

CITY OF DEWITT, IOWA

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2014

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CITY OF DEWITT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2014)		
Donald J. Thiltgen	Mayor	January 1, 2016
Verlyn Scheckel	Mayor Pro Tem	January 1, 2016
Steven Hasenmiller	Council Member	January 1, 2014
Dawn Marcus	Council Member	January 1, 2014
Kurt Ketelsen	Council Member	January 1, 2016
Verlyn Scheckel	Council Member	January 1, 2016
Luanne Smith	Council Member	January 1, 2016
(After January 2014)		
Donald J. Thiltgen	Mayor	January 1, 2016
Verlyn Scheckel	Mayor Pro Tem	January 1, 2016
Kurt Ketelsen	Council Member	January 1, 2016
Verlyn Scheckel	Council Member	January 1, 2016
Luanne Smith	Council Member	January 1, 2016
Steven Hasenmiller	Council Member	January 1, 2018
Dawn Marcus	Council Member	January 1, 2018
Steven M. Lindner	City Administrator	Appointed
Deanna Rekemeyer	Director of Finance/Treasurer	Appointed
Robert J. McGee	City Attorney	Appointed
Matt Proctor	Director of Public Works	Appointed
David Porter	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
City of DeWitt, Iowa

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2014, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

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. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements which are prepared on the basis of cash receipts and disbursements. The financial statements of the City of DeWitt, Iowa for the five years ended June 30, 2009 (which are not presented herein) were audited by other auditors and expressed unmodified opinions on those statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information in schedules 1 through 5 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in schedules 1 through 5 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Disclaimer of Opinion on Other Information

The management's discussion and analysis and budgetary comparison information on pages 4 through 16 and 38 through 40, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 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 on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of DeWitt, Iowa's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
December 5, 2014

CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

The City of DeWitt, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

The City's total cash basis net position increased 1.4%, or \$128,509, from June 30, 2013 to June 30, 2014. Of this amount, the cash basis net position of the governmental activities increased by \$87,239 and the cash basis net position of the business type activities increased by \$41,270.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Supplementary Information provides detailed information about the nonmajor governmental and proprietary funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City 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 financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

Business Type Activities include the water, sewer, garbage and recycling collection and storm water utility. These activities are financed primarily by user charges.

Fund Financial Statements

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The City's major governmental funds are the General Fund, the DeWitt Economic Development TIF Special Revenue Fund, the Debt Service Fund, the DeWitt Economic Development TIF Debt Service Fund and the 6th Avenue Capital Projects Fund. All other governmental funds are aggregated in a single column entitled "Nonmajor Governmental Funds". Governmental funds are further broken down into the following activities:

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

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

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

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

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

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

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

CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Capital Projects - This category includes the 2011 Housing Grant, the New Police Facility, the 11th Street Widening, the 11th Street West Project, the 8th Street Reconstruction Project, the Springbrook Road 17th/Street Capital Project, the New Public Works Facility Project and the Silver Creek Trail Project.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

Business-type (Proprietary) Funds - Proprietary funds account for the City's Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business-type activities. 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 major business-type funds are the Water Utility Fund and the Sewer Utility Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Governmental Activities

Net position 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 \$6,062,596 to \$6,149,835. The analysis that follows focuses on the changes in net position for governmental activities.

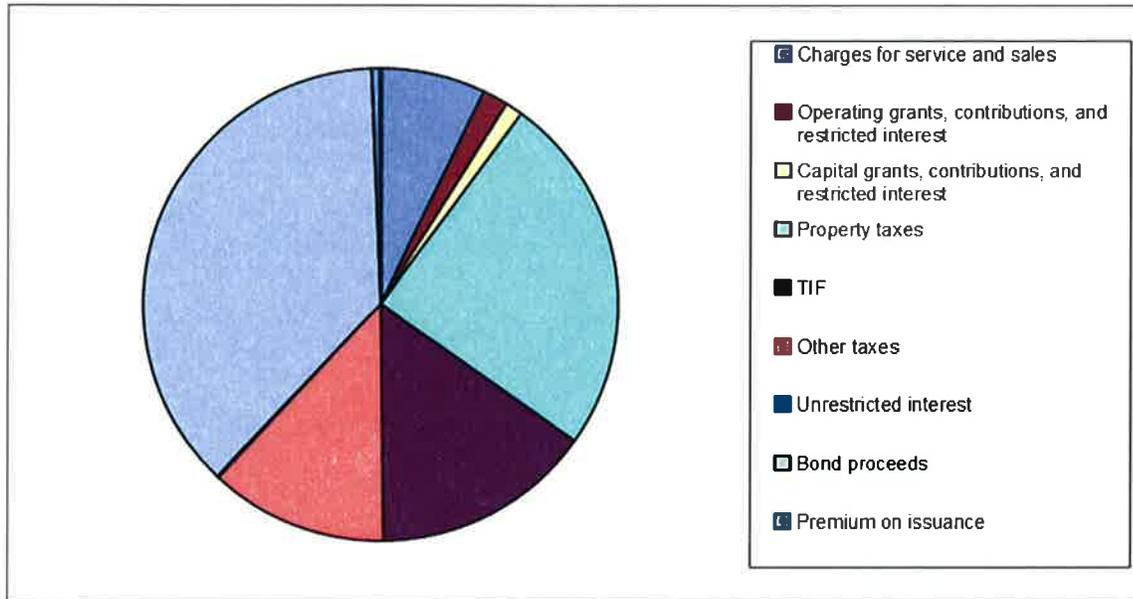
Changes in Cash Basis Net Position of Governmental Activities

	<u>2014</u>	<u>2013</u>
Receipts:		
Program receipts:		
Charges for service	\$ 705,520	\$ 670,661
Operating grants, contributions and restricted interest	170,937	194,218
Capital grants, contributions and restricted interest	118,420	707,908
General receipts:		
Property tax	3,954,485	3,784,283
Utility excise tax	58,570	59,638
Hotel/motel tax	15,479	15,870
Local option sales tax	595,348	558,262
Road use tax	531,421	509,666
Unrestricted interest on investments	13,290	17,116
Bond proceeds	3,710,000	2,000,000
Premium on issuance	54,273	-
Miscellaneous	5,199	4,059
Sale of capital assets	5,395	3,990
Total receipts	<u>9,938,337</u>	<u>8,525,671</u>
Disbursements:		
Public safety	1,226,106	1,218,851
Public works	741,604	670,958
Health and social services	11,417	9,401
Culture and recreation	1,105,957	1,059,515
Community and economic development	340,715	208,817
General government	433,545	385,637
Debt service	4,645,923	2,004,468
Capital projects	1,320,538	2,024,213
Total disbursements	<u>9,825,805</u>	<u>7,581,860</u>
Change in cash basis net position before transfers	112,532	943,811
Transfers, net	<u>(25,293)</u>	<u>(28,839)</u>
Change in cash basis net position	87,239	914,972
Cash basis net position, beginning of year	<u>6,062,596</u>	<u>5,147,624</u>
Cash basis net position, end of year	<u>\$ 6,149,835</u>	<u>\$ 6,062,596</u>

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

For the year ended June 30, 2014, the City's governmental activities were funded as follows:

Sources of Funds for Governmental Activities

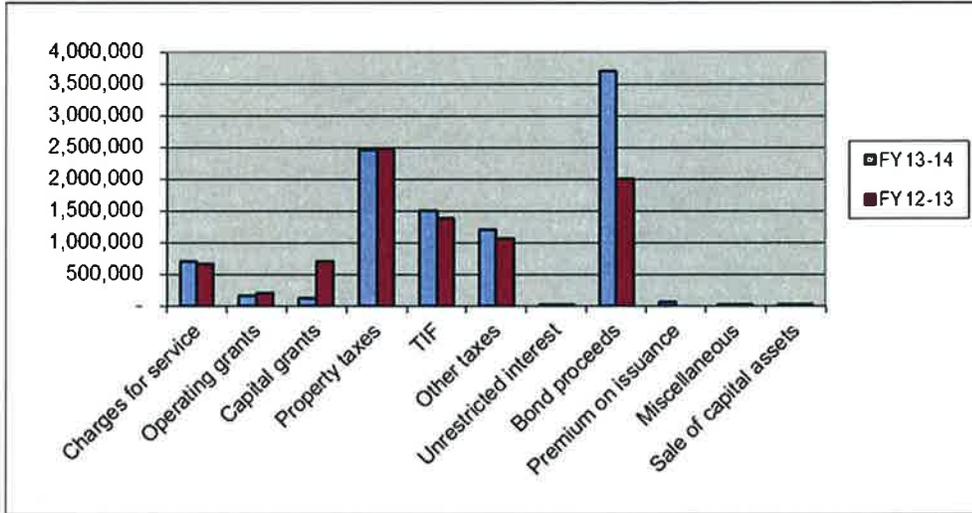


The City's total receipts for governmental activities increased by \$1,412,666 or 16.6%. The total cost of all programs and services increased by \$2,243,945, or 29.6%. The significant increase in receipts was primarily the result of an increase in local option sales tax as well as proceeds received from the issuance of general obligation urban renewal tax increment financing bonds. The significant increase in disbursements is due to debt service payments. A couple of bond issues had large debt service payments this year, in addition to the refinancing of the 2008 GO bonds. Last year's bonding did not include any refinancing of outstanding bonds so overall debt service expenses were over \$2,641,000 more than last year. In addition total capital project expenses were over \$703 less than last year. The East Side Storm drainage project and inflow/infiltration project were complete. 11th Street West was nearly complete by the start of the current year. The South 6th Avenue project is complete. There were delays on the Silver Creek Bridge replacement project as wetland study was required. The 8th Street project and new police facility project got started this year.

Other tax receipts increased by \$35,626. Local option sales tax receipts increased by over \$37,000. Road use tax receipts increased by \$21,700. Bond proceeds increased from \$2,000,000 to \$3,710,000. Last year's bond issue was for new projects. The current year bond issue was for refunding 2008 general obligation refunding bonds and funds for the 8th Street project. Sale of capital asset revenue increased from \$3,990 to \$5,395 both for old police equipment sold.

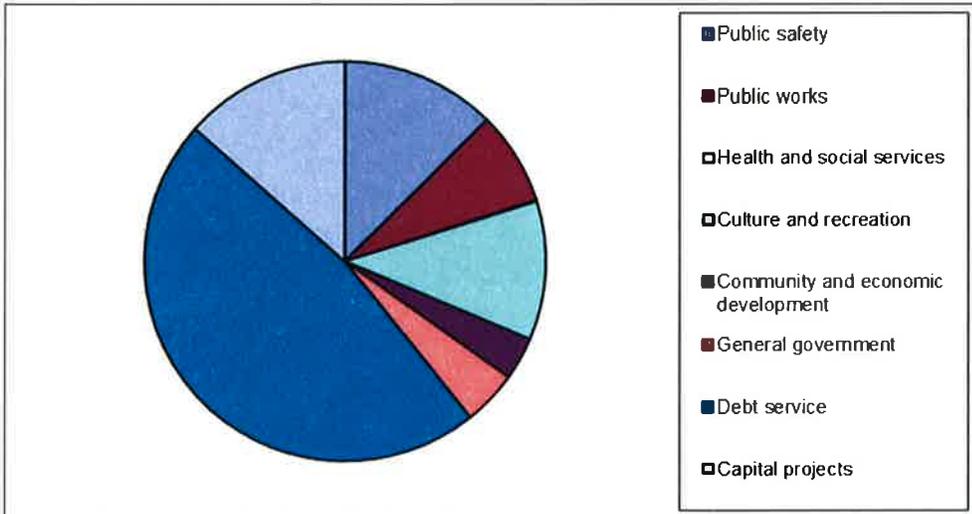
**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Total governmental receipts this year as compared to last fiscal year are shown in the following graph.



For the year ended June 30, 2014, the City's disbursements for governmental activities were as follows:

Uses of Funds in Governmental Activities

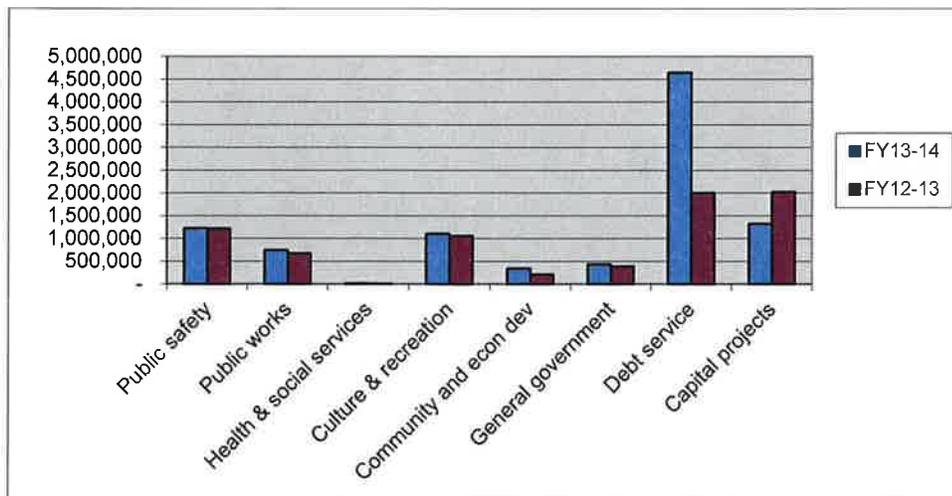


CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

The cost of all governmental activities this year was \$9,825,805 compared to \$7,581,860 last year. However, as shown in the Statement of Activities and Net Position on pages 18-19, the amount taxpayers ultimately financed for these activities was \$8,830,928 because some of the cost was paid by those directly benefited from the programs (approximately \$706,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$289,000).

Governmental program disbursements are about 29.5% more in total as compared to the prior year however, some categories have changed more significantly than others. Public safety disbursements increased by only \$7,255. Police expenses including an increase in 411 retirement costs, personnel costs, and equipment purchases increased by approximately \$46,000. However ambulance support decreased by nearly \$19,000 as last year a double the payment was made to make up for no payment the previous year. Civil service expenses decreased nearly \$11,000 due to expenses for replacement of the retiring police captain, promotion and new hire last year. Public works disbursements increased by 10.5%. This is due to a combination of more new equipment purchases this year and a severe winter that made snow removal expenses increase by nearly \$24,000. Disbursements for health and social services increased by over 21% (only \$2,016) due to a support donation of \$2,000 to YWCA. Culture and recreation disbursements increased 4.3%. This is a combination of increases in library, parks, parks equipment, recreation/aquatic center and cemetery with decreases in community center and fitness center expenses. Community and economic development disbursements increased by over 63% or \$131,898. This is mostly an increase of over \$150,000 for TIF rebate payments. This year was the first year for payments to both Black Cat Blades and Custom Pak. The general government disbursements increased by about \$48,000. Part of this is the cost of the insurance for general fund increased about \$13,500. The rest is changes in operational costs like wages as two part-time employees were changed to full-time and increases in equipment purchases. Debt service disbursements more than doubled due to the refunding of the 2008 GO bond issue and payoff of 2 other bond issues with large payments this year. Capital project disbursements decreased by about 35% over the previous year. This was mainly due to the East Side Storm project and inflow/infiltration project being complete but was also affected by other capital projects. 8th Street project and new police facility project got started this year. There were delays with the Silver Creek Trail bridge replacement as a wetland delineation study had to be completed. The 2011 housing grant had two houses completed this year.

The total governmental disbursements this year as compared to last fiscal year are shown in the graph below.



**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Business-type Activities

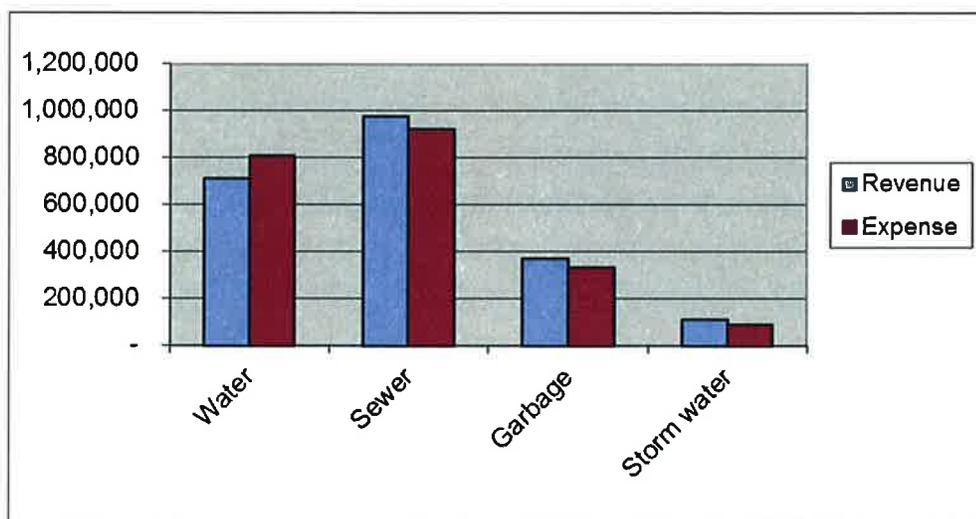
Changes in Cash Basis Net Position of Business Type Activities

	<u>2014</u>	<u>2013</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 647,588	\$ 640,863
Sewer	956,149	875,462
Garbage and recycling collection	367,073	361,447
Storm water utility	101,937	100,406
Operating grants, contributions and restricted interest	79,163	46,495
Capital grants, contributions and restricted interest	<u>14,999</u>	<u>7,416</u>
Total receipts	<u>2,166,909</u>	<u>2,032,089</u>
Disbursements:		
Water	807,271	603,464
Sewer	923,907	801,026
Garbage and recycling collection	330,181	327,988
Storm water utility	<u>89,573</u>	<u>58,705</u>
Total disbursements	<u>2,150,932</u>	<u>1,791,183</u>
Change in cash basis net position before transfers	15,977	240,906
Transfers, net	<u>25,293</u>	<u>28,839</u>
Change in cash basis net position	41,270	269,745
Cash basis net position, beginning of year	<u>3,180,215</u>	<u>2,910,470</u>
Cash basis net position, end of year	<u>\$ 3,221,485</u>	<u>\$ 3,180,215</u>

Total business-type activities receipts for the fiscal year were \$2,166,909 compared to \$2,032,089 last year. Total disbursements for the fiscal year increased from \$1,791,183 to a total of \$2,150,932.

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

For the year ended June 30, 2014, the City's business-type activities, receipts, and disbursements were as follows:



The water receipts are up by about \$6,700 as compared to last fiscal year. This is due to increased metered sales revenue in the current year. Water disbursements increased significantly by over 33%. Most of the increase in expense is due to well #6 being damaged and repaired and water tower repairs. Wages, health insurance and capital equipment purchases were part of the increase. The sewer fund receipts increased by about \$80,000 this is mostly due to sewer rental charges. Sewer rates were increased in 2013. Sewer disbursements increased about 15% mostly due to a building addition and equipment purchases. The garbage and recycling collection fund receipts increased by only \$5,626. This would be adding new houses. Garbage and recycling expenses increased by only \$2,193. The storm water system has now been in place for eleven years. Receipts increased slightly by \$1,531. This fee is a set amount rather than based on any type of usage. Disbursements increased by 52%. This is due to smoke testing this year and equipment purchases.

Individual Major Governmental Fund Analysis

As the City completed the year, its governmental funds reported a combined fund balance of \$6,139,300, an increase of \$86,523 above last year's total of \$6,052,777. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased due to general fund expenses in total being less than anticipated. This was a combination of many things being kept under budget and some items over budget. For example money was budgeted for a phone system upgrade to city hall that was not expended. In addition some reserves were increased including the Fire Equipment reserve (up \$37,430) and the Equipment Replacement reserve (up \$35,477) while other reserves decreased with covering operational costs which also decreased transfers from unreserved general fund.

CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

- The Special Revenue, DeWitt Economic Development TIF Fund ended the fiscal year with a cash balance of \$166,375, a decrease of \$209,546 from the previous year. The decrease was the result of timing of TIF collections and current year debt payments. The City Council had been keeping the TIF debt certification steady to avoid increasing/decreasing year to year. However this year the amount requested increased by \$100,000. We accumulate funds to pre-pay TIF debt when it is callable and sufficient funds are available. TIF debt payments this year were more than last year by over \$250,000. Last fiscal year tax collections were above the requested amount and this year they were below the requested amount simply due to tax collections.
- The Debt Service Fund ended the fiscal year with a cash balance of \$46,518, an increase of \$17,561 from the previous year. This increase is due to interest, property taxes and bond proceeds exceeding budgeted expectations.
- The Debt Service, DeWitt Economic Development TIF Fund ended the fiscal year with a cash balance of \$0. Funds are transferred in from the Special Revenue, DeWitt Economic Development TIF Fund in order to make bond principal and interest payments as required.
- The Capital Projects, 6th Avenue Fund ended the fiscal year with a cash balance of \$187,498, a decrease of \$1,421,127 from the previous year. This decrease is due to waiting for project completion. Punch list items are being worked on.

Individual Major Proprietary Fund Analysis

- The Enterprise, Water Utility Fund cash balance decreased by \$24,635 to \$529,790. This is due to expenses exceeding revenues. Metered sales revenue was \$10,253 less than budgeted however this combined with higher expenses than anticipated such as water tower maintenance spent of \$36,000 due to delays in painting a ground storage tank last year so it was done this year. In addition well #6 was damaged by lightning and had to be pulled and repaired and other unexpected cost resulted in a net loss from operations. Funds were transferred in from equipment replacement reserves to cover some of these excess costs.
- The Enterprise, Sewer Utility Fund cash balance increased by \$45,980 to \$960,976, due primarily to revenues exceeding budget. Sewer rental revenue was higher than budget by \$82,407.

Budgetary Highlights

The City Council approved one budget amendment during the year. The amendment was to increase receipts and increase disbursements. Intergovernmental revenue increase includes Alliant Branching Out grant and county generator grants. Miscellaneous revenues increase is a variety of reimbursements, donations, and fees that are higher than anticipated. The largest change for both revenues and expenses is the 2014 bond issue that includes the refinancing of 2008 GO bond. Public works expenses increase include estimates for 2014 street work that may be approved. The Releaf project is in Community & Economic Development expenses. Capital projects expense is down due to timing for 8th Street project.

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Debt Administration

As of year-end, the City had \$15,176,000 in debt outstanding compared to \$15,916,000 in 2013.

Outstanding Debt at Year End		Totals	
	<u>2014</u>		<u>2013</u>
Governmental			
General obligation	\$ 13,270,000	\$ 13,760,000	
Business-type			
Water revenue	566,000	636,000	
Sewer revenue	<u>1,340,000</u>	<u>1,520,000</u>	
Subtotal	<u>1,906,000</u>	<u>2,156,000</u>	
Total	<u>\$ 15,176,000</u>	<u>\$ 15,916,000</u>	

There was one new bond issue during the year. The 2014 GO Bonds included funds to finance the 8th Street project and refinance the 2008 GO bonds. The City is at 74.1% of its bonding capacity down from 81.4% at June 30, 2013. 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 30 - 33.

TIF Rebates

The City has ten TIF rebate agreements with ten 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 reduction of the rebate to be paid to the industry. Some agreements also include job creation requirements that must be met to qualify for the rebate. 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. One of the agreements started in 2012. This one is a housing development agreement with LMI requirements. This developer received payments based on incremental taxes paid. Two received 100% of the annual specified payment, two received partial payments, and one other had not met the development requirements so received no payment for 2014. One agreement that started this year has no annual max but simply a percentage rebate of the taxes received. Two agreements have not yet started. Each agreement is written so that each year stands alone.

CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Economic Factors

Property taxes are important to the City, they represent approximately 20.5% of total resources excluding transfers. Property taxes were more than expected by just over \$9,000. TIF revenues comprised just over 12% of revenues. The largest resource (excluding bond proceeds), at just under 21%, comes from fees and charges for services and includes utility charges. Intergovernmental revenue was less this year at over 6%. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly. Interest revenues have been down. Drastic utility and gasoline rate increases have adversely affected the City's operating disbursements but this is starting to get better. The City has taken some measures in the past couple of years to increase energy efficiency. Gasoline prices seem to be evening out. The extreme weather over the past few years has also adversely affected the City's operating costs. Ice storms, excessive snows, strong winds and extreme cold required much more labor and materials costs than normal. This winter was extremely cold leading to high utility bills and many water main breaks. The overall economic situation has also negatively impacted collection of items like utility payments as more citizens are unemployed or underemployed these past few years. This is continuing to get better but is slow to recover.

Next Year's Budget and Rates

For the year ending June 30, 2015, the general fund has been budgeted fairly consistently with this year. However, the budget does include part-time police officers to offer more flexibility, a new police vehicle, 4 sets of bunker gear for the fire department, \$4,000 to upgrade to audible crosswalks, camp study, water reel, \$23,000 for bronze check valves at aquatic center, till & seed Pheasant's Forever area at cemetery, cemetery mower, fitness center improvements including replacement of air handling unit for \$58,000, and new projector at city hall. The snow budget includes ½ of the cost of a new plow truck. The emergency tax levy is not being utilized. 411 rates are increasing from 30.12% to 30.41%. A new pickup truck and the other ½ of a new plow truck is budgeted for the street department. \$20,000 is also budgeted for tree removal. This is been increased because of emerald ash borer so we anticipate removing many ash trees. One new TIF rebate will start this year. The SSMID is budgeted to have part-time employees water the planters and hanging baskets instead of contracting this service out for the second year in a row. Capital projects being budgeted in governmental activities for next year include 8th Street reconstruction, new police station, replacement of the pedestrian bridge on the Silver Creek Trail, and 1st Street reconstruction. Legislative changes passed the last several years already have and will continue to negatively impact the city's budget. It is unclear how the change to commercial property taxes will affect DeWitt. In addition the creation of a new multi-residential property tax class will negatively impact taxable value but cannot be quantified as the exact definition is not known. 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 on all credits and items such as TIF. The rollback and other taxation issues such as reclassification of specific types of property continue to erode the tax bases for cities. Property tax issues are expected to continue to be raised. Union rights will also continue to be discussed with several proposals that would have a very negative impact on cities. TIF is always a target of proposed legislation. The water utility budget includes \$16,000 for North water tower clean and inspection, \$6,000 for meters, \$4,000 for new pipe locator and \$2,000 for ½ of a new gantry crane. Water and sewer rates are increasing 3% each.

CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Sewer utility budget includes \$36,000 building addition, \$36,000 for new pickup truck, and \$10,000 for new sewer camera with trace function. The garbage contract in 2011 included going to garbage totes for collection. The garbage budget is higher than last years' budget. The intent is to be able to hold the garbage rate steady for several years. Storm water utility budget again not more funds for additional smoke testing as it has been completed. The storm water utility budget includes \$4,000 for more storm drainage sites.

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 Rekemeyer
Director of Finance

BASIC FINANCIAL STATEMENTS

CITY OF DEWITT, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
As of and for the Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	<u>Disbursements</u>	<u>Program Receipts</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Governmental activities:				
Public safety	\$ 1,226,106	\$ 146,851	\$ 35,174	\$ -
Public works	741,604	6,590	9,374	-
Health and social services	11,417	2,400	163	-
Culture and recreation	1,105,957	495,893	82,891	2,500
Community and economic development	340,715	18,492	24,010	-
General government	433,545	35,294	7,987	-
Debt service	4,645,923	-	3,995	-
Capital projects	1,320,538	-	7,343	115,920
Total governmental activities	9,825,805	705,520	170,937	118,420
Business-type activities:				
Water	807,271	647,588	49,262	14,999
Sewer	923,907	956,149	19,258	-
Garbage and recycling collection	330,181	367,073	846	-
Storm water utility	89,573	101,937	9,797	-
Total business-type activities	2,150,932	2,072,747	79,163	14,999
Total	\$ 11,976,737	\$ 2,778,267	\$ 250,100	\$ 133,419

General receipts and transfers:
Property and other city tax levied for:
 General purposes
 Debt service
Tax increment financing
Local option sales tax
Other city taxes
Road use tax
Unrestricted interest on investments
Bond proceeds
Premium on issuance
Miscellaneous
Sale of capital assets
Transfers

Total general receipts and transfers

CHANGE IN CASH BASIS NET POSITION

CASH BASIS NET POSITION BEGINNING OF YEAR

CASH BASIS NET POSITION END OF YEAR

CASH BASIS NET POSITION

Restricted:
 Nonexpendable:
 Cemetery perpetual care
 Expendable:
 Urban renewal purposes
 Streets
 Debt service
 Capital improvements and equipment
 Library
 Other purposes
Unrestricted

Total cash basis net position

See notes to financial statements.

EXHIBIT A

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

Governmental Activities	Business-type Activities	Total
\$ (1,044,081)	\$ -	\$ (1,044,081)
(725,640)	-	(725,640)
(8,854)	-	(8,854)
(524,673)	-	(524,673)
(298,213)	-	(298,213)
(390,264)	-	(390,264)
(4,641,928)	-	(4,641,928)
(1,197,275)	-	(1,197,275)
<u>(8,830,928)</u>	<u>-</u>	<u>(8,830,928)</u>
-	(95,422)	(95,422)
-	51,500	51,500
-	37,738	37,738
-	<u>22,161</u>	<u>22,161</u>
-	<u>15,977</u>	<u>15,977</u>
<u>(8,830,928)</u>	<u>15,977</u>	<u>(8,814,951)</u>
1,884,264	-	1,884,264
578,477	-	578,477
1,491,744	-	1,491,744
595,348	-	595,348
74,049	-	74,049
531,421	-	531,421
13,290	-	13,290
3,710,000	-	3,710,000
54,273	-	54,273
5,199	-	5,199
5,395	-	5,395
<u>(25,293)</u>	<u>25,293</u>	<u>-</u>
<u>8,918,167</u>	<u>25,293</u>	<u>8,943,460</u>
87,239	41,270	128,509
<u>6,062,596</u>	<u>3,180,215</u>	<u>9,242,811</u>
<u>\$ 6,149,835</u>	<u>\$ 3,221,485</u>	<u>\$ 9,371,320</u>
\$ 184,852	\$ -	\$ 184,852
248,510	-	248,510
1,209,310	-	1,209,310
46,518	24,881	71,399
1,745,416	-	1,745,416
786,705	-	786,705
115,976	1,288,673	1,404,649
<u>1,812,548</u>	<u>1,907,931</u>	<u>3,720,479</u>
<u>\$ 6,149,835</u>	<u>\$ 3,221,485</u>	<u>\$ 9,371,320</u>

CITY OF DEWITT, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2014

	<u>General</u>	<u>Special Revenue DeWitt Economic Development TIF</u>	<u>Debt Service</u>
RECEIPTS			
Property tax	\$ 1,451,757	\$ -	\$ 578,477
Tax increment financing	-	1,491,744	-
Other city tax	52,036	-	11,252
Licenses and permits	98,800	-	-
Use of money and property	63,735	3,634	1,534
Intergovernmental	86,193	-	-
Charges for service	490,726	-	-
Miscellaneous	124,670	3,000	-
Total receipts	<u>2,367,917</u>	<u>1,498,378</u>	<u>591,263</u>
DISBURSEMENTS			
Operating:			
Public safety	1,067,144	-	-
Public works	30,476	-	-
Health and social services	11,419	-	-
Culture and recreation	1,106,162	-	-
Community and economic development	94,217	240,276	-
General government	433,625	-	-
Debt service	-	-	3,244,117
Capital projects	-	-	-
Total disbursements	<u>2,743,043</u>	<u>240,276</u>	<u>3,244,117</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(375,126)</u>	<u>1,258,102</u>	<u>(2,652,854)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	2,502,095
Premium on issuance	-	-	36,363
Sale of capital assets	5,395	-	-
Operating transfers in	540,745	108	131,957
Operating transfers out	(14,999)	(1,467,756)	-
Total other financing sources (uses)	<u>531,141</u>	<u>(1,467,648)</u>	<u>2,670,415</u>
CHANGE IN CASH BALANCES	156,015	(209,546)	17,561
CASH BALANCES BEGINNING OF YEAR	<u>2,766,894</u>	<u>375,921</u>	<u>28,957</u>
CASH BALANCES END OF YEAR	<u>\$ 2,922,909</u>	<u>\$ 166,375</u>	<u>\$ 46,518</u>
CASH BASIS FUND BALANCES			
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -
Restricted for:			
Urban renewal purposes	-	166,375	-
Streets	-	-	-
Debt service	-	-	46,518
Capital improvements and equipment	-	-	-
Library	786,705	-	-
Other purposes	10,801	-	-
Assigned for:			
Fire department	485,717	-	-
Recreation	28,614	-	-
Library	4,192	-	-
Referral center	24,982	-	-
Cemetery	24	-	-
Sidewalk loans	2,000	-	-
Tree project	1,633	-	-
Future equipment purchases	66,559	-	-
Unassigned	1,511,682	-	-
Total cash basis fund balances	<u>\$ 2,922,909</u>	<u>\$ 166,375</u>	<u>\$ 46,518</u>

See notes to financial statements.

EXHIBIT B

Debt Service DeWitt Economic Development TIF	Capital Project 6th Avenue	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 432,507	\$ 2,462,741
-	-	-	1,491,744
-	-	606,109	669,397
-	-	1,664	100,464
2,460	4,720	6,621	82,704
-	-	628,392	714,585
-	-	4,616	495,342
-	1,439	22,583	151,692
<u>2,460</u>	<u>6,159</u>	<u>1,702,492</u>	<u>6,168,669</u>
-	-	159,190	1,226,334
-	-	711,265	741,741
-	-	-	11,419
-	-	-	1,106,162
-	-	6,286	340,779
-	-	-	433,625
1,401,806	-	-	4,645,923
-	1,093,233	227,305	1,320,538
<u>1,401,806</u>	<u>1,093,233</u>	<u>1,104,046</u>	<u>9,826,521</u>
(1,399,346)	(1,087,074)	598,446	(3,657,852)
-	-	1,207,905	3,710,000
-	-	17,910	54,273
-	-	-	5,395
1,399,346	368	389,907	2,462,431
-	(334,421)	(670,548)	(2,487,724)
<u>1,399,346</u>	<u>(334,053)</u>	<u>945,174</u>	<u>3,744,375</u>
-	(1,421,127)	1,543,620	86,523
-	1,608,625	1,272,380	6,052,777
<u>\$ -</u>	<u>\$ 187,498</u>	<u>\$ 2,816,000</u>	<u>\$ 6,139,300</u>
\$ -	\$ -	\$ 184,852	\$ 184,852
-	-	82,135	248,510
-	-	1,209,310	1,209,310
-	-	-	46,518
-	187,498	1,557,918	1,745,416
-	-	-	786,705
-	-	105,175	115,976
-	-	-	485,717
-	-	-	28,614
-	-	-	4,192
-	-	-	24,982
-	-	-	24
-	-	-	2,000
-	-	-	1,633
-	-	-	66,559
-	-	(323,390)	1,188,292
<u>\$ -</u>	<u>\$ 187,498</u>	<u>\$ 2,816,000</u>	<u>\$ 6,139,300</u>

**CITY OF DEWITT, IOWA
RECONCILIATION OF THE STATEMENT OF CASH
RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
TO THE CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION -
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2014**

Total governmental funds cash balances (page 21)	\$ 6,139,300
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***Amounts reported for governmental activities in the Cash Basis Statement of
Activities and Net Position are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

10,535

Cash basis net position of governmental activities (page 19)	\$ <u>6,149,835</u>
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Change in cash balances (page 21)	\$ 86,523
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***Amounts reported for governmental activities in the Cash Basis Statement of
Activities and Net Position are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

716

Change in cash basis net position of governmental activities (page 19)	\$ <u>87,239</u>
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See notes to financial statements.

CITY OF DEWITT, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2014

	Enterprise Funds	
	Water Utility	Sewer Utility
OPERATING RECEIPTS		
Charges for service	\$ 617,506	\$ 956,149
Miscellaneous	48,013	11,153
Total operating receipts	665,519	967,302
OPERATING DISBURSEMENTS		
Governmental activities:		
Nonprogram	-	-
Business-type activities:	647,706	648,956
Total operating disbursements	647,706	648,956
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	17,813	318,346
NON-OPERATING RECEIPTS (DISBURSEMENTS)		
Interest on investments	13,886	5,618
Intergovernmental	14,999	-
Debt service	-	-
Capital outlay	(66,191)	(60,163)
Net non-operating receipts (disbursements)	(37,306)	(54,545)
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,493)	263,801
OTHER FINANCING SOURCES (USES)		
Operating transfers in	75,600	43,605
Operating transfers out	(80,742)	(261,426)
Total other financing sources (uses)	(5,142)	(217,821)
CHANGE IN CASH BALANCES	(24,635)	45,980
CASH BALANCES BEGINNING OF YEAR	554,425	914,996
CASH BALANCES END OF YEAR	\$ 529,790	\$ 960,976
CASH BASIS FUND BALANCES		
Restricted for:		
Debt service	\$ 6,813	\$ 18,068
Other purposes	-	-
Unrestricted	522,977	942,908
Total cash basis fund balances	\$ 529,790	\$ 960,976

See notes to financial statements.

EXHIBIT D

<u>Enterprise Funds</u>		<u>Internal</u>
<u>Nonmajor</u>		<u>Service Fund</u>
<u>Proprietary</u>	<u>Total</u>	<u>Payroll</u>
<u>Funds</u>		<u>Clearing</u>
\$ 469,010	\$ 2,042,665	\$ -
17,450	76,616	607,813
<u>486,460</u>	<u>2,119,281</u>	<u>607,813</u>
-	-	606,697
424,417	1,721,079	-
<u>424,417</u>	<u>1,721,079</u>	<u>606,697</u>
62,043	398,202	1,116
6,780	26,284	-
6,345	21,344	-
(297,044)	(297,044)	-
(6,855)	(133,209)	-
<u>(290,774)</u>	<u>(382,625)</u>	<u>-</u>
(228,731)	15,577	1,116
382,626	501,831	-
(134,370)	(476,538)	-
<u>248,256</u>	<u>25,293</u>	<u>-</u>
19,525	40,870	1,116
1,704,819	3,174,240	15,794
<u>\$ 1,724,344</u>	<u>\$ 3,215,110</u>	<u>\$ 16,910</u>
\$ -	\$ 24,881	\$ -
1,288,673	1,288,673	-
<u>435,671</u>	<u>1,901,556</u>	<u>16,910</u>
<u>\$ 1,724,344</u>	<u>\$ 3,215,110</u>	<u>\$ 16,910</u>

**CITY OF DEWITT, IOWA
RECONCILIATION OF THE STATEMENT OF CASH
RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
TO THE CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION -
PROPRIETARY FUNDS**

As of and for the Year Ended June 30, 2014

Total enterprise funds cash balances (page 24)	\$ 3,215,110
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***Amounts reported for business-type activities in the Cash Basis Statement of
Activities and Net Position are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. A portion of the cash balance of the Internal Service Fund is included in business-type activities in the Cash Basis Statement of Activities and Net Position.

6,375

Cash basis net position of business-type activities (page 19)	\$ <u>3,221,485</u>
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Change in cash balances (page 24)	\$ 40,870
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***Amounts reported for business-type activities in the Cash Basis Statement of
Activities and Net Position are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business-type activities in the Cash Basis Statement of Activities and Net Position.

400

Change in cash basis net position of business-type activities (page 19)	\$ <u>41,270</u>
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See notes to financial statements.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of DeWitt, Iowa 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, Iowa 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 Statement

The Cash Basis Statement of Activities and Net Position reports 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 service.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those 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 from general and emergency levies and other receipts 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 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.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Capital Projects:

The 6th Avenue Fund is used to account for costs related to the capital project.

Additionally, the City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

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

C. Measurement Focus and Basis of Accounting

The City of DeWitt, Iowa 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.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

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. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements did not exceed the amount budgeted.

F. Subsequent Events

Management has evaluated subsequent events through December 5, 2014, the date the financial statements were available to be issued.

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2014 were entirely covered by Federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - BONDS AND LOANS

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$1,415,000	\$309,005	\$ 257,000	\$ 41,574	\$ 1,672,000	\$350,579
2016	1,560,000	317,527	257,000	35,947	1,817,000	353,474
2017	1,670,000	279,840	265,000	30,320	1,935,000	310,160
2018	700,000	239,945	162,000	24,513	862,000	264,458
2019	720,000	224,451	165,000	21,083	885,000	245,534
2020 - 2024	3,340,000	907,826	633,000	56,543	3,973,000	964,369
2025 - 2029	2,145,000	422,411	167,000	5,566	2,312,000	427,977
2030 - 2034	1,720,000	1,575,243	-	-	1,720,000	1,575,243
Total	\$13,270,000	\$4,276,248	\$1,906,000	\$ 215,546	\$15,176,000	\$4,491,794

On May 1, 2014, the City issued \$3,710,000 of General Obligation Refunding Bonds, with interest rates ranging from 2.00% to 4.00%. The City issued the bonds to refund the City's 2008 General Obligation Refunding Bond, dated February 1, 2008 with interest rates ranging from 3.50% to 4.10%.

The current refunding decreased total debt service payments over the next 14 years by \$330,107. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$227,904.

On April 1, 2012, the City issued \$870,000 of General Obligation Refunding Bonds, with interest rates ranging from 0.35% to 1.30%. The City issued the bonds to refund the City's 2005 Road Use Tax Refunding Bond, dated October 1, 2005 with interest rates ranging from 3.25% to 4.05%.

On March 1, 2012, the City issued \$1,870,000 of Sewer Revenue Refunding Bonds with an interest rate of 2.30%. The City issued the bonds to refund the City's WWTP Sewer Revenue Bonds and SRF Sewer Revenue Bonds. The WWTP Sewer Revenue Bonds were dated April 3, 1997 with an interest rate of 3.00%. The SRF Sewer Revenue Bonds were dated December 12, 2005 with an interest rate of 3.00%.

On March 1, 2012, the City issued \$772,000 of Water Revenue Refunding Bonds with an interest rate of 1.90%. The City issued the bonds to refund the City's SRF Water Revenue Bonds dated March 27, 2002 with an interest rate of 3.00%.

On April 1, 2011, the City issued \$2,570,000 of General Obligation Refunding Bonds, with interest rates ranging from 1.20% to 3.65%. The City issued the bonds to refund the City's General Obligation Bonds, Series 2006, dated May 1, 2006 with interest rates ranging from 3.75% to 4.35%.

On May 1, 2010, the City issued \$3,810,000 of General Obligation Urban Renewal and Refunding Bonds, with interest rates ranging from 1.00% 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 3.30%.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

2012 Sewer Revenue Bonds

The City has pledged the net revenues of the Sewer Fund of the City to repay the \$1,870,000 2012 Sewer Revenue Bonds issued on March 1, 2012. Proceeds from the bonds provided financing to refund the City's 1997 WWTP Sewer Revenue Bonds and 2005 SRF Sewer Revenue Bonds. The bonds are payable solely from the net revenues of the Sewer Utility and are payable through 2026. The total principal and interest remaining to be paid on the bonds is \$1,508,084. For the current year, principal and interest paid and total customer net receipts for the City's Sewer Revenue Bonds were \$214,960 and \$318,346, 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 "Sewer Revenue Bond Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the future Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of all of the Bonds and any Parity Obligations at any time outstanding as the same become due, and it is hereby determined that the minimum amounts to be set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than as follows:

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

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

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

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

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

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

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

2012 Water Revenue Bonds

The City has pledged the net revenues of the Water System of the City to repay the \$772,000 2012 Water Revenue Bonds issued on March 1, 2012. Proceeds from the bonds provided financing to refund the City's 2002 SRF Water Revenue Bonds. The bonds are payable solely from the net revenues of the Water Utility and are payable through 2022. The total principal and interest remaining to be paid on the bonds is \$613,462. For the current year, principal and interest paid and total customer net receipts for the City's Water Revenue Bonds were \$82,084 and \$17,813, respectively.

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

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

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

Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and any Parity Obligations as the same shall become due and payable. Whenever Parity Obligations

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

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

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.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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.

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 supplementary 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 5.95% of their annual covered salary and the City is required to contribute 8.93% 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, 2014, 2013, and 2012 were \$107,221, \$95,228, and \$87,127, respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report which includes financial statements and required supplementary 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, is 30.12% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2014, 2013, and 2012, were \$158,877, \$136,987, and \$130,794, respectively, which met the required contribution for each year.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 24 active members and 1 retired member in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with United Healthcare. The monthly premium with United Healthcare is the same for active employees and retirees based on plan type.

Active police union employees pay 7% of the monthly premium, while all other active employees pay 10%. Retirees under the age of 65 pay 100% of the monthly premium plus a calculated amount to cover self-insurance of deductible/out-of-pocket reimbursements and administration.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$472 for single coverage, \$943 for employee/spouse coverage, \$896 for employee/child(ren) coverage and \$1,415 for employee/spouse/child(ren) coverage. For the year ended June 30, 2014, the City contributed \$252,295 and plan members eligible for benefits contributed \$24,708 to the plan.

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate earned but unused vacation hours and personal days for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as expenditures by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2014, primarily relating to the General Fund, was \$72,458. This liability has been computed based on rates of pay as of June 30, 2014.

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

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 540,745	\$ 14,999
Special Revenue:		
DeWitt Economic Development TIF	108	1,467,756
Debt Service:		
Debt Service	131,957	-
DeWitt Economic Development TIF	1,399,346	-
Capital Projects:		
6 th Avenue	368	334,421
Other Nonmajor Governmental Funds	389,907	670,548
Water Utility	75,600	80,742
Sewer Utility	43,605	261,426
Other Nonmajor Proprietary Funds	<u>382,626</u>	<u>134,370</u>
	<u>\$ 2,964,262</u>	<u>\$ 2,964,262</u>

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

NOTE 8 - COMMITTED CONSTRUCTION

As of June 30, 2014, the City had the following committed construction:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Portion at June 30, 2014</u>	
		<u>Completed</u>	<u>Committed</u>
6 th Avenue	\$ 700,441	\$ 651,491	\$ 48,950
11 th Street West Resurfacing	1,404,609	1,381,651	22,958
Skeffington Memorial Trail Bridge	28,800	9,685	19,115
WWTP Cover - All Buildings	81,465	64,280	17,185
2014 Street Work	70,000	-	70,000
New Police Station	244,234	18,917	225,317
8 th Street Reconstruction	975,695	52,497	923,198
Sewer Building	29,750	-	29,750
Campground Study	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total	<u>\$ 3,539,994</u>	<u>\$ 2,178,521</u>	<u>\$ 1,361,473</u>

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 9 - RISK MANAGEMENT

The City of DeWitt, Iowa 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 10 - DEFICIT BALANCE

The 11th Street West Capital Project Fund, the 2011 Housing Grant Fund, the 11th Street Widening Capital Project Fund and the Springbrook Road/17th Street Capital Project Fund all had deficit balances at June 30, 2014. The 11th Street West Capital Project Fund had a deficit balance of \$8,881, the 2011 Housing Grant Fund had a deficit balance of \$3,188, the 11th Street Widening Capital Project Fund had a deficit balance of \$3,180 and the Springbrook Road/17th Street Capital Project Fund had a deficit balance of \$308,141. The deficit balances will be eliminated upon the receipt of funds owed to the City.

NOTE 11 - 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. The maximum amount to be paid to recipients under these agreements totals \$3,943,070.

During the year ended June 30, 2014, the City rebated \$240,168.

NOTE 12 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued *Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

OTHER INFORMATION

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

OTHER INFORMATION

Year Ended June 30, 2014

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds Not Required to be <u>Budgeted</u>
RECEIPTS			
Property tax	\$ 2,462,741	\$ -	\$ -
Tax increment financing	1,491,744	-	-
Other city tax	669,397	-	-
Licenses and permits	100,464	-	-
Use of money and property	82,704	26,284	-
Intergovernmental	714,585	21,344	-
Charges for service	495,342	2,042,665	-
Miscellaneous	151,692	684,429	607,813
Total receipts	<u>6,168,669</u>	<u>2,774,722</u>	<u>607,813</u>
DISBURSEMENTS			
Public safety	1,226,334	-	-
Public works	741,741	-	-
Health and social services	11,419	-	-
Culture and recreation	1,106,162	-	-
Community and economic development	340,779	-	-
General government	433,625	-	-
Debt service	4,645,923	-	-
Capital projects	1,320,538	-	-
Business-type activities	-	2,151,332	-
Nonprogram	-	606,697	606,697
Total disbursements	<u>9,826,521</u>	<u>2,758,029</u>	<u>606,697</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,657,852)	16,693	1,116
OTHER FINANCING SOURCES, NET	<u>3,744,375</u>	<u>25,293</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	86,523	41,986	1,116
BALANCES BEGINNING OF YEAR	<u>6,052,777</u>	<u>3,190,034</u>	<u>15,794</u>
BALANCES END OF YEAR	<u>\$ 6,139,300</u>	<u>\$ 3,232,020</u>	<u>\$ 16,910</u>

See accompanying independent auditor's report.

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 2,462,741	\$ 2,453,384	\$ 2,453,384	\$ 9,357
1,491,744	1,500,000	1,500,000	(8,256)
669,397	634,972	634,972	34,425
100,464	85,250	90,575	9,889
108,988	130,096	134,327	(25,339)
735,929	731,360	768,387	(32,458)
2,538,007	2,424,365	2,445,726	92,281
228,308	161,595	273,010	(44,702)
<u>8,335,578</u>	<u>8,121,022</u>	<u>8,300,381</u>	<u>35,197</u>
1,226,334	1,266,936	1,270,230	43,896
741,741	775,616	993,337	251,596
11,419	12,500	12,500	1,081
1,106,162	1,080,461	1,210,129	103,967
340,779	344,077	381,288	40,509
433,625	442,051	463,240	29,615
4,645,923	2,118,881	4,665,638	19,715
1,320,538	2,809,735	2,112,390	791,852
2,151,332	1,951,033	2,216,559	65,227
-	-	-	-
<u>11,977,853</u>	<u>10,801,290</u>	<u>13,325,311</u>	<u>1,347,458</u>
(3,642,275)	(2,680,268)	(5,024,930)	1,382,655
<u>3,769,668</u>	<u>1,203,000</u>	<u>3,771,498</u>	<u>(1,830)</u>
127,393	(1,477,268)	(1,253,432)	1,380,825
<u>9,227,017</u>	<u>6,834,028</u>	<u>16,076,839</u>	<u>(6,849,822)</u>
\$ <u>9,354,410</u>	\$ <u>5,356,760</u>	\$ <u>14,823,407</u>	\$ <u>(5,468,997)</u>

CITY OF DEWITT
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING
June 30, 2014

The budgetary comparison is presented 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 comparisons 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 the Internal Service Fund. 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. 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 Funds, Capital Projects Funds, Permanent Fund and Enterprise 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, one budget amendment increased budgeted receipts by \$179,359 and increased budgeted disbursements by \$2,524,021. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted.

SUPPLEMENTARY INFORMATION

CITY OF DEWITT, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2014

	Special Revenue				
	Road Use Tax	Road Use Equipment Replacement	Local Option Sales Tax	Local Option Sales Tax Equipment Reserve	Economic Development Revolving Loan Fund
RECEIPTS					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax					
Local option sales tax	-	-	595,348	-	-
Utility replacement tax	-	-	-	-	-
Total other city tax	-	-	595,348	-	-
Licenses and permits	-	-	1,664	-	-
Use of money and property					
Interest on investments	-	52	3,678	-	74
Intergovernmental					
Road use tax	531,421	-	-	-	-
Federal grants	-	-	-	-	-
Total intergovernmental	531,421	-	-	-	-
Charges for service	-	-	3,766	-	-
Miscellaneous	1,465	-	900	-	-
Total receipts	532,886	52	605,356	-	74
DISBURSEMENTS					
Operating:					
Public safety	-	-	-	-	-
Public works	373,570	-	337,695	-	-
Community and economic development	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	373,570	-	337,695	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	159,316	52	267,661	-	74
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Premium on issuance	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(131,875)	-	(238,139)	-	(1,500)
Total other financing sources (uses)	(131,875)	-	(238,139)	-	(1,500)
CHANGE IN CASH BALANCES	27,441	52	29,522	-	(1,426)
CASH BALANCES BEGINNING OF YEAR	539,350	26,055	528,390	58,500	37,532
CASH BALANCES END OF YEAR	\$ 566,791	\$ 26,107	\$ 557,912	\$ 58,500	\$ 36,106
CASH BASIS FUND BALANCES					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Urban renewal purposes	-	-	-	-	-
Streets	566,791	26,107	557,912	58,500	-
Capital improvements and equipment	-	-	-	-	-
Other purposes	-	-	-	-	36,106
Unassigned	-	-	-	-	-
Total cash basis fund balances	\$ 566,791	\$ 26,107	\$ 557,912	\$ 58,500	\$ 36,106

See accompanying independent auditor's report.

Special Revenue				
DeWitt Economic Development TIF Reserve	Retirement Benefits	Employee Benefits	Police Capital Improvements	SSMID
\$ -	\$ 150,705	\$ 275,866	\$ -	\$ 5,936
-	-	-	-	-
-	3,803	6,958	-	-
-	3,803	6,958	-	-
-	-	-	-	-
-	91	-	104	-
-	-	-	-	-
-	-	-	-	-
-	-	-	850	-
-	-	-	978	-
-	154,599	282,824	1,932	5,936
-	158,995	-	195	-
68	-	-	-	6,218
68	158,995	-	195	3,366
(66)	(4,396)	282,824	1,737	(3,648)
-	-	-	-	-
27,417	-	-	-	14,891
-	-	(282,824)	-	-
27,417	-	(282,824)	-	14,891
27,349	(4,396)	-	1,737	11,243
54,786	13,643	-	14,922	31,920
\$ 82,135	\$ 9,247	\$ -	\$ 16,659	\$ 43,163
\$ -	\$ -	\$ -	\$ -	\$ -
82,135	-	-	-	-
-	9,247	-	16,659	43,163
-	-	-	-	-
\$ 82,135	\$ 9,247	\$ -	\$ 16,659	\$ 43,163

CITY OF DEWITT, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2014

	Capital Projects				
	2011 Housing Grant	New Police Facility	11th Street Widening	11th Street West	8th Street Reconstruction
RECEIPTS					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax					
Local option sales tax	-	-	-	-	-
Utility replacement tax	-	-	-	-	-
Total other city taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property					
Interest on investments	-	734	-	-	1,303
Intergovernmental					
Road use tax	-	-	-	-	-
Federal grants	73,283	-	-	23,688	-
Total intergovernmental	73,283	-	-	23,688	-
Charges for services	-	-	-	-	-
Miscellaneous	10,469	-	1,192	849	-
Total receipts	<u>83,752</u>	<u>734</u>	<u>1,192</u>	<u>24,537</u>	<u>1,303</u>
DISBURSEMENTS					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community and economic development	-	-	-	-	-
Capital projects	78,983	22,577	-	28,598	83,045
Total disbursements	<u>78,983</u>	<u>22,577</u>	<u>-</u>	<u>28,598</u>	<u>83,045</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>4,769</u>	<u>(21,843)</u>	<u>1,192</u>	<u>(4,061)</u>	<u>(81,742)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of bonds	-	-	-	-	1,207,905
Premium on issuance	-	-	-	-	17,910
Operating transfers in	1,219	148,253	-	70,984	-
Operating transfers out	(4,251)	-	-	-	-
Total other financing sources (uses)	<u>(3,032)</u>	<u>148,253</u>	<u>-</u>	<u>70,984</u>	<u>1,225,815</u>
CHANGE IN CASH BALANCES	1,737	126,410	1,192	66,923	1,144,073
CASH BALANCES BEGINNING OF YEAR	<u>(4,925)</u>	<u>99,040</u>	<u>(4,372)</u>	<u>(75,804)</u>	<u>-</u>
CASH BALANCES END OF YEAR	<u>\$ (3,188)</u>	<u>\$ 225,450</u>	<u>\$ (3,180)</u>	<u>\$ (8,881)</u>	<u>\$ 1,144,073</u>
CASH BASIS FUND BALANCES					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Urban renewal purposes	-	-	-	-	-
Streets	-	-	-	-	-
Capital improvements and equipment	-	225,450	-	-	1,144,073
Other purposes	-	-	-	-	-
Unassigned	(3,188)	-	(3,180)	(8,881)	-
Total cash basis fund balances	<u>\$ (3,188)</u>	<u>\$ 225,450</u>	<u>\$ (3,180)</u>	<u>\$ (8,881)</u>	<u>\$ 1,144,073</u>

SCHEDULE 1
(CONTINUED)

Capital Projects			Permanent	
Springbrook Road/ 17th Street	New Public Works Facility	Silver Creek Trail	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ 432,507
-	-	-	-	595,348
-	-	-	-	10,761
-	-	-	-	606,109
-	-	-	-	1,664
-	74	511	-	6,621
-	-	-	-	531,421
-	-	-	-	96,971
-	-	-	-	628,392
-	-	-	-	4,616
5,000	-	-	1,730	22,583
5,000	74	511	1,730	1,702,492
-	-	-	-	159,190
-	-	-	-	711,265
-	-	-	-	6,286
-	-	10,736	-	227,305
-	-	10,736	-	1,104,046
5,000	74	(10,225)	1,730	598,446
-	-	-	-	1,207,905
-	-	-	-	17,910
-	-	127,143	-	389,907
-	(11,959)	-	-	(670,548)
-	(11,959)	127,143	-	945,174
5,000	(11,885)	116,918	1,730	1,543,620
(313,141)	11,885	71,477	183,122	1,272,380
\$ (308,141)	\$ -	\$ 188,395	\$ 184,852	\$ 2,816,000
\$ -	\$ -	\$ -	\$ 184,852	\$ 184,852
-	-	-	-	82,135
-	-	-	-	1,209,310
-	-	188,395	-	1,557,918
-	-	-	-	105,175
(308,141)	-	-	-	(323,390)
\$ (308,141)	\$ -	\$ 188,395	\$ 184,852	\$ 2,816,000

CITY OF DEWITT, IOWA
SCHEDULE OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN CASH BALANCES
NONMAJOR PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2014

	Enterprise Funds				
	Storm Water Utility	Storm Water Equipment Replacement	Water Utility Equipment Replacement	Water Revenue Sinking	Water Meter Deposit
OPERATING RECEIPTS					
Charges for service	\$ 101,937	\$ -	\$ -	\$ -	\$ -
Miscellaneous	720	-	-	-	16,730
Total operating receipts	<u>102,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,730</u>
OPERATING DISBURSEMENTS					
Business-type activities:	82,735	-	-	-	11,440
Total operating disbursements	<u>82,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,440</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	<u>19,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,290</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS)					
Interest on investments	1,725	1,006	484	231	-
Intergovernmental	6,345	-	-	-	-
Debt service	-	-	-	(82,084)	-
Capital outlay	(6,855)	-	-	-	-
Net non-operating receipts (disbursements)	<u>1,215</u>	<u>1,006</u>	<u>484</u>	<u>(81,853)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>21,137</u>	<u>1,006</u>	<u>484</u>	<u>(81,853)</u>	<u>5,290</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	20,458	20,000	-	80,742	-
Operating transfers out	(20,000)	-	(75,600)	-	-
Total other financing sources (uses)	<u>458</u>	<u>20,000</u>	<u>(75,600)</u>	<u>80,742</u>	<u>-</u>
CHANGE IN CASH BALANCES	21,595	21,006	(75,116)	(1,111)	5,290
CASH BALANCES BEGINNING OF YEAR	<u>252,070</u>	<u>128,590</u>	<u>221,426</u>	<u>1,111</u>	<u>41,956</u>
CASH BALANCES END OF YEAR	<u>\$ 273,665</u>	<u>\$ 149,596</u>	<u>\$ 146,310</u>	<u>\$ -</u>	<u>\$ 47,246</u>
CASH BASIS FUND BALANCES					
Restricted for:					
Other purposes	\$ -	\$ 149,596	\$ 146,310	\$ -	\$ 47,246
Unrestricted	273,665	-	-	-	-
Total cash basis fund balances	<u>\$ 273,665</u>	<u>\$ 149,596</u>	<u>\$ 146,310</u>	<u>\$ -</u>	<u>\$ 47,246</u>

See accompanying independent auditor's report.

Enterprise Funds					
Sewer Revenue Sinking	Sewer Improvement Equipment Replacement	Sewer Improvement and Extension	Sewer Utility Equipment Replacement	Garbage and Recycling Collection	Total
\$ -	\$ -	\$ -	\$ -	\$ 367,073	\$ 469,010
-	-	-	-	-	17,450
-	-	-	-	367,073	486,460
-	-	-	-	330,242	424,417
-	-	-	-	330,242	424,417
-	-	-	-	36,831	62,043
571	1,059	-	858	846	6,780
-	-	-	-	-	6,345
(214,960)	-	-	-	-	(297,044)
-	-	-	-	-	(6,855)
(214,389)	1,059	-	858	846	(290,774)
(214,389)	1,059	-	858	37,677	(228,731)
214,389	-	18,000	29,037	-	382,626
-	(13,770)	-	(25,000)	-	(134,370)
214,389	(13,770)	18,000	4,037	-	248,256
-	(12,711)	18,000	4,895	37,677	19,525
-	537,510	165,934	231,893	124,329	1,704,819
\$ -	\$ 524,799	\$ 183,934	\$ 236,788	\$ 162,006	\$ 1,724,344
\$ -	\$ 524,799	\$ 183,934	\$ 236,788	\$ -	\$ 1,288,673
-	-	-	-	162,006	435,671
\$ -	\$ 524,799	\$ 183,934	\$ 236,788	\$ 162,006	\$ 1,724,344

SCHEDULE 3

CITY OF DEWITT, IOWA
 SCHEDULE OF INDEBTEDNESS
 Year Ended June 30, 2014

<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:									
2008 Urban Renewal	April 1, 2008	2.400% - 3.550%	\$ 2,240,000	\$ 765,000	-	\$ 765,000	-	\$ 27,158	\$ -
2008 Refunding	February 1, 2008	3.500% - 4.100%	3,610,000	2,685,000	-	2,685,000	-	105,922	-
Series 2009A	April 1, 2009	2.000% - 4.300%	1,170,000	920,000	-	70,000	850,000	35,535	-
Series 2009B	April 1, 2009	1.900% - 2.600%	1,755,000	355,000	-	355,000	-	9,230	-
2010 Refunding	May 1, 2010	1.000% - 2.850%	3,810,000	3,085,000	-	100,000	2,985,000	78,663	-
2011 Refunding	April 1, 2011	1.200% - 3.650%	2,570,000	2,380,000	-	100,000	2,280,000	72,473	-
2012 Refunding	April 1, 2012	0.350% - 1.300%	870,000	750,000	-	125,000	625,000	6,375	-
2012 Urban Renewal	April 1, 2012	3.000% - 3.000%	820,000	820,000	-	-	820,000	24,600	-
2013 Urban Renewal	May 1, 2013	0.800% - 3.000%	2,000,000	2,000,000	-	-	2,000,000	39,906	-
2014 Refunding	May 1, 2014	2.000% - 4.000%	3,710,000	-	3,710,000	-	3,710,000	-	-
Total			\$ 22,555,000	\$ 13,760,000	\$ 3,710,000	\$ 4,200,000	\$ 13,270,000	\$ 399,862	\$ -
Revenue bonds:									
2012 Sewer Revenue Refunding	March 1, 2012	2.300%	\$ 1,870,000	\$ 1,520,000	-	\$ 180,000	\$ 1,340,000	\$ 34,960	\$ -
2012 Water Revenue Refunding	March 1, 2012	1.900%	772,000	636,000	-	70,000	566,000	12,084	-
Total			\$ 2,642,000	\$ 2,156,000	\$ -	\$ 250,000	\$ 1,906,000	\$ 47,044	\$ -

See accompanying independent auditor's report.

SCHEDULE 4

CITY OF DEWITT, IOWA
BOND AND NOTE MATURITIES
June 30, 2014

Year Ending June 30,	Series 2009A Issued April 1, 2009			General Obligation Bonds Series 2010 Refunding Issued May 1, 2010			Series 2011 Refunding Issued April 1, 2011		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2015	3.000%	\$ 70,000	\$ 35,535	2.250%	\$ 885,000	\$ 76,763	1.850%	\$ 100,000	\$ 70,973
2016	3.000%	80,000	31,335	2.550%	1,000,000	56,850	1.950%	105,000	69,323
2017	3.500%	85,000	31,335	2.850%	1,100,000	31,350	2.200%	110,000	67,274
2018	3.500%	90,000	25,910	-	-	-	2.450%	110,000	64,854
2019	4.000%	95,000	25,910	-	-	-	2.600%	115,000	62,160
2020	4.000%	100,000	19,310	-	-	-	2.900%	115,000	59,170
2021	4.100%	105,000	19,310	-	-	-	3.000%	115,000	55,834
2022	4.200%	110,000	11,725	-	-	-	3.200%	120,000	52,385
2023	4.300%	115,000	7,525	-	-	-	3.300%	330,000	48,545
2024	-	-	-	-	-	-	3.450%	340,000	37,655
2025	-	-	-	-	-	-	3.500%	355,000	25,925
2026	-	-	-	-	-	-	3.650%	365,000	13,323
TOTAL		\$ 850,000	\$ 207,895		\$ 2,985,000	\$ 164,963		\$ 2,280,000	\$ 627,421

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
BOND AND NOTE MATURITIES
June 30, 2014

Year Ending June 30,	General Obligation Bonds					
	Series 2012 Refunding Issued April 1, 2012		Series 2012 Urban Renewal Issued April 1, 2012			
	Interest Rate	Principal	Interest	Rate	Principal	Interest
2015	0.600%	\$ 125,000	\$ 5,813	3.000%	\$ -	\$ 24,600
2016	0.750%	125,000	5,063	3.000%	-	24,600
2017	0.900%	125,000	4,125	3.000%	-	24,600
2018	1.100%	125,000	3,000	3.000%	-	24,600
2019	1.300%	125,000	1,625	3.000%	-	24,600
2020	-	-	-	3.000%	-	24,600
2021	-	-	-	3.000%	-	24,600
2022	-	-	-	3.000%	-	24,600
2023	-	-	-	3.000%	-	24,600
2024	-	-	-	3.000%	-	24,600
2025	-	-	-	3.000%	-	24,600
2026	-	-	-	3.000%	-	24,600
2027	-	-	-	3.000%	-	24,600
2028	-	-	-	3.000%	-	24,600
2029	-	-	-	3.000%	-	24,600
2030	-	-	-	3.000%	-	24,600
2031	-	-	-	3.000%	820,000	24,600
TOTAL		\$ 625,000	\$ 19,626		\$ 820,000	\$ 418,200

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
BOND AND NOTE MATURITIES
June 30, 2014

Year Ending June 30,	General Obligation Bonds										
	Series 2013 Urban Renewal Issued May 1, 2013					Series 2014 Refunding Issued May 1, 2014					Total
	Interest Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest		
2015	0.800%	\$ -	\$ 39,906	2.000%	\$ 235,000	\$ 90,950		\$ 1,415,000	\$ 309,005		
2016	0.800%	-	39,906	2.000%	250,000	86,250		1,560,000	317,527		
2017	0.800%	-	39,906	2.000%	250,000	81,250		1,670,000	279,840		
2018	0.800%	125,000	39,906	2.000%	250,000	76,250		700,000	239,945		
2019	1.000%	125,000	38,906	2.000%	260,000	71,250		720,000	224,451		
2020	1.150%	125,000	37,656	2.000%	250,000	66,050		590,000	213,386		
2021	1.350%	125,000	36,220	2.000%	265,000	61,050		610,000	197,014		
2022	1.550%	125,000	34,531	2.000%	350,000	55,750		705,000	186,576		
2023	1.750%	125,000	32,594	2.150%	200,000	48,750		770,000	166,214		
2024	1.900%	125,000	30,406	2.300%	200,000	44,450		665,000	144,636		
2025	2.000%	125,000	28,031	2.550%	200,000	39,850		680,000	118,406		
2026	2.125%	125,000	25,531	2.750%	200,000	34,750		690,000	98,204		
2027	2.250%	125,000	22,875	3.000%	200,000	29,250		325,000	76,725		
2028	2.400%	125,000	20,063	3.750%	100,000	23,250		225,000	67,913		
2029	2.400%	125,000	17,063	3.750%	100,000	19,500		225,000	61,163		
2030	2.550%	125,000	14,063	3.750%	100,000	15,750		225,000	54,413		
2031	2.700%	125,000	10,875	4.000%	-	12,000		945,000	47,475		
2032	3.000%	125,000	7,500	4.000%	100,000	12,000		225,000	19,500		
2033	3.000%	125,000	3,750	4.000%	100,000	8,000		225,000	11,750		
2034		-	-	4.000%	100,000	4,000		100,000	4,000		
TOTAL		\$ 2,000,000	\$ 519,688		\$ 3,710,000	\$ 880,350		\$ 13,270,000	\$ 2,838,143		

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
BOND AND NOTE MATURITIES
June 30, 2014

Year Ending June 30,	Revenue Bonds						Total	
	Sewer Revenue Refunding Issued March 1, 2012			Water Revenue Refunding Issued March 1, 2012				
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest		
2015	2.300%	\$ 186,000	\$ 30,820	1.900%	\$ 71,000	\$ 10,754	\$ 257,000	\$ 41,574
2016	2.300%	186,000	26,542	1.900%	71,000	9,405	257,000	35,947
2017	2.300%	193,000	22,264	1.900%	72,000	8,056	265,000	30,320
2018	2.300%	88,000	17,825	1.900%	74,000	6,688	162,000	24,513
2019	2.300%	90,000	15,801	1.900%	75,000	5,282	165,000	21,083
2020	2.300%	83,000	13,731	1.900%	75,000	3,857	158,000	17,588
2021	2.300%	84,000	11,822	1.900%	76,000	2,432	160,000	14,254
2022	2.300%	86,000	9,890	1.900%	52,000	988	138,000	10,878
2023	2.300%	87,000	7,912	-	-	-	87,000	7,912
2024	2.300%	90,000	5,911	-	-	-	90,000	5,911
2025	2.300%	92,000	3,841	-	-	-	92,000	3,841
2026	2.300%	75,000	1,725	-	-	-	75,000	1,725
TOTAL		\$ 1,340,000	\$ 168,084		\$ 566,000	\$ 47,462	\$ 1,906,000	\$ 215,546

See accompanying independent auditor's report.

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
RECEIPTS										
Property tax	\$ 2,482,741	\$ 2,411,725	\$ 2,264,327	\$ 2,145,806	\$ 2,018,679	\$ 1,902,104	\$ 1,823,987	\$ 1,285,975	\$ 1,142,889	\$ 1,139,494
Tax increment financing	1,491,744	1,372,558	1,386,765	1,319,620	1,284,897	1,325,915	1,264,348	1,224,276	1,298,484	1,284,915
Other city tax	669,397	633,770	687,189	610,041	678,090	547,681	662,819	479,487	501,753	512,877
Licenses and permits	100,464	69,854	81,853	85,203	62,521	77,702	71,646	76,584	79,090	95,035
Use of money and property	82,704	93,928	95,550	136,998	166,600	173,482	163,778	126,564	92,956	84,229
Intergovernmental	714,585	1,268,872	872,991	1,455,398	1,839,501	795,905	1,601,701	1,052,412	642,253	835,795
Charges for service	495,342	480,978	462,764	409,368	411,704	374,195	388,630	402,619	377,353	369,882
Miscellaneous	151,692	189,996	188,888	252,847	187,360	318,081	168,856	451,219	266,159	424,702
TOTAL RECEIPTS	\$ 6,168,669	\$ 6,521,681	\$ 6,040,327	\$ 6,415,281	\$ 6,649,352	\$ 5,515,065	\$ 6,125,765	\$ 5,099,136	\$ 4,400,937	\$ 4,746,929
DISBURSEMENTS										
Operating:										
Public safety	\$ 1,226,334	\$ 1,219,058	\$ 1,121,624	\$ 1,069,664	\$ 1,131,735	\$ 1,125,938	\$ 1,126,232	\$ 1,126,357	\$ 958,730	\$ 1,108,695
Public works	741,741	671,072	700,614	585,407	602,046	826,198	421,235	558,330	648,813	495,211
Health and social services	11,419	9,404	20,144	16,340	12,779	9,930	9,447	9,472	8,569	9,164
Culture and recreation	1,106,162	1,059,695	1,139,194	1,091,740	922,275	850,971	866,583	789,078	755,013	1,001,691
Community and economic development	340,779	208,852	173,270	125,239	86,543	99,217	79,739	81,814	60,113	57,533
General government	433,625	385,702	359,377	350,299	498,466	315,902	393,751	298,622	277,962	278,295
Debt service	4,645,923	2,004,468	2,727,388	2,739,057	3,758,890	3,259,523	2,018,683	3,426,315	2,248,872	1,366,230
Capital projects	1,320,538	2,024,213	2,898,513	3,095,434	3,380,588	612,324	3,192,147	1,481,876	1,185,102	2,202,277
TOTAL DISBURSEMENTS	\$ 9,826,521	\$ 7,582,464	\$ 9,140,124	\$ 9,073,180	\$ 10,393,322	\$ 7,100,003	\$ 8,097,817	\$ 7,771,864	\$ 6,143,174	\$ 6,519,096

See accompanying independent auditor's report.

**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
City of DeWitt, Iowa

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeWitt, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of DeWitt, Iowa's basic financial statements and have issued our report thereon dated December 5, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of DeWitt, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 City of DeWitt, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of DeWitt, Iowa's internal control.

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 and correct, 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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item II-A-14 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeWitt, Iowa's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item II-B-14.

Comments involving statutory and other legal matters about the City of DeWitt, Iowa's operations for the year ended June 30, 2014 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.

City of DeWitt, Iowa's Responses to Findings

The City of DeWitt, Iowa's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of DeWitt, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
December 5, 2014

**CITY OF DEWITT, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

Part I - Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- | | | | | |
|--|---------------|-----|---------------|---------------|
| • Material weakness(es) identified? | <u> </u> | yes | <u> x </u> | no |
| • Significant deficiencies identified that are not considered to be material weaknesses? | <u> x </u> | yes | <u> </u> | none reported |
| Noncompliance material to financial statements noted? | <u> x </u> | yes | <u> </u> | no |

**CITY OF DEWITT, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

Part II - Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Segregation of Duties

Criteria - The City does not have effective internal controls to safeguard assets, and prevent or detect and correct misstatements on a timely basis, as a result of a lack of segregation of duties. Internal controls should be in place to reduce to a relatively low level the likelihood of a material misstatement in the financial statements that is not detected and corrected in a timely period by employees in the normal course of performing their assigned functions. A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. Due to the small number of people employed in administrative functions, the City may not be able to fully achieve an ideal segregation of duties.

Condition - Although there are four individuals with accounting and financial duties in the Business Office, at various times employees have the ability to initiate, authorize and record transactions. The Receptionist is able to accept payments, record payments received, prepare deposits slips and reconcile accounts. The Finance Director is also able to accept payments, record payments received and reconcile accounts. In addition, the Finance Director has complete control over the general ledger. The Utility Billing Clerk prepares billings and is also able to post payments to customer accounts. Finally, the City Clerk and Finance Director both have access to blank check stock and are both able to prepare checks, sign checks and transfer funds. As a result, all of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing.

Effect - As a result of these conditions, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

Cause - The entity has a limited number of personnel performing accounting functions.

Recommendation - The City should be aware of the lack of segregation of duties and regularly review controls which could be put in place to mitigate the risk that misstatements could occur and not be detected and corrected within a timely period.

Response - The City recognizes that it would not be cost effective to hire additional personnel to maximize the segregation of accounting duties due to its size. However, the City will review current internal control policies and procedures and implement additional procedures in the future.

Conclusion - Response accepted.

CITY OF DEWITT, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014

Part II - Findings Related to the Financial Statements (continued):

INSTANCES OF NON-COMPLIANCE:

II-B-14 Deficit Balances

Criteria - The fundamental purpose of fund accounting is to properly account for all resources received and used. A change in fund balance represents the difference between fund additions (receipts and transfers in) and deductions (disbursements and transfers out). A fund is in a deficit status if the disbursements and transfers out exceed receipts and transfers in.

Condition - The 11th Street West Capital Project Fund, the 2011 Housing Grant Fund, the 11th Street Widening Capital Project Fund and the Springbrook Road/17th Street Capital Project Fund all had deficit balances at June 30, 2014.

Effect - Fund balance deficits could continue to increase if spending levels are not adjusted to correspond with the timing of receipts in each of these funds.

Cause - The deficit balances in the 11th Street West Capital Project Fund, the 2011 Housing Grant Fund and the 11th Street Widening Capital Project Fund are all due to project costs incurred prior to receipt of funds. The deficit balance in the Springbrook Road/17th Street Capital Project Fund was a result of an agreement between the City and a local developer to share in the cost of a new street. Due to financial difficulties, the developer has not been able to repay the portion owed to the City. However, arrangements have been made for the funds to be paid back over a longer period of time.

Recommendation - The City should investigate alternatives to eliminate these deficits and return the funds to a sound financial condition.

Response - The deficit balances will be eliminated upon the receipt of funds owed to the City.

Conclusion - Response accepted.

CITY OF DEWITT, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014

Part III - Other Findings Related to Required Statutory Reporting:

- III-A-14 Certified budget - Disbursements for the year ended June 30, 2014 did not exceed the amounts budgeted.
- III-B-14 Questionable disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-14 Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-14 Business transactions - No business transactions between the City and City officials or employees were noted.
- III-E-14 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 ensure the coverage is adequate for current operations.
- III-F-14 Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-14 Deposits and investments - 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 were noted.
- III-H-14 Revenue bonds and notes - No instances of non-compliance with the revenue bond and note resolutions were noted.
- III-I-14 Annual Urban Renewal Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.