,315	2,248,872	1,366,230
Capital projects	3,095,434	3,380,588	612,324	3,192,147	1,481,876	1,185,102	2,202,277
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 9,073,180</b>	<b>\$ 10,393,322</b>	<b>\$ 7,100,003</b>	<b>\$ 8,097,817</b>	<b>\$ 7,771,864</b>	<b>\$ 6,143,174</b>	<b>\$ 6,519,096</b>

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

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeWitt, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City of DeWitt, Iowa's basic financial statements listed in the table of contents, and have issued our report thereon dated December 7, 2010. 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, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control 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 material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeWitt, Iowa'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 of DeWitt, Iowa's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of DeWitt, Iowa. 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, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City of DeWitt, Iowa's responses, we did not audit the City of DeWitt, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of DeWitt, Iowa and other parties to whom the City of DeWitt, Iowa 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, Iowa 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.

*Wink, Park & Foster, CPA PC*

Clinton, Iowa  
December 7, 2010



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

To the Honorable Mayor and  
Members of the City Council:

**Compliance**

We have audited the compliance of the City of DeWitt, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of DeWitt, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the City of DeWitt, Iowa's management. Our responsibility is to express an opinion on the City of DeWitt, Iowa's compliance based on our audit.

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

In our opinion, the City of DeWitt, Iowa complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

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

over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of DeWitt, Iowa and other parties to whom the City of DeWitt, Iowa 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.

*Wendell Park & Foster, CPA PC*

Clinton, Iowa  
December 7, 2010

CITY OF DEWITT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010

<u>GRANTOR/PROGRAM</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
Department of Housing and Urban Development			
Passed through Iowa Department of Economic Development:			
Community Development Block Grants/State's Programs and Non-Entitlement Grants in Hawaii	14.228	08-HSG-074	\$ 239,731
Home Investment Partnerships Program	14.239	08-HM-112-65	<u>124,720</u>
			<u>364,451</u>
Department of Transportation			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-1855(610)--70-23	17,230
Highway Planning and Construction	20.205	HDP-1855(612)--71-23	27,790
ARRA-Highway Planning and Construction	20.205	ESL-1855(613)--7S--23	201,885
Passed through Iowa Department of Public Safety/GTSB:			
State and Community Highway Safety	20.600	PAP 09-04 Task 12	12,160
State and Community Highway Safety	20.600	PAP 10-04 Task 12	<u>6,716</u>
			<u>265,781</u>
Department of Justice			
Passed through Iowa Department of Justice:			
Bulletproof Vest Partnership Program	16.607	2008	1,665
Bulletproof Vest Partnership Program	16.607	2009	211
Missing Children's Assistance	16.543	2009	760
ARRA-Eward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09JAG/ARRA-271	<u>13,537</u>
			<u>16,173</u>
Department of Interior			
Passed through National Park Service			
Silos and Smokestacks National Heritage Area	15.ATT	2008	<u>2,000</u>
Total			<u>\$ 648,405</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of DeWitt and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF DEWITT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2010**

**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  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

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

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

Unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee?  yes  no

**CITY OF DEWITT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010**

**Section II - Financial Statement Findings**

**Internal Control Deficiencies:**

No matters were noted.

**Instances of Non-compliance:**

No matters were noted.

**CITY OF DEWITT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010**

**Section III - Federal Award Findings and Questioned Costs**

**Internal Control Deficiencies:**

No matters were noted.

**Instances of Non-compliance:**

No matters were noted.

**CITY OF DEWITT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2010**

**Section IV - Other Findings Related to Required Statutory Reporting:**

IV-A-10 Certified budget - Disbursements during the year ended June 30, 2010 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

IV-B-10 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.

IV-C-10 Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-10 Business transactions - No business transactions between the City and City officials or employees were noted.

IV-E-10 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.

IV-F-10 Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

Although minutes of Council proceedings were published, they did not include a summary of all receipts for each month of the year as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation - The City should comply with Chapter 21 of the Code of Iowa and should publish a summary of all receipts for each month of the year as required.

Response - We will comply with the Code requirements and publish a summary of receipts each month as required.

Conclusion - Response accepted.

**CITY OF DEWITT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2010**

**Section IV - Other Findings Related to Required Statutory Reporting (Continued)**

IV-G-10     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.

IV-H-10     Revenue bonds and notes - No instances of non-compliance with the revenue bond and note resolutions were noted.

IV-I-10     Financial condition - The Debt Service Fund had a deficit balance at June 30, 2010 of \$20,807. In addition, the 2008 Homeownership Grant Capital Projects Fund, the 2008 Owner Occupied Grant Capital Projects Fund and the Stimulus Projects Capital Projects Fund had deficit balances of \$2,021, \$34,993 and \$142,696, respectively, at June 30, 2010.

Recommendation - The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

Response - The deficits were due to debt and construction costs being incurred prior to receipt of funds. The deficits will be eliminated.

Conclusion - Response accepted.

CITY OF DEWITT  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2010

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

CITY OF DEWITT  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
Year Ended June 30, 2010

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