

CITY OF DEWITT, IOWA

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

June 30, 2015

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CITY OF DEWITT

OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--------------------|--------------------------------|---------------------|
| 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, 2015, 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, 2015, 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 basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of DeWitt, Iowa, adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this 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 five years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements which are prepared on the cash basis of accounting. The financial statements of the City of DeWitt, Iowa for the four 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis, the budgetary comparison information, the schedule of the City's proportionate share of the net pension liability - IPERS, the schedule of City contributions - IPERS, the schedule of the City's proportionate share of the net pension liability - MFPRSI and the schedule of City contributions - MFPRSI on pages 4 through 16 and 42 through 51, 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 21, 2015 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 21, 2015

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

The City's total cash basis net position increased 28.5%, or \$2,669,285, from June 30, 2014 to June 30, 2015. Of this amount, the cash basis net position of the governmental activities increased by \$2,618,241 and the cash basis net position of the business type activities increased by \$51,044.

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 and the City's proportionate share of the net pension liability and related contributions.

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, 2015**

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 Cash Basis 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 and the DeWitt Economic Development TIF Debt Service 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, 2015

Capital Projects - This category includes the 6th Avenue Fund, the 2011 Housing Grant Fund, the New Police Facility Fund, the 11th Street Widening Fund, the 11th Street West Fund, the 8th Street Reconstruction Fund, the Springbrook Road/17th Street Fund, the New Public Works Facility Fund, the Silver Creek Trail Fund, the 11th Street/Maynard Way Project Fund, the 1st Street Reconstruction Project Fund and the 2015 Owner Occupied Grant Fund.

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, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$6,149,835 to \$8,768,076. The analysis that follows focuses on the changes in net position for governmental activities.

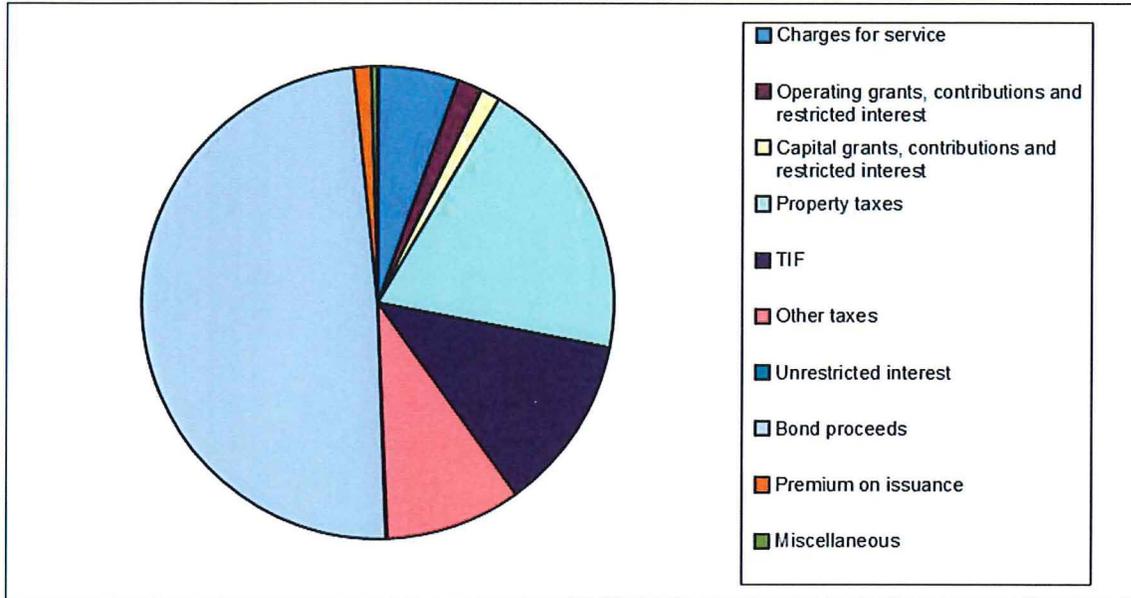
Changes in Cash Basis Net Position of Governmental Activities

| | <u>2015</u> | <u>2014</u> |
|---|----------------------------|----------------------------|
| Receipts: | | |
| Program receipts: | | |
| Charges for service | \$ 727,400 | \$ 705,520 |
| Operating grants, contributions and restricted interest | 227,829 | 170,937 |
| Capital grants, contributions and restricted interest | 171,718 | 118,420 |
| General receipts: | | |
| Property tax | 4,191,870 | 3,954,485 |
| Utility excise tax | 57,557 | 58,570 |
| Hotel/motel tax | 21,961 | 15,479 |
| Local option sales tax | 594,362 | 595,348 |
| Road use tax | 553,395 | 531,421 |
| Unrestricted interest on investments | 12,809 | 13,290 |
| Bond proceeds | 6,495,000 | 3,710,000 |
| Premium on issuance | 157,638 | 54,273 |
| Miscellaneous | 59,351 | 5,199 |
| Sale of capital assets | 7,356 | 5,395 |
| Total receipts | <u>13,278,246</u> | <u>9,938,337</u> |
| Disbursements: | | |
| Public safety | 1,885,066 | 1,226,106 |
| Public works | 936,168 | 741,604 |
| Health and social services | 11,416 | 11,417 |
| Culture and recreation | 1,201,585 | 1,105,957 |
| Community and economic development | 447,881 | 340,715 |
| General government | 482,215 | 433,545 |
| Debt service | 3,884,569 | 4,645,923 |
| Capital projects | 1,811,105 | 1,320,538 |
| Total disbursements | <u>10,660,005</u> | <u>9,825,805</u> |
| Change in cash basis net position before transfers | 2,618,241 | 112,532 |
| Transfers, net | <u>-</u> | <u>(25,293)</u> |
| Change in cash basis net position | 2,618,241 | 87,239 |
| Cash basis net position, beginning of year | <u>6,149,835</u> | <u>6,062,596</u> |
| Cash basis net position, end of year | <u>\$ 8,768,076</u> | <u>\$ 6,149,835</u> |

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

For the year ended June 30, 2015, the City's governmental activities were funded as follows:

Sources of Funds for Governmental Activities

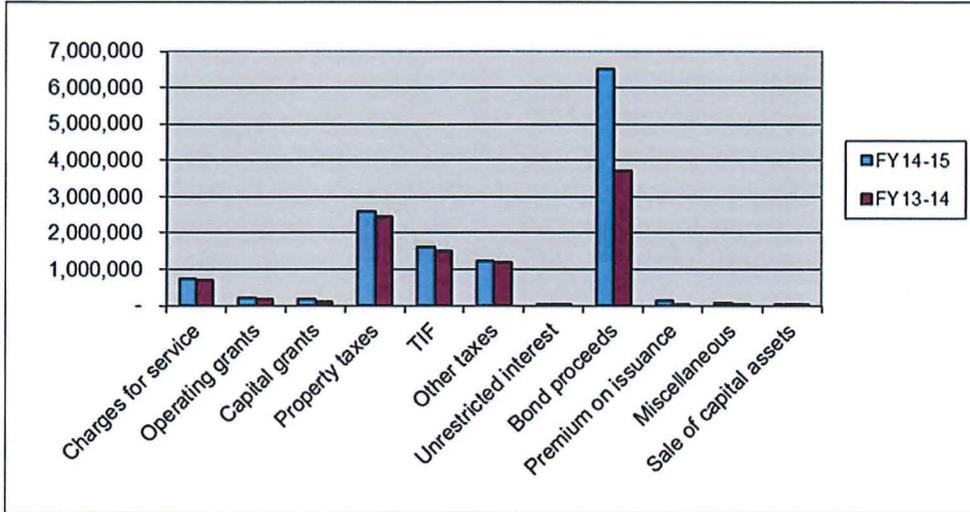


The City's total receipts for governmental activities increased by \$3,339,909 or 33.6%. The total cost of all programs and services increased by \$834,200, or 8.4%. The significant increase in receipts was primarily the result of an increase in proceeds received from the issuance of general obligation urban renewal tax increment financing bonds. This accounted for \$2,888,365 of the increase. Other revenues such as grant revenues and donations were also up. The significant increase in disbursements is due to multiple items. One of these was a \$423,000 deposit on an aerial fire truck. In addition more street maintenance work was done and more equipment such as trucks and snow plow were purchased. Capital project expenses were also up with most of the 8th Street reconstruction project occurring during the year. The 6th Avenue reconstruction project was also completed. Both the new police facility construction and 1st Street reconstruction projects began.

Other City taxes increased by \$5,469. Local option sales tax receipts decreased by \$986 while Road use tax receipts increased by \$21,974. Bond proceeds increased from \$3,710,000 to \$6,495,000. Last year's bond issue was for refunding 2008 general obligation refunding bonds and funds for the 8th Street project. The current year bond issue was for refunding the 2010 general obligation refunding bonds and funds to purchase a fire truck, demolishing dilapidated property and various street improvements. Sale of capital asset revenue increased from \$5,395 to \$7,356 both for old police equipment sold.

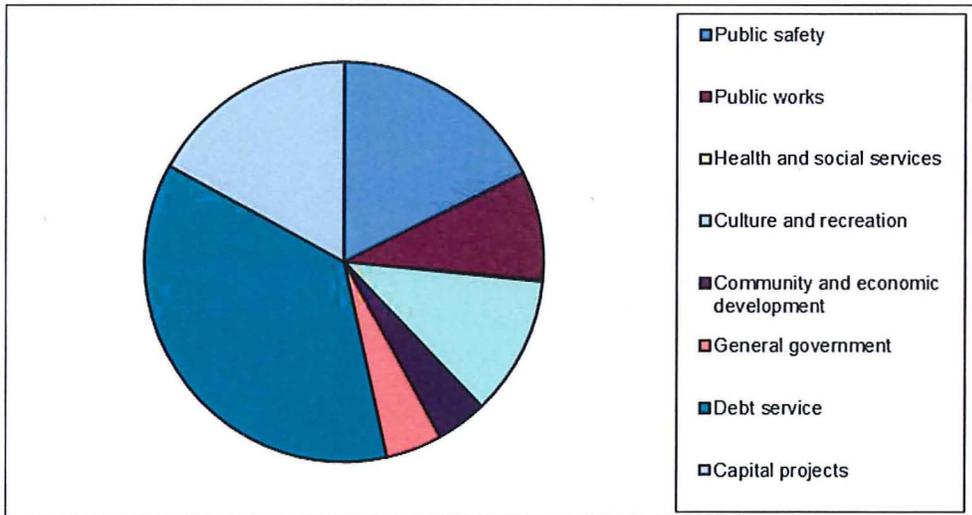
**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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



For the year ended June 30, 2015, the City's disbursements for governmental activities were as follows:

Uses of Funds in Governmental Activities

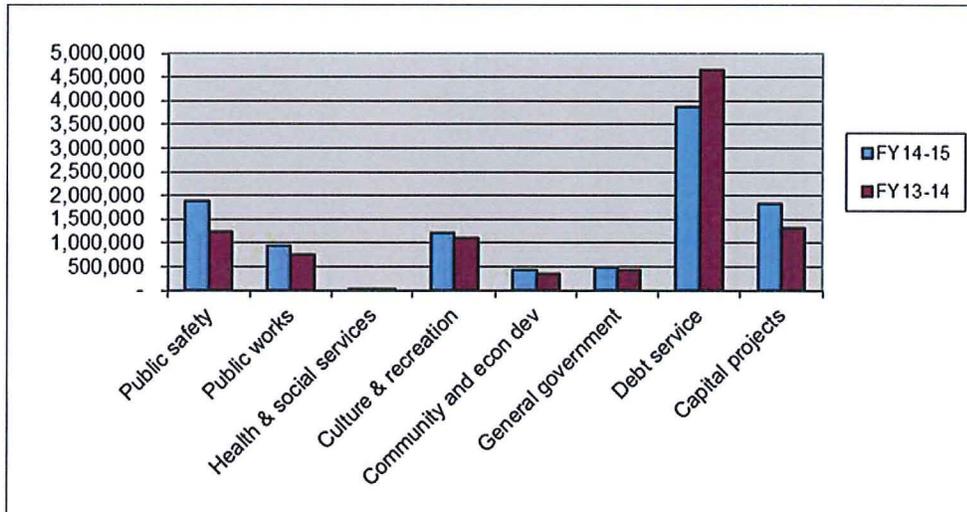


The cost of all governmental activities this year was \$10,660,005 compared to \$9,825,805 last year. However, as shown in the Statement of Activities and Net Position on pages 18-19, the amount taxpayers ultimately financed for these activities was \$9,533,058 because some of the cost was paid by those directly benefited from the programs (approximately \$727,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$400,000).

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Governmental program disbursements are about 8.4% more in total as compared to the prior year however, some categories have changed more significantly than others. Public safety disbursements increased by \$656,960. Police expenses including an increase in 411 retirement costs and personnel costs increased by approximately \$92,000. Fire expenses included a \$423,277 deposit on a new aerial fire truck. Inspection expenses increased by \$12,770 mostly due to professional fees. Public works disbursements increased by 26.24%. This is due to a combination of more new equipment purchases this year and about \$114,455 in additional street maintenance work done. Disbursements for health and social services remained the same. Culture and recreation disbursements increased 8.6%. This is a combination of increases in band shell, recreation, aquatic center, cemetery and fitness center with decreases in library, parks, and community center expenses. The largest change was in fitness center expenses of \$103,679 which includes a new air handling unit, more wages, building improvements and equipment. Community and economic development disbursements increased by over 29% or \$101,029. The largest increase is the addition of the TIF LMI housing rehabilitation program which was \$89,785 in expenses. There was also an increase of around \$10,000 for TIF rebate payments. This year was the first year for payments to for Cobblestone Estates. Both the Hafner and Tiefenthaler increased. Guardian and Black Cat rebates stayed the same. All others decreased due to the commercial rollback. The general government disbursements increased by about \$48,600. Part of this is the cost of the insurance for general fund increased about \$13,653. Council expenses increased by \$26,673 for expenses related to Murf's. The rest is changes in operational costs like wages, insurance, meeting expenses and audit. Debt service disbursements decreased by \$761,354 due to the refunding of the 2008 GO bond issue and payoff of 2 other bond issues with large payments last year. Capital project disbursements increased by about 37.6% over the previous year. This takes the expenses closer to what they were 2 years ago. This was mainly due to the 8th Street project and new police facility project had the majority of their costs this year. The Silver Creek Trail bridge replacement was able to move forward. The 2011 housing grant was 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, 2015**

Business-type Activities

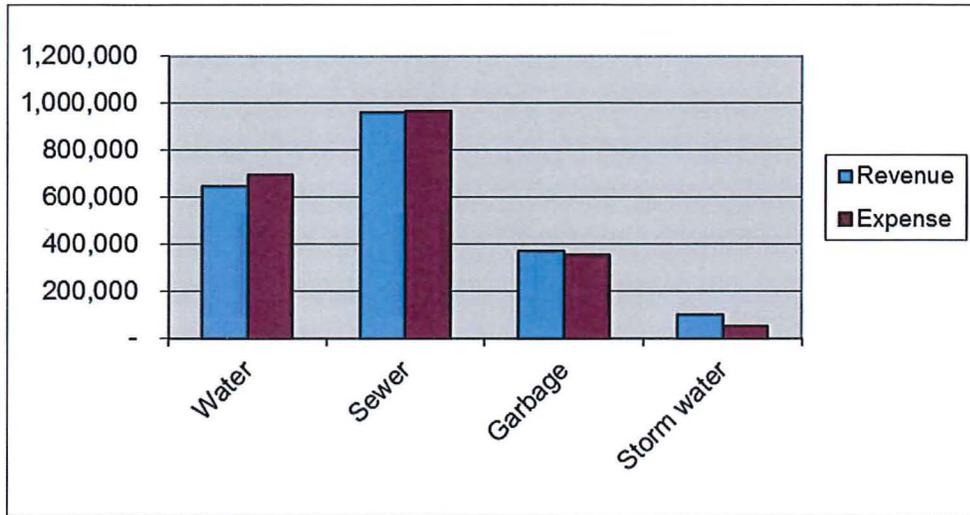
Changes in Cash Basis Net Position of Business Type Activities

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Receipts: | | |
| Program receipts: | | |
| Charges for service: | | |
| Water | \$ 612,763 | \$ 617,506 |
| Sewer | 960,463 | 956,149 |
| Garbage and recycling collection | 368,513 | 367,073 |
| Storm water utility | 102,594 | 101,937 |
| Operating grants, contributions and restricted interest | - | 6,345 |
| Capital grants, contributions and restricted interest | - | 14,999 |
| General receipts: | | |
| Unrestricted interest on investments | 27,769 | 26,284 |
| Miscellaneous | 46,381 | 76,616 |
| Total receipts | <u>2,118,483</u> | <u>2,166,909</u> |
| | | |
| Disbursements: | | |
| Water | 696,035 | 807,271 |
| Sewer | 963,089 | 923,907 |
| Garbage and recycling collection | 354,276 | 330,181 |
| Storm water utility | 54,039 | 89,573 |
| Total disbursements | <u>2,067,439</u> | <u>2,150,932</u> |
| | | |
| Change in cash basis net position before transfers | 51,044 | 15,977 |
| | | |
| Transfers, net | <u>-</u> | <u>25,293</u> |
| | | |
| Change in cash basis net position | 51,044 | 41,270 |
| | | |
| Cash basis net position, beginning of year | <u>3,221,485</u> | <u>3,180,215</u> |
| | | |
| Cash basis net position, end of year | <u>\$ 3,272,529</u> | <u>\$ 3,221,485</u> |

Total business-type activities receipts for the fiscal year were \$2,118,483 compared to \$2,166,909 last year. Total disbursements for the fiscal year decreased from \$2,150,932 to a total of \$2,067,439.

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

For the year ended June 30, 2015, the City's business-type activities, receipts, and disbursements were as follows:



The water receipts are down by about \$51,000 as compared to last fiscal year. This is due to three main factors. First metered sales revenue in the current year was down a little over \$5,000. Second last year the City received over \$29,000 in insurance reimbursement due to damages to well #6. Third last year the City received nearly \$15,000 for a county generator grant. Water disbursements decreased significantly by over 13%. Most of the decrease in expense is due to well #6 being damaged and repaired and water tower repairs last year. Capital equipment purchases last year were part of the decrease. The sewer fund receipts increased by only about \$6,500 this is mostly due to sewer rental charges. Sewer disbursements increased about 4% mostly due to a wages and collection system maintenance costs. The garbage and recycling collection fund receipts increased by only \$1,569. This would be adding new houses. Garbage and recycling expenses increased by \$24,095. This was due to the increased cost of the garbage contract rate. Storm water utility receipts decreased slightly by \$6,085. This fee is a set amount rather than based on any type of usage. The main reason for the decrease was a Branching Out grant that was received last year. Disbursements increased by 39.7%. This is due to smoke testing this year and equipment purchases last year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed the year, its governmental funds reported a combined fund balance of \$8,755,600, an increase of \$2,616,300 above last year's total of \$6,139,300. 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 document scanning equipment for city hall that was not expended. In addition some reserves were increased including the Fire Uniform reserve (up \$25,000) and the Park (Land) reserve (up \$8,322) while other reserves decreased with covering operational costs which also decreased transfers from unreserved general fund. The largest change in reserves was the decrease of \$96,450 in the Fire Engine reserve due to the payment of a large deposit on a new aerial fire truck.

CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

- The Special Revenue, DeWitt Economic Development TIF Fund ended the fiscal year with a cash balance of \$394,497, an increase of \$228,122 from the previous year. The increase 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. The last few years the amount requested increased by \$100,000 each year. We accumulate funds to pre-pay TIF debt when it is callable and sufficient funds are available. TIF debt payments this year were less than last year by over \$367,000. Last fiscal year tax collections were below the requested amount and this year they were below the requested amount simply due to tax collections.
- The Debt Service, DeWitt Economic Development TIF Fund ended the fiscal year with a cash balance of \$16,207, an increase of \$16,207 from the previous year. Funds are transferred in from the Special Revenue, DeWitt Economic Development TIF Fund in order to make bond principal and interest payments as required.

INDIVIDUAL MAJOR PROPRIETARY FUND ANALYSIS

- The Enterprise, Water Utility Fund cash balance decreased by \$39,314 to \$490,476. This is due to revenues being below budgeted levels. Metered sales revenue was \$34,045 less than budgeted.
- The Enterprise, Sewer Utility Fund cash balance decreased by \$202 to \$960,774, due primarily to revenues exceeding budget. Sewer rental revenue was higher than budget by \$25,168.

BUDGETARY HIGHLIGHTS

The City Council approved one budget amendment during the year. The amendment was to increase cash receipts and disbursements. Revenue changes include increases in interest, refunds, donations, local option sales tax, grants and charges for services. Expenditure changes include deposit on the fire truck purchase, purchase of Murf's and Kirby properties, additional police officer, street work, band shelter project, TIF LMI housing program, and replacement/repair of many sewer pumps. Both revenues and expenses changed due to timing issues for capital projects. Both were also changed for the 2015 bonding including refinancing the 2010 bonds.

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

DEBT ADMINISTRATION

As of year-end, the City had \$17,899,000 in debt outstanding compared to \$15,176,000 in 2014.

Outstanding Debt at Year End

| | Totals | |
|--------------------|-----------------------------|-----------------------------|
| | <u>2015</u> | <u>2014</u> |
| Governmental | | |
| General obligation | \$ 16,250,000 | \$ 13,270,000 |
| Business-type | | |
| Water revenue | 495,000 | 566,000 |
| Sewer revenue | <u>1,154,000</u> | <u>1,340,000</u> |
| Subtotal | <u>1,649,000</u> | <u>1,906,000</u> |
| Total | <u>\$ 17,899,000</u> | <u>\$ 15,176,000</u> |

There was one new bond issue during the year. The 2015 GO Bonds included funds to finance a fire truck, street improvements and refinance the 2010 GO Urban Renewal and Refunding Bonds. The City is at 89.4% of its bonding capacity up from 74.1% at June 30, 2014. 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 28 - 31.

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 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 and two received partial payments. One agreement that started last year has no annual max but simply a percentage rebate of the taxes received. Our second housing development agreement with LMI requirements started this year. Three 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, 2015**

ECONOMIC FACTORS

Property taxes are important to the City, they represent approximately 16.86% of total resources excluding transfers. Property taxes were more than expected by \$2,100. TIF revenues comprised just over 10% of revenues. The largest resource after property taxes (excluding bond proceeds), at just over 16.5%, comes from fees and charges for services and includes utility charges. Intergovernmental revenue was more this year at over 5%. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly. Interest revenues have been low. Drastic utility and gasoline rate increases have adversely affected the City's operating disbursements the last couple of years but this is improving. The City has taken some measures in the past couple of years to increase energy efficiency. Gasoline prices have been going down. 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. 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, 2016, the general fund has been budgeted fairly consistently with this year. However, the budget does include no part-time police officers, a new police vehicle, upgrading security locks at fire station, fire department needs assessment, balance of fire truck purchase, 4 sets of bunker gear for the fire department, new study for library expansion, \$15,000 climbing wall at aquatic center, cemetery mower, table and chair carts for community center, \$25,000 women's locker room showers remodel, and credit card swipe machines. The snow budget includes part of the cost of a new plow truck. The emergency tax levy is not being utilized. 411 rates are decreasing from 30.41% to 27.77%. About \$25,000 more in street maintenance expense and the rest 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. \$20,000 is also being set aside for future purchase of a new chipper. Nothing is budgeted next year for the Lincolnway Welding TIF rebate as the employee requirements were not met so no future payments can be made. The TIF reserve is budgeted for 3-5 houses to be done depending on available funds for the TIF LMI housing rehabilitation that the City started. The SSMID is budgeted to have part-time employees water the planters and hanging baskets instead of contracting this service out for the fourth year in a row. It also includes funds for a new downtown improvement grant program. Capital projects being budgeted in governmental activities for next year include 11th Street/Maynard Way traffic study, new police station, 1st Street reconstruction, a trail/subdivision plan/study, and a 2016 blight street reconstruction. Legislative changes passed the last several years already have and will continue to negatively impact the city's budget. The change to commercial property taxes decreased DeWitt's taxable values. 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. TIF is always a target of proposed legislation. Water rates are remaining the same. The water utility budget includes sandblasting/painting hydrants, new gas detector and calibration system, a backhoe bucket, new computers/surface and 80% of a new pickup truck. Sewer rates are remaining the same. \$10,000 in tractor and backhoe repairs and \$30,000 for repairs to gas regulator/conveyor/compactor and ditch

**CITY OF DEWITT, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

bearings is included. Half of the cost of a new handheld and 20% of a new truck are included in the sewer budget as well. The garbage budget is higher than last years' budget. The intent is to be able to hold the garbage rate steady for several years. The storm water utility budget includes a \$15,000 study of storm water for S. 11th Street and W. 6th Avenue. The storm water rate has been raised \$.25 residential, \$1.00 commercial and \$2.00 industrial.

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, 2015

| FUNCTIONS/PROGRAMS | Disbursements | Program Receipts | | |
|------------------------------------|------------------------|--|--|------------|
| | Charges for Service | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest | |
| Governmental activities: | | | | |
| Public safety | \$ 1,885,066 | \$ 178,584 | \$ 47,279 | \$ 13,167 |
| Public works | 936,168 | 5,860 | 42,387 | - |
| Health and social services | 11,416 | 2,200 | 171 | - |
| Culture and recreation | 1,201,585 | 499,549 | 101,338 | 1,694 |
| Community and economic development | 447,881 | 4,722 | 10,905 | - |
| General government | 482,215 | 36,485 | 10,417 | - |
| Debt service | 3,884,569 | - | 5,455 | - |
| Capital projects | 1,811,105 | - | 9,877 | 156,857 |
| Total governmental activities | 10,660,005 | 727,400 | 227,829 | 171,718 |
| Business-type activities: | | | | |
| Water | 696,035 | 612,763 | - | - |
| Sewer | 963,089 | 960,463 | - | - |
| Garbage and recycling collection | 354,276 | 368,513 | - | - |
| Storm water utility | 54,039 | 102,594 | - | - |
| Total business-type activities | 2,067,439 | 2,044,333 | - | - |
| Total | \$ 12,727,444 | \$ 2,771,733 | \$ 227,829 | \$ 171,718 |

General receipts:
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

Total general receipts

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 |
|----------------------------|-----------------------------|----------------------|
| \$ (1,646,036) | \$ - | \$ (1,646,036) |
| (887,921) | - | (887,921) |
| (9,045) | - | (9,045) |
| (599,004) | - | (599,004) |
| (432,254) | - | (432,254) |
| (435,313) | - | (435,313) |
| (3,879,114) | - | (3,879,114) |
| <u>(1,644,371)</u> | <u>-</u> | <u>(1,644,371)</u> |
| <u>(9,533,058)</u> | <u>-</u> | <u>(9,533,058)</u> |
| - | (83,272) | (83,272) |
| - | (2,626) | (2,626) |
| - | 14,237 | 14,237 |
| - | 48,555 | 48,555 |
| <u>-</u> | <u>(23,106)</u> | <u>(23,106)</u> |
| <u>(9,533,058)</u> | <u>(23,106)</u> | <u>(9,556,164)</u> |
| 2,050,156 | - | 2,050,156 |
| 545,898 | - | 545,898 |
| 1,595,816 | - | 1,595,816 |
| 594,362 | - | 594,362 |
| 79,518 | - | 79,518 |
| 553,395 | - | 553,395 |
| 12,809 | 27,769 | 40,578 |
| 6,495,000 | - | 6,495,000 |
| 157,638 | - | 157,638 |
| 59,351 | 46,381 | 105,732 |
| <u>7,356</u> | <u>-</u> | <u>7,356</u> |
| <u>12,151,299</u> | <u>74,150</u> | <u>12,225,449</u> |
| 2,618,241 | 51,044 | 2,669,285 |
| <u>6,149,835</u> | <u>3,221,485</u> | <u>9,371,320</u> |
| <u>\$ 8,768,076</u> | <u>\$ 3,272,529</u> | <u>\$ 12,040,605</u> |
| \$ 185,932 | \$ - | \$ 185,932 |
| 436,290 | - | 436,290 |
| 1,172,851 | - | 1,172,851 |
| 29,890 | 24,412 | 54,302 |
| 4,182,273 | - | 4,182,273 |
| 789,833 | - | 789,833 |
| 159,576 | 1,332,766 | 1,492,342 |
| <u>1,811,431</u> | <u>1,915,351</u> | <u>3,726,782</u> |
| <u>\$ 8,768,076</u> | <u>\$ 3,272,529</u> | <u>\$ 12,040,605</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, 2015

EXHIBIT B

| | <u>General</u> | <u>Special Revenue DeWitt Economic Development TIF</u> | <u>Debt Service DeWitt Economic Development TIF</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---|---------------------|--|---|--|---------------------|
| RECEIPTS | | | | | |
| Property tax | \$ 1,545,590 | \$ - | \$ - | \$ 1,050,464 | \$ 2,596,054 |
| Tax increment financing | - | 1,595,816 | - | - | 1,595,816 |
| Other city tax | 57,958 | - | - | 615,922 | 673,880 |
| Licenses and permits | 95,859 | - | - | 3,769 | 99,628 |
| Use of money and property | 68,072 | 2,755 | 3,841 | 15,591 | 90,259 |
| Intergovernmental | 127,053 | - | - | 678,856 | 805,909 |
| Charges for service | 494,145 | - | - | 3,236 | 497,381 |
| Miscellaneous | 137,909 | 1,165 | - | 120,251 | 259,325 |
| Total receipts | <u>2,526,586</u> | <u>1,599,736</u> | <u>3,841</u> | <u>2,488,089</u> | <u>6,618,252</u> |
| DISBURSEMENTS | | | | | |
| Operating: | | | | | |
| Public safety | 1,706,254 | - | - | 179,549 | 1,885,803 |
| Public works | 27,483 | - | - | 909,051 | 936,534 |
| Health and social services | 11,421 | - | - | - | 11,421 |
| Culture and recreation | 1,202,055 | - | - | - | 1,202,055 |
| Community and economic development | 77,830 | 267,114 | - | 103,110 | 448,054 |
| General government | 482,405 | - | - | - | 482,405 |
| Debt service | - | - | 1,081,418 | 703,151 | 1,784,569 |
| Capital projects | - | - | - | 1,811,105 | 1,811,105 |
| Total disbursements | <u>3,507,448</u> | <u>267,114</u> | <u>1,081,418</u> | <u>3,705,966</u> | <u>8,561,946</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>(980,862)</u> | <u>1,332,622</u> | <u>(1,077,577)</u> | <u>(1,217,877)</u> | <u>(1,943,694)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bond proceeds-refunding bonds | 423,551 | - | 2,075,759 | 3,995,690 | 6,495,000 |
| Premium on issuance | 10,530 | - | 51,626 | 95,482 | 157,638 |
| Principal payments on debt refunding | - | - | (2,100,000) | - | (2,100,000) |
| Sale of capital assets | 1,556 | - | - | 5,800 | 7,356 |
| Operating transfers in | 577,515 | 15,756 | 1,066,399 | 630,238 | 2,289,908 |
| Operating transfers out | (30,647) | (1,120,256) | - | (1,139,005) | (2,289,908) |
| Total other financing sources (uses) | <u>982,505</u> | <u>(1,104,500)</u> | <u>1,093,784</u> | <u>3,588,205</u> | <u>4,559,994</u> |
| CHANGE IN CASH BALANCES | 1,643 | 228,122 | 16,207 | 2,370,328 | 2,616,300 |
| CASH BALANCES, BEGINNING OF YEAR | <u>2,922,909</u> | <u>166,375</u> | <u>-</u> | <u>3,050,016</u> | <u>6,139,300</u> |
| CASH BALANCES, END OF YEAR | <u>\$ 2,924,552</u> | <u>\$ 394,497</u> | <u>\$ 16,207</u> | <u>\$ 5,420,344</u> | <u>\$ 8,755,600</u> |
| CASH BASIS FUND BALANCES | | | | | |
| Nonspendable - Cemetery perpetual care | \$ - | \$ - | \$ - | \$ 185,932 | \$ 185,932 |
| Restricted for: | | | | | |
| Urban renewal purposes | - | 394,497 | - | 41,793 | 436,290 |
| Streets | - | - | - | 1,172,851 | 1,172,851 |
| Debt service | - | - | 16,207 | 13,683 | 29,890 |
| Capital improvements and equipment | - | - | - | 4,182,273 | 4,182,273 |
| Library | 789,833 | - | - | - | 789,833 |
| Other purposes | 21,986 | - | - | 137,590 | 159,576 |
| Assigned for: | | | | | |
| Fire department | 419,783 | - | - | - | 419,783 |
| Recreation | 21,444 | - | - | - | 21,444 |
| Library | 4,219 | - | - | - | 4,219 |
| Referral center | 26,432 | - | - | - | 26,432 |
| Sidewalk loans | 2,000 | - | - | - | 2,000 |
| Tree project | 1,743 | - | - | - | 1,743 |
| Future equipment purchases | 51,202 | - | - | - | 51,202 |
| Unassigned | 1,585,910 | - | - | (313,778) | 1,272,132 |
| Total cash basis fund balances | <u>\$ 2,924,552</u> | <u>\$ 394,497</u> | <u>\$ 16,207</u> | <u>\$ 5,420,344</u> | <u>\$ 8,755,600</u> |

See notes to financial statements.

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, 2015

Total governmental funds cash balances (page 20) \$ 8,755,600

*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.

12,479

Cash basis net position of governmental activities (page 19) \$ 8,768,079

Change in cash balances (page 20) \$ 2,616,300

*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.

1,944

Change in cash basis net position of governmental activities (page 19) \$ 2,618,244

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, 2015

| | Enterprise Funds | |
|---|------------------|------------------|
| | Water Utility | Sewer Utility |
| OPERATING RECEIPTS | | |
| Charges for service | \$ 612,763 | \$ 960,463 |
| Miscellaneous | - | - |
| Total operating receipts | 612,763 | 960,463 |
| OPERATING DISBURSEMENTS | | |
| Governmental activities | | |
| Nonprogram | - | - |
| Business-type activities | 586,595 | 700,466 |
| Total operating disbursements | 586,595 | 700,466 |
| EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS | 26,168 | 259,997 |
| NON-OPERATING RECEIPTS (DISBURSEMENTS) | | |
| Interest on investments | 15,647 | 5,096 |
| Miscellaneous | 14,399 | 12,395 |
| Debt service | - | - |
| Capital outlay | (13,998) | (45,930) |
| Net non-operating receipts (disbursements) | 16,048 | (28,439) |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 42,216 | 231,558 |
| OTHER FINANCING SOURCES (USES) | | |
| Operating transfers in | - | 25,029 |
| Operating transfers out | (81,530) | (256,789) |
| Total other financing sources (uses) | (81,530) | (231,760) |
| CHANGE IN CASH BALANCES | (39,314) | (202) |
| CASH BALANCES, BEGINNING OF YEAR | 529,790 | 960,976 |
| CASH BALANCES, END OF YEAR | \$ 490,476 | \$ 960,774 |
| CASH BASIS FUND BALANCES | | |
| Restricted for: | | |
| Debt service | \$ 6,700 | \$ 17,712 |
| Other purposes | - | - |
| Unrestricted | 483,776 | 943,062 |
| Total cash basis fund balances | \$ 490,476 | \$ 960,774 |

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> |
| \$ 471,107 | \$ 2,044,333 | \$ - |
| - | - | 642,355 |
| <u>471,107</u> | <u>2,044,333</u> | <u>642,355</u> |
| - | - | 639,606 |
| 422,639 | 1,709,700 | - |
| <u>422,639</u> | <u>1,709,700</u> | <u>639,606</u> |
| 48,468 | 334,633 | 2,749 |
| 7,026 | 27,769 | - |
| 19,587 | 46,381 | - |
| (298,574) | (298,574) | - |
| (45) | (59,973) | - |
| <u>(272,006)</u> | <u>(284,397)</u> | <u>-</u> |
| (223,538) | 50,236 | 2,749 |
| 358,319 | 383,348 | - |
| (45,029) | (383,348) | - |
| <u>313,290</u> | <u>-</u> | <u>-</u> |
| 89,752 | 50,236 | 2,749 |
| <u>1,724,344</u> | <u>3,215,110</u> | <u>16,910</u> |
| <u>\$ 1,814,096</u> | <u>\$ 3,265,346</u> | <u>\$ 19,659</u> |
| \$ - | \$ 24,412 | \$ - |
| 1,332,766 | 1,332,766 | - |
| <u>481,330</u> | <u>1,908,168</u> | <u>19,659</u> |
| <u>\$ 1,814,096</u> | <u>\$ 3,265,346</u> | <u>\$ 19,659</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, 2015

| | |
|--|--------------|
| Total enterprise funds cash balances (page 23) | \$ 3,265,346 |
|--|--------------|

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.

7,183

| | |
|---|---------------------|
| Cash basis net position of business-type activities (page 19) | \$ <u>3,272,529</u> |
|---|---------------------|

| | |
|-----------------------------------|-----------|
| Change in cash balances (page 23) | \$ 50,236 |
|-----------------------------------|-----------|

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.

808

| | |
|---|------------------|
| Change in cash basis net position of business-type activities (page 19) | \$ <u>51,044</u> |
|---|------------------|

See notes to financial statements.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015

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 are 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 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.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

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, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Governmental Cash Basis Fund Balances (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, 2015, disbursements exceeded the amounts budgeted in the debt service function.

F. Subsequent Events

Management has evaluated subsequent events through December 21, 2015, 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, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

NOTE 3 - BONDS PAYABLE

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 |
| 2016 | \$ 1,590,000 | \$ 384,573 | \$ 257,000 | \$ 35,947 | \$ 1,847,000 | \$ 420,520 |
| 2017 | 1,665,000 | 357,790 | 265,000 | 30,320 | 1,930,000 | 388,110 |
| 2018 | 1,820,000 | 321,921 | 162,000 | 24,513 | 1,982,000 | 346,434 |
| 2019 | 1,830,000 | 289,451 | 165,000 | 21,083 | 1,995,000 | 310,534 |
| 2020 | 1,095,000 | 249,586 | 158,000 | 17,588 | 1,253,000 | 267,174 |
| 2021-2025 | 5,065,000 | 923,337 | 567,000 | 42,796 | 5,632,000 | 966,133 |
| 2026-2030 | 1,690,000 | 358,417 | 75,000 | 1,725 | 1,765,000 | 360,142 |
| 2031-2034 | 1,495,000 | 82,726 | - | - | 1,495,000 | 82,726 |
| Total | \$ 16,250,000 | \$ 2,967,801 | \$ 1,649,000 | \$ 173,972 | \$ 17,899,000 | \$ 3,141,773 |

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - BONDS PAYABLE (CONTINUED)

On May 6, 2015, the City issued \$6,495,000 of General Obligation Refunding Bonds, with an interest rate of 2.00%. The City issued the bonds to refund the City's 2010 General Obligation Urban Renewal Refunding Bond, dated May 1, 2010 with interest rates ranging from 1.00% to 2.85%.

The current refunding increased total debt service payments over the next 2 years by \$28,631. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$16,812.

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%.

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%.

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 \$1,291,264. For the current year, principal and interest paid and total customer net receipts for the City's Sewer Revenue Bonds were \$216,820 and \$259,997, 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:

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - BONDS PAYABLE (CONTINUED)

2012 Sewer Revenue Bonds (continued)

An amount equal to 1/6th of the installment of interest coming due on the next interest payment date on the then outstanding Bonds 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.

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 \$531,708. For the current year, principal and interest paid and total customer net receipts for the City's Water Revenue Bonds were \$81,754 and \$26,168, respectively.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - BONDS PAYABLE (CONTINUED)

2012 Water Revenue Bonds (continued)

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.

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

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

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employee Retirement System (IPERS)

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employee' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent of each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with the regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the members accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year by 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$110,705.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$728,224. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was 0.018362 percent, which was an increase of 0.001379 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$54,604, \$40,085 and \$278,581 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Rate of Inflation (effective June 30, 2014) | 3.00 percent |
| Salary increases (effective June 30, 2014) | 4.00 percent, average, including inflation |
| Investment rate of return (effective June 30, 1996) | 7.50 percent, compounded annually, net of pension plan investment expense, including inflation |

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|-------------------------|---|
| US Equity | 23% | 6.31 |
| Non US Equity | 15% | 6.76 |
| Private Equity | 13% | 11.34 |
| Real Estate | 8% | 3.52 |
| Core Plus Fixed Income | 28% | 2.06 |
| Credit Opportunities | 5% | 3.67 |
| TIPS | 5% | 1.92 |
| Other Real Assets | 2% | 6.27 |
| Cash | 1% | (0.69) |
| Total | <u>100%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

| | <u>1% Decrease (6.50%)</u> | <u>Discount Rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|--|------------------------------------|--------------------------------------|------------------------------------|
| City's proportionate share of the net pension liability | \$1,377,692 | \$728,224 | \$ 180,007 |

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN (CONTINUED)

Iowa Public Employee Retirement System (IPERS) (continued)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description - MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of DeWitt, Iowa are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #301, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the members highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the members retirement benefit at the members earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the members DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (MFPRSI) (continued)

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the members average final compensation or the members service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the members average final compensation, for those with 5 or more years of service, or the members service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City's contributions to MFPRSI for the year ended June 30, 2015 were \$179,386.

If approved by the state legislature, state appropriations may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 - Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2014.

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (MFPRSI) (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$750,206 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers.

At June 30, 2014, the City's proportion was .206954% which was a decrease of .012936% from its proportions measured as of June 30, 2013.

For the year ended June 30, 2015 the City's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$62,268, \$55,448 and \$354,774 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Rate of Inflation | 3.00 percent |
| Salary increases | 4.50 to 15.11 percent, including inflation |
| Investment rate of return | 7.50 percent, net pension plan investment expense, including inflation |

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (MFPRSI) (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Core Plus Fixed Income | 7.0% | 3.8% |
| Emerging Markets Debt | 3.0 | 6.5 |
| Domestic Equities | 12.5 | 6.0 |
| Master Limited Partnerships (MLP) | 5.0 | 8.5 |
| International Equities | <u>12.5</u> | 7.0 |
| Core Investments | | 40.0% |
| Tactical Asset Allocation | | 35.0 |
| Private Equity | | 15.0 |
| Private Non-Core Real Estate | 5.0 | 9.3 |
| Private Core Real Estate | <u>5.0</u> | 6.8 |
| Real Estate | | <u>10.0</u> |
| Total | | <u>100.0%</u> |

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

| | 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
|--|------------------------------------|--------------------------------------|------------------------------------|
| City's proportionate share of the net pension liability | \$1,438,459 | \$750,206 | \$ 178,329 |

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

**CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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 26 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 8% 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 \$516 for single coverage, \$1,031 for employee/spouse coverage, \$980 for employee/child(ren) coverage and \$1,547 for employee/spouse/child(ren) coverage. For the year ended June 30, 2015, the City contributed \$298,760 and plan members eligible for benefits contributed \$30,194 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, 2015, primarily relating to the General Fund, was \$76,446. This liability has been computed based on rates of pay in effect as of June 30, 2015. 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.

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

| | Transfers In | Transfers Out |
|-----------------------------------|-------------------------|--------------------------|
| General | \$ 577,515 | \$ 30,647 |
| Special Revenue: | | |
| DeWitt Economic Development TIF | 15,756 | 1,120,256 |
| Debt Service: | | |
| DeWitt Economic Development TIF | 1,066,399 | - |
| Other Nonmajor Governmental Funds | 630,238 | 1,139,005 |
| Water Utility | - | 81,530 |
| Sewer Utility | 25,029 | 256,789 |
| Other Nonmajor Proprietary Funds | <u>358,319</u> | <u>45,029</u> |
| | <u>\$ 2,673,256</u> | <u>\$ 2,673,256</u> |

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

CITY OF DEWITT, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - COMMITTED CONSTRUCTION

As of June 30, 2015, the City had the following committed construction:

| Project | Total Contract Amount | Portion at June 30, 2015 | |
|---|----------------------------------|---------------------------------|----------------------------|
| | | Completed | Committed |
| Skeffington Memorial Trail Bridge | \$ 294,497 | \$ 63,049 | \$ 231,448 |
| New Police Station | 2,757,210 | 547,180 | 2,210,030 |
| 1 st Street Reconstruction | 1,572,480 | 192,576 | 1,379,904 |
| Trail/Subdivision | 7,000 | 4,904 | 2,096 |
| Maynard Way/11 th Street Trail | <u>9,950</u> | <u>5,364</u> | <u>4,586</u> |
| Total | <u>\$ 4,641,137</u> | <u>\$ 813,073</u> | <u>\$ 3,828,064</u> |

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 BALANCES

The 6th Avenue Capital Project Fund, the 11th Street Widening Capital Project Fund, the 11th Street West Capital Project Fund, the 8th Street Reconstruction Capital Project Fund, the Springbrook Road/17th Street Capital Project Fund and the 2015 Owner Occupied Grant all had deficit balances at June 30, 2015.

The 6th Avenue Capital Project Fund had a deficit balance of \$1,986, the 11th Street Widening Capital Project Fund had a deficit balance of \$2,180, the 11th Street West Project fund had a deficit balance of \$7,133, the 8th Street Reconstruction Capital Project Fund had a deficit balance of \$6,189, the Springbrook Road/17th Street Capital Project Fund had a deficit balance of \$295,141 and the 2015 Owner Occupied Grant Capital Project Fund had a deficit balance of \$1,149. 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, 2015, the City rebated \$250,194.

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

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, 2015

| | Governmental Funds <u>Actual</u> | Proprietary Funds <u>Actual</u> | Less Funds Not Required to be <u>Budgeted</u> |
|---|--|---------------------------------------|---|
| RECEIPTS | | | |
| Property tax | \$ 2,596,054 | \$ - | \$ - |
| Tax increment financing | 1,595,816 | - | - |
| Other city tax | 673,880 | - | - |
| Licenses and permits | 99,628 | - | - |
| Use of money and property | 90,259 | 27,769 | - |
| Intergovernmental | 805,909 | - | - |
| Charges for service | 497,381 | 2,044,333 | - |
| Miscellaneous | 259,325 | 688,736 | 642,355 |
| Total receipts | 6,618,252 | 2,760,838 | 642,355 |
| DISBURSEMENTS | | | |
| Public safety | 1,885,803 | - | - |
| Public works | 936,534 | - | - |
| Health and social services | 11,421 | - | - |
| Culture and recreation | 1,202,055 | - | - |
| Community and economic development | 448,054 | - | - |
| General government | 482,405 | - | - |
| Debt service | 1,784,569 | - | - |
| Capital projects | 1,811,105 | - | - |
| Business-type activities | - | 2,068,247 | - |
| Nonprogram | - | 639,606 | 639,606 |
| Total disbursements | 8,561,946 | 2,707,853 | 639,606 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,943,694) | 52,985 | 2,749 |
| OTHER FINANCING SOURCES (USES), NET | 4,559,994 | - | - |
| EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES | 2,616,300 | 52,985 | 2,749 |
| BALANCES, BEGINNING OF YEAR | 6,139,300 | 3,232,020 | 16,910 |
| BALANCES, END OF YEAR | \$ 8,755,600 | \$ 3,285,005 | \$ 19,659 |

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> | |
| \$ 2,596,054 | \$ 2,593,954 | \$ 2,593,954 | \$ 2,100 |
| 1,595,816 | 1,600,000 | 1,600,000 | (4,184) |
| 673,880 | 654,825 | 684,825 | (10,945) |
| 99,628 | 85,345 | 85,721 | 13,907 |
| 118,028 | 115,472 | 118,600 | (572) |
| 805,909 | 648,107 | 782,966 | 22,943 |
| 2,541,714 | 2,545,371 | 2,556,417 | (14,703) |
| 305,706 | 147,256 | 235,660 | 70,046 |
| <u>8,736,735</u> | <u>8,390,330</u> | <u>8,658,143</u> | <u>78,592</u> |
| 1,885,803 | 1,358,299 | 1,979,166 | 93,363 |
| 936,534 | 814,772 | 939,592 | 3,058 |
| 11,421 | 12,500 | 12,500 | 1,079 |
| 1,202,055 | 1,304,347 | 1,389,638 | 187,583 |
| 448,054 | 437,884 | 547,885 | 99,831 |
| 482,405 | 453,852 | 507,363 | 24,958 |
| 1,784,569 | 1,766,670 | 3,864,270 | 2,079,701 |
| 1,811,105 | 2,558,500 | 3,395,575 | 1,584,470 |
| 2,068,247 | 2,039,911 | 2,109,368 | 41,121 |
| - | - | - | - |
| <u>10,630,193</u> | <u>10,746,735</u> | <u>14,745,357</u> | <u>4,115,164</u> |
| (1,893,458) | (2,356,405) | (6,087,214) | 4,193,756 |
| <u>4,559,994</u> | <u>3,965,000</u> | <u>6,562,000</u> | <u>(2,002,006)</u> |
| 2,666,536 | 1,608,595 | 474,786 | 2,191,750 |
| <u>9,354,410</u> | <u>7,524,671</u> | <u>9,186,472</u> | <u>167,938</u> |
| \$ <u>12,020,946</u> | \$ <u>9,133,266</u> | \$ <u>9,661,258</u> | \$ <u>2,359,688</u> |

CITY OF DEWITT, IOWA
NOTES TO OTHER INFORMATION - BUDGETARY REPORTING
June 30, 2015

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 \$267,813 and increased budgeted disbursements by \$3,998,622. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the debt service function.

**CITY OF DEWITT, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR***

OTHER INFORMATION

| | <u>2015</u> |
|--|--------------------|
| City's proportion of the net pension liability | 0.018362% |
| City's proportionate share of the net pension liability | \$ 728,224 |
| City's covered-employee payroll | \$ 1,239,698 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 58.74% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.61% |

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF DEWITT, IOWA
SCHEDULE OF CITY CONTRIBUTIONS**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

OTHER INFORMATION

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Statutorily required contributions | \$ 110,705 | \$ 107,629 | \$ 95,228 | \$ 87,127 | \$ 74,735 | \$ 65,081 | \$ 55,570 | \$ 53,702 | \$ 52,738 | \$ 47,957 |
| Contributions in relation to the statutorily required contribution | <u>(110,705)</u> | <u>(107,629)</u> | <u>(95,228)</u> | <u>(87,127)</u> | <u>(74,735)</u> | <u>(65,081)</u> | <u>(55,570)</u> | <u>(53,702)</u> | <u>(52,738)</u> | <u>(47,957)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$1,239,698 | \$1,205,252 | \$1,098,362 | \$1,079,641 | \$1,075,324 | \$ 978,662 | \$ 875,118 | \$ 887,636 | \$ 917,183 | \$ 834,035 |
| Contributions as a percentage of covered-employee payroll | 8.93% | 8.93% | 8.67% | 8.07% | 6.95% | 6.65% | 6.35% | 6.05% | 5.75% | 5.75% |

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
NOTES TO OTHER INFORMATION - PENSION LIABILITY
IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM
Year Ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

CITY OF DEWITT, IOWA
NOTES TO OTHER INFORMATION - PENSION LIABILITY
IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM
Year Ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**CITY OF DEWITT, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL YEAR***

OTHER INFORMATION

| | <u>2015</u> |
|--|--------------------|
| City's proportion of the net pension liability | 0.206954% |
| City's proportionate share of the net pension liability | \$ 750,206 |
| City's covered-employee payroll | \$ 589,888 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 127.18% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.27% |

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF DEWITT, IOWA
SCHEDULE OF CITY CONTRIBUTIONS**

**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST 10 FISCAL YEARS**

OTHER INFORMATION

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Statutorily required contributions | \$ 179,385 | \$ 158,995 | \$ 136,987 | \$ 130,794 | \$ 97,161 | \$ 83,282 | \$ 89,340 | \$ 53,702 | \$ 52,738 | \$ 47,957 |
| Contributions in relation to the statutorily required contribution | <u>(179,385)</u> | <u>(158,995)</u> | <u>(136,987)</u> | <u>(130,794)</u> | <u>(97,161)</u> | <u>(83,282)</u> | <u>(89,340)</u> | <u>(53,702)</u> | <u>(52,738)</u> | <u>(47,957)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered-employee payroll | \$ 589,888 | \$ 527,872 | \$ 524,453 | \$ 528,247 | \$ 488,246 | \$ 489,894 | \$ 476,480 | \$ 210,761 | \$ 190,047 | \$ 170,000 |
| Contributions as a percentage of covered-employee payroll | 30.41% | 30.12% | 26.12% | 24.76% | 19.90% | 17.00% | 18.75% | 25.48% | 27.75% | 28.21% |

See accompanying independent auditor's report.

**CITY OF DEWITT, IOWA
NOTES TO OTHER INFORMATION - PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
Year Ended June 30, 2015**

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

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, 2015

| | Special Revenue | | | | | |
|---|-------------------|--------------------------------------|---------------------------|---|---|--|
| | Road Use Tax | Road Use Equipment Replacement | Local Option Sales Tax | Local Option Sales Tax Equipment Reserve | Economic Development Revolving Loan Fund | DeWitt Economic Development TIF Reserve |
| RECEIPTS | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other city tax | - | - | 594,362 | - | - | - |
| Licenses and permits | - | - | 3,769 | - | - | - |
| Use of money and property | - | 53 | 3,763 | - | 72 | - |
| Intergovernmental | 553,395 | - | - | - | - | - |
| Charges for service | - | - | 2,031 | - | - | - |
| Miscellaneous | 2,718 | - | 35,544 | - | - | 1,694 |
| Total receipts | <u>556,113</u> | <u>53</u> | <u>639,469</u> | <u>-</u> | <u>72</u> | <u>1,694</u> |
| DISBURSEMENTS | | | | | | |
| Operating: | | | | | | |
| Public safety | - | - | - | - | - | - |
| Public works | 414,771 | - | 494,280 | - | - | - |
| Community and economic development | - | - | - | - | - | 89,785 |
| Debt service | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - |
| Total disbursements | <u>414,771</u> | <u>-</u> | <u>494,280</u> | <u>-</u> | <u>-</u> | <u>89,785</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>141,342</u> | <u>53</u> | <u>145,189</u> | <u>-</u> | <u>72</u> | <u>(88,091)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bond proceeds | - | - | - | - | - | - |
| Premium on issuance | - | - | - | - | - | - |
| Sale of capital assets | - | - | 5,800 | - | - | - |
| Operating transfers in | 12,215 | - | - | - | - | 47,749 |
| Operating transfers out | (103,313) | - | (237,745) | - | (350) | - |
| Total other financing sources (uses) | <u>(91,098)</u> | <u>-</u> | <u>(231,945)</u> | <u>-</u> | <u>(350)</u> | <u>47,749</u> |
| CHANGE IN CASH BALANCES | 50,244 | 53 | (86,756) | - | (278) | (40,342) |
| CASH BALANCES, BEGINNING OF YEAR | <u>566,791</u> | <u>26,107</u> | <u>557,912</u> | <u>58,500</u> | <u>36,106</u> | <u>82,135</u> |
| CASH BALANCES, END OF YEAR | <u>\$ 617,035</u> | <u>\$ 26,160</u> | <u>\$ 471,156</u> | <u>\$ 58,500</u> | <u>\$ 35,828</u> | <u>\$ 41,793</u> |
| CASH BASIS FUND BALANCES | | | | | | |
| Nonspendable - Cemetery perpetual care | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted for: | | | | | | |
| Urban renewal purposes | - | - | - | - | - | 41,793 |
| Streets | 617,035 | 26,160 | 471,156 | 58,500 | - | - |
| Debt service | - | - | - | - | - | - |
| Capital improvements and equipment | - | - | - | - | - | - |
| Other purposes | - | - | - | - | 35,828 | - |
| Unassigned | - | - | - | - | - | - |
| Total cash basis fund balances | <u>\$ 617,035</u> | <u>\$ 26,160</u> | <u>\$ 471,156</u> | <u>\$ 58,500</u> | <u>\$ 35,828</u> | <u>\$ 41,793</u> |

See accompanying independent auditor's report.

SCHEDULE 1

| Special Revenue | | | | Debt Service | Capital Projects |
|---------------------|-------------------|-----------------------------|------------------|------------------|-------------------|
| Retirement Benefits | Employee Benefits | Police Capital Improvements | SSMID | Debt Service | 6th Avenue |
| \$ 168,883 | \$ 330,016 | \$ - | \$ 5,667 | \$ 545,898 | \$ - |
| 3,973 | 7,672 | - | - | 9,915 | - |
| - | - | - | - | - | - |
| 77 | - | 133 | - | 1,615 | 537 |
| 3,739 | 7,506 | - | 298 | 9,575 | - |
| - | - | 1,205 | - | - | - |
| - | - | 26,701 | - | - | 643 |
| <u>176,672</u> | <u>345,194</u> | <u>28,039</u> | <u>5,965</u> | <u>567,003</u> | <u>1,180</u> |
| 179,385 | - | 164 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 13,325 | - | - |
| - | - | - | - | 703,151 | - |
| - | - | - | - | - | 3,375 |
| <u>179,385</u> | <u>-</u> | <u>164</u> | <u>13,325</u> | <u>703,151</u> | <u>3,375</u> |
| (2,713) | 345,194 | 27,875 | (7,360) | (136,148) | (2,195) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 14,891 | 103,313 | - |
| - | (345,194) | - | - | - | (187,289) |
| - | (345,194) | - | 14,891 | 103,313 | (187,289) |
| (2,713) | - | 27,875 | 7,531 | (32,835) | (189,484) |
| 9,247 | - | 16,659 | 43,163 | 46,518 | 187,498 |
| <u>\$ 6,534</u> | <u>\$ -</u> | <u>\$ 44,534</u> | <u>\$ 50,694</u> | <u>\$ 13,683</u> | <u>\$ (1,986)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 13,683 | - |
| - | - | - | - | - | - |
| 6,534 | - | 44,534 | 50,694 | - | - |
| - | - | - | - | - | (1,986) |
| <u>\$ 6,534</u> | <u>\$ -</u> | <u>\$ 44,534</u> | <u>\$ 50,694</u> | <u>\$ 13,683</u> | <u>\$ (1,986)</u> |

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, 2015

Capital Projects

| | 2011 Housing Grant | New Police Facility | 11th Street Widening | 11th Street West | 8th Street Reconstruction | Springbrook Road/ 17th Street |
|---|--------------------------|------------------------|-------------------------|---------------------|------------------------------|----------------------------------|
| RECEIPTS | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other city tax | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Use of money and property | - | 3,423 | - | - | 3,005 | - |
| Intergovernmental | 34,507 | - | - | 44,836 | - | - |
| Charges for service | - | - | - | - | - | - |
| Miscellaneous | 700 | 35,423 | 1,000 | 1,748 | - | 13,000 |
| Total receipts | <u>35,207</u> | <u>38,846</u> | <u>1,000</u> | <u>46,584</u> | <u>3,005</u> | <u>13,000</u> |
| DISBURSEMENTS | | | | | | |
| Operating: | | | | | | |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Community and economic development | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Capital projects | 31,686 | 556,367 | - | 52,075 | 896,075 | - |
| Total disbursements | <u>31,686</u> | <u>556,367</u> | <u>-</u> | <u>52,075</u> | <u>896,075</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>3,521</u> | <u>(517,521)</u> | <u>1,000</u> | <u>(5,491)</u> | <u>(893,070)</u> | <u>13,000</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bond proceeds | - | 2,474,937 | - | - | - | - |
| Premium on issuance | - | 57,665 | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - |
| Operating transfers in | 350 | 118,289 | - | 7,239 | - | - |
| Operating transfers out | (683) | (7,239) | - | - | (257,192) | - |
| Total other financing sources (uses) | <u>(333)</u> | <u>2,643,652</u> | <u>-</u> | <u>7,239</u> | <u>(257,192)</u> | <u>-</u> |
| CHANGE IN CASH BALANCES | 3,188 | 2,126,131 | 1,000 | 1,748 | (1,150,262) | 13,000 |
| CASH BALANCES BEGINNING OF YEAR | <u>(3,188)</u> | <u>225,450</u> | <u>(3,180)</u> | <u>(8,881)</u> | <u>1,144,073</u> | <u>(308,141)</u> |
| CASH BALANCES END OF YEAR | <u>\$ -</u> | <u>\$ 2,351,581</u> | <u>\$ (2,180)</u> | <u>\$ (7,133)</u> | <u>\$ (6,189)</u> | <u>\$ (295,141)</u> |
| CASH BASIS FUND BALANCES | | | | | | |
| Nonspendable - Cemetery perpetual care | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted for: | | | | | | |
| Urban renewal purposes | - | - | - | - | - | - |
| Streets | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Capital improvements and equipment | - | 2,351,581 | - | - | - | - |
| Other purposes | - | - | - | - | - | - |
| Unassigned | - | - | (2,180) | (7,133) | (6,189) | (295,141) |
| Total cash basis fund balances | <u>\$ -</u> | <u>\$ 2,351,581</u> | <u>\$ (2,180)</u> | <u>\$ (7,133)</u> | <u>\$ (6,189)</u> | <u>\$ (295,141)</u> |

SCHEDULE 1
(CONTINUED)

| Capital Projects | | | | | Permanent | |
|---------------------------|--------------------|----------------------------------|-----------------------------------|---------------------------|-------------------------|---------------------|
| New Public Works Facility | Silver Creek Trail | 11th Street/ Maynard Way Project | 1st Street Reconstruction Project | 2015 Owner Occupied Grant | Cemetery Perpetual Care | Total |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,050,464 |
| - | - | - | - | - | - | 615,922 |
| - | - | - | - | - | - | 3,769 |
| 47 | 1,362 | 12 | 1,492 | - | - | 15,591 |
| - | 25,000 | - | - | - | - | 678,856 |
| - | - | - | - | - | - | 3,236 |
| - | - | - | - | - | 1,080 | 120,251 |
| <u>47</u> | <u>26,362</u> | <u>12</u> | <u>1,492</u> | <u>-</u> | <u>1,080</u> | <u>2,488,089</u> |
| - | - | - | - | - | - | 179,549 |
| - | - | - | - | - | - | 909,051 |
| - | - | - | - | - | - | 103,110 |
| - | - | - | - | - | - | 703,151 |
| - | 59,814 | 5,471 | 205,093 | 1,149 | - | 1,811,105 |
| - | 59,814 | 5,471 | 205,093 | 1,149 | - | 3,705,966 |
| <u>47</u> | <u>(33,452)</u> | <u>(5,459)</u> | <u>(203,601)</u> | <u>(1,149)</u> | <u>1,080</u> | <u>(1,217,877)</u> |
| - | 6,918 | 14,833 | 1,499,002 | - | - | 3,995,690 |
| - | 173 | 363 | 37,281 | - | - | 95,482 |
| - | - | - | - | - | - | 5,800 |
| 12,000 | 77,000 | - | 237,192 | - | - | 630,238 |
| - | - | - | - | - | - | (1,139,005) |
| <u>12,000</u> | <u>84,091</u> | <u>15,196</u> | <u>1,773,475</u> | <u>-</u> | <u>-</u> | <u>3,588,205</u> |
| 12,047 | 50,639 | 9,737 | 1,569,874 | (1,149) | 1,080 | 2,370,328 |
| - | 188,395 | - | - | - | 184,852 | 3,050,016 |
| <u>\$ 12,047</u> | <u>\$ 239,034</u> | <u>\$ 9,737</u> | <u>\$ 1,569,874</u> | <u>\$ (1,149)</u> | <u>\$ 185,932</u> | <u>\$ 5,420,344</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 185,932 | \$ 185,932 |
| - | - | - | - | - | - | 41,793 |
| - | - | - | - | - | - | 1,172,851 |
| - | - | - | - | - | - | 13,683 |
| 12,047 | 239,034 | 9,737 | 1,569,874 | - | - | 4,182,273 |
| - | - | - | - | - | - | 137,590 |
| - | - | - | - | (1,149) | - | (313,778) |
| <u>\$ 12,047</u> | <u>\$ 239,034</u> | <u>\$ 9,737</u> | <u>\$ 1,569,874</u> | <u>\$ (1,149)</u> | <u>\$ 185,932</u> | <u>\$ 5,420,344</u> |

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, 2015

| | Storm Water Utility | Storm Water Equipment Replacement | Water Utility Equipment Replacement | Water Revenue Sinking | Water Meter Deposit |
|---|---------------------------|--|--|-----------------------------|---------------------------|
| OPERATING RECEIPTS | | | | | |
| Charges for service | \$ 102,594 | \$ - | \$ - | \$ - | \$ - |
| OPERATING DISBURSEMENTS | | | | | |
| Business-type activities | 54,016 | - | - | - | 13,960 |
| EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS | 48,578 | - | - | - | (13,960) |
| NON-OPERATING RECEIPTS (DISBURSEMENTS) | | | | | |
| Interest on investments | 1,864 | 1,143 | 293 | 224 | - |
| Miscellaneous | 187 | - | - | - | 19,400 |
| Debt service | - | - | - | (81,754) | - |
| Capital outlay | (45) | - | - | - | - |
| Net non-operating receipts (disbursements) | 2,006 | 1,143 | 293 | (81,530) | 19,400 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 50,584 | 1,143 | 293 | (81,530) | 5,440 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | 20,000 | - | 81,530 | - |
| Operating transfers out | (20,000) | - | - | - | - |
| Total other financing sources (uses) | (20,000) | 20,000 | - | 81,530 | - |
| CHANGE IN CASH BALANCES | 30,584 | 21,143 | 293 | - | 5,440 |
| CASH BALANCES, BEGINNING OF YEAR | 273,665 | 149,596 | 146,310 | - | 47,246 |
| CASH BALANCES, END OF YEAR | \$ 304,249 | \$ 170,739 | \$ 146,603 | \$ - | \$ 52,686 |
| CASH BASIS FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Other purposes | \$ - | \$ 170,739 | \$ 146,603 | \$ - | \$ 52,686 |
| Unrestricted | 304,249 | - | - | - | - |
| Total cash basis fund balances | \$ 304,249 | \$ 170,739 | \$ 146,603 | \$ - | \$ 52,686 |

See accompanying independent auditor's report.

SCHEDULE 2

| Enterprise Funds | | | | | |
|-----------------------------|--|--|--|---|--------------|
| Sewer Revenue Sinking | Sewer Improvement Equipment Replacement | Sewer Improvement and Extension | Sewer Utility Equipment Replacement | Garbage and Recycling Collection | Total |
| \$ - | \$ - | \$ - | \$ - | \$ 368,513 | \$ 471,107 |
| 250 | - | - | - | 354,413 | 422,639 |
| (250) | - | - | - | 14,100 | 48,468 |
| 597 | 1,021 | - | 909 | 975 | 7,026 |
| - | - | - | - | - | 19,587 |
| (216,820) | - | - | - | - | (298,574) |
| - | - | - | - | - | (45) |
| (216,223) | 1,021 | - | 909 | 975 | (272,006) |
| (216,473) | 1,021 | - | 909 | 15,075 | (223,538) |
| 216,473 | - | 4,687 | 35,629 | - | 358,319 |
| - | (25,029) | - | - | - | (45,029) |
| 216,473 | (25,029) | 4,687 | 35,629 | - | 313,290 |
| - | (24,008) | 4,687 | 36,538 | 15,075 | 89,752 |
| - | 524,799 | 183,934 | 236,788 | 162,006 | 1,724,344 |
| \$ - | \$ 500,791 | \$ 188,621 | \$ 273,326 | \$ 177,081 | \$ 1,814,096 |
| \$ - | \$ 500,791 | \$ 188,621 | \$ 273,326 | \$ - | \$ 1,332,766 |
| - | - | - | - | 177,081 | 481,330 |
| \$ - | \$ 500,791 | \$ 188,621 | \$ 273,326 | \$ 177,081 | \$ 1,814,096 |

**CITY OF DEWITT, IOWA
SCHEDULE OF INDEBTEDNESS
Year Ended June 30, 2015**

| <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: | | | | | | | | | |
| Series 2009A | April 1, 2009 | 2.000% - 4.300% | \$ 1,170,000 | \$ 850,000 | \$ - | \$ 70,000 | \$ 780,000 | \$ 33,435 | \$ - |
| 2010 Refunding | May 1, 2010 | 1.000% - 2.850% | 3,810,000 | 2,985,000 | - | 2,985,000 | - | 76,762 | - |
| 2011 Refunding | April 1, 2011 | 1.200% - 3.650% | 2,570,000 | 2,280,000 | - | 100,000 | 2,180,000 | 70,973 | - |
| 2012 Refunding | April 1, 2012 | 0.350% - 1.300% | 870,000 | 625,000 | - | 125,000 | 500,000 | 5,813 | - |
| 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 | - | 235,000 | 3,475,000 | 90,950 | - |
| 2015 Refunding | May 6, 2015 | 2.000% - 2.000% | 6,495,000 | - | 6,495,000 | - | 6,495,000 | - | - |
| Total | | | <u>\$ 29,050,000</u> | <u>\$ 13,270,000</u> | <u>\$ 6,495,000</u> | <u>\$ 3,515,000</u> | <u>\$ 16,250,000</u> | <u>\$ 342,439</u> | <u>\$ -</u> |
| Revenue bonds: | | | | | | | | | |
| 2012 Sewer Revenue Refunding | March 1, 2012 | 2.300% | \$ 1,870,000 | \$ 1,340,000 | \$ - | \$ 186,000 | \$ 1,154,000 | \$ 30,820 | \$ - |
| 2012 Water Revenue Refunding | March 1, 2012 | 1.900% | 772,000 | 566,000 | - | 71,000 | 495,000 | 10,754 | - |
| Total | | | <u>\$ 2,642,000</u> | <u>\$ 1,906,000</u> | <u>\$ -</u> | <u>\$ 257,000</u> | <u>\$ 1,649,000</u> | <u>\$ 41,574</u> | <u>\$ -</u> |

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
 BOND AND NOTE MATURITIES
 June 30, 2015

| Year Ending June 30, | General Obligation Bonds | | | | | | | | |
|----------------------------|--------------------------------------|-------------------|-------------------|---|---------------------|-------------------|---|-------------------|------------------|
| | Series 2009A Issued April 1, 2009 | | | Series 2011 Refunding Issued April 1, 2011 | | | Series 2012 Refunding Issued April 1, 2012 | | |
| | Interest Rate | Principal | Interest | Interest Rate | Principal | Interest | Interest Rate | Principal | Interest |
| 2016 | 3.000% | \$ 80,000 | \$ 31,335 | 1.950% | \$ 105,000 | \$ 69,323 | 0.0750% | \$ 125,000 | \$ 5,063 |
| 2017 | 3.500% | 85,000 | 31,335 | 2.200% | 110,000 | 67,274 | 0.0900% | 125,000 | 4,125 |
| 2018 | 3.500% | 90,000 | 25,910 | 2.450% | 110,000 | 64,855 | 1.1000% | 125,000 | 3,000 |
| 2019 | 4.000% | 95,000 | 25,910 | 2.600% | 115,000 | 62,160 | 1.3000% | 125,000 | 1,625 |
| 2020 | 4.000% | 100,000 | 19,310 | 2.900% | 115,000 | 59,170 | - | - | - |
| 2021 | 4.100% | 105,000 | 19,310 | 3.000% | 115,000 | 55,835 | - | - | - |
| 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 | - | - | - | 3.550% | 355,000 | 25,925 | - | - | - |
| 2026 | - | - | - | 3.650% | 365,000 | 13,323 | - | - | - |
| 2027 | - | - | - | - | - | - | - | - | - |
| 2028 | - | - | - | - | - | - | - | - | - |
| 2029 | - | - | - | - | - | - | - | - | - |
| 2030 | - | - | - | - | - | - | - | - | - |
| 2031 | - | - | - | - | - | - | - | - | - |
| 2032 | - | - | - | - | - | - | - | - | - |
| 2033 | - | - | - | - | - | - | - | - | - |
| 2034 | - | - | - | - | - | - | - | - | - |
| TOTAL | | <u>\$ 780,000</u> | <u>\$ 172,360</u> | | <u>\$ 2,180,000</u> | <u>\$ 556,450</u> | | <u>\$ 500,000</u> | <u>\$ 13,813</u> |

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
BOND AND NOTE MATURITIES
June 30, 2015

| Year Ending June 30, | General Obligation Bonds | | | | | |
|----------------------------|---|-------------------|-------------------|---|---------------------|-------------------|
| | Series 2012 Urban Renewal Issued April 1, 2012 | | | Series 2013 Urban Renewal Issued May 1, 2013 | | |
| | Interest Rate | Principal | Interest | Interest Rate | Principal | Interest |
| 2016 | 3.000% | \$ - | \$ 24,600 | 0.800% | \$ - | \$ 39,906 |
| 2017 | 3.000% | - | 24,600 | 0.800% | - | 39,906 |
| 2018 | 3.000% | - | 24,600 | 0.800% | 125,000 | 39,906 |
| 2019 | 3.000% | - | 24,600 | 1.000% | 125,000 | 38,906 |
| 2020 | 3.000% | - | 24,600 | 1.150% | 125,000 | 37,656 |
| 2021 | 3.000% | - | 24,600 | 1.350% | 125,000 | 36,218 |
| 2022 | 3.000% | - | 24,600 | 1.550% | 125,000 | 34,532 |
| 2023 | 3.000% | - | 24,600 | 1.750% | 125,000 | 32,594 |
| 2024 | 3.000% | - | 24,600 | 1.900% | 125,000 | 30,406 |
| 2025 | 3.000% | - | 24,600 | 2.000% | 125,000 | 28,032 |
| 2026 | 3.000% | - | 24,600 | 2.125% | 125,000 | 25,532 |
| 2027 | 3.000% | - | 24,600 | 2.250% | 125,000 | 22,876 |
| 2028 | 3.000% | - | 24,600 | 2.400% | 125,000 | 20,062 |
| 2029 | 3.000% | - | 24,600 | 2.400% | 125,000 | 17,062 |
| 2030 | 3.000% | - | 24,600 | 2.550% | 125,000 | 14,062 |
| 2031 | 3.000% | 820,000 | 24,600 | 2.700% | 125,000 | 10,876 |
| 2032 | | - | - | 3.000% | 125,000 | 7,500 |
| 2033 | | - | - | 3.000% | 125,000 | 3,750 |
| 2034 | | - | - | | - | - |
| TOTAL | | <u>\$ 820,000</u> | <u>\$ 393,600</u> | | <u>\$ 2,000,000</u> | <u>\$ 479,782</u> |

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
BOND AND NOTE MATURITIES
June 30, 2015

| Year Ending June 30, | General Obligation Bonds | | | | | | | |
|----------------------------|---|---------------------|-------------------|---|---------------------|-------------------|----------------------|---------------------|
| | Series 2014 Refunding Issued May 1, 2014 | | | Series 2015 Refunding Issued May 6, 2015 | | | Total | |
| | Interest Rate | Principal | Interest | Interest Rate | Principal | Interest | Principal | Interest |
| 2016 | 2.000% | \$ 250,000 | \$ 86,250 | 2.000% | \$ 1,030,000 | \$ 128,096 | \$ 1,590,000 | \$ 384,573 |
| 2017 | 2.000% | 250,000 | 81,250 | 2.000% | 1,095,000 | 109,300 | 1,665,000 | 357,790 |
| 2018 | 2.000% | 250,000 | 76,250 | 2.000% | 1,120,000 | 87,400 | 1,820,000 | 321,921 |
| 2019 | 2.000% | 260,000 | 71,250 | 2.000% | 1,110,000 | 65,000 | 1,830,000 | 289,451 |
| 2020 | 2.000% | 250,000 | 66,050 | 2.000% | 505,000 | 42,800 | 1,095,000 | 249,586 |
| 2021 | 2.000% | 265,000 | 61,050 | 2.000% | 40,000 | 32,700 | 650,000 | 229,713 |
| 2022 | 2.000% | 350,000 | 55,750 | 2.000% | 155,000 | 31,900 | 860,000 | 210,892 |
| 2023 | 2.150% | 200,000 | 48,750 | 2.150% | 250,000 | 28,800 | 1,020,000 | 190,814 |
| 2024 | 2.300% | 200,000 | 44,450 | 2.300% | 560,000 | 23,800 | 1,225,000 | 160,911 |
| 2025 | 2.550% | 200,000 | 39,850 | 2.550% | 630,000 | 12,600 | 1,310,000 | 131,007 |
| 2026 | 2.750% | 200,000 | 34,750 | 2.750% | - | - | 690,000 | 98,205 |
| 2027 | 3.000% | 200,000 | 29,250 | 3.000% | - | - | 325,000 | 76,726 |
| 2028 | 3.750% | 100,000 | 23,250 | 3.750% | - | - | 225,000 | 67,912 |
| 2029 | 3.750% | 100,000 | 19,500 | 3.750% | - | - | 225,000 | 61,162 |
| 2030 | 3.750% | 100,000 | 15,750 | 3.750% | - | - | 225,000 | 54,412 |
| 2031 | 4.000% | - | 12,000 | 4.000% | - | - | 945,000 | 47,476 |
| 2032 | 4.000% | 100,000 | 12,000 | 4.000% | - | - | 225,000 | 19,500 |
| 2033 | 4.000% | 100,000 | 8,000 | 4.000% | - | - | 225,000 | 11,750 |
| 2034 | 4.000% | 100,000 | 4,000 | 4.000% | - | - | 100,000 | 4,000 |
| TOTAL | | <u>\$ 3,475,000</u> | <u>\$ 789,400</u> | | <u>\$ 6,495,000</u> | <u>\$ 562,396</u> | <u>\$ 16,250,000</u> | <u>\$ 2,967,801</u> |

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA
BOND AND NOTE MATURITIES
June 30, 2015

| Year Ending June 30, | Revenue Bonds | | | | | | | |
|----------------------------|---|---------------------|-------------------|---|-------------------|------------------|---------------------|-------------------|
| | Sewer Revenue Refunding Issued March 1, 2012 | | | Water Revenue Refunding Issued March 1, 2012 | | | Total | |
| | Interest Rate | Principal | Interest | Interest Rate | Principal | Interest | Principal | Interest |
| 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 | | <u>\$ 1,154,000</u> | <u>\$ 137,264</u> | | <u>\$ 495,000</u> | <u>\$ 36,708</u> | <u>\$ 1,649,000</u> | <u>\$ 173,972</u> |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| RECEIPTS | | | | | | | | | | |
| Property tax | \$ 2,596,054 | \$ 2,462,741 | \$ 2,411,725 | \$ 2,264,327 | \$ 2,145,806 | \$ 2,018,679 | \$ 1,902,104 | \$ 1,823,987 | \$ 1,285,975 | \$ 1,142,889 |
| Tax increment financing | 1,595,816 | 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 |
| Other city tax | 673,880 | 669,397 | 633,770 | 687,189 | 610,041 | 678,090 | 547,681 | 662,819 | 479,487 | 501,753 |
| Licenses and permits | 99,628 | 100,464 | 69,854 | 81,853 | 85,203 | 62,521 | 77,702 | 71,646 | 76,584 | 79,090 |
| Use of money and property | 90,259 | 82,704 | 93,928 | 95,550 | 136,998 | 166,600 | 173,482 | 163,778 | 126,564 | 92,956 |
| Intergovernmental | 805,909 | 714,585 | 1,268,872 | 872,991 | 1,455,398 | 1,839,501 | 795,905 | 1,601,701 | 1,052,412 | 642,253 |
| Charges for service | 497,381 | 495,342 | 480,978 | 462,764 | 409,368 | 411,704 | 374,195 | 368,630 | 402,619 | 377,353 |
| Miscellaneous | 259,325 | 151,692 | 189,996 | 188,888 | 252,847 | 187,360 | 318,081 | 168,856 | 451,219 | 266,159 |
| TOTAL RECEIPTS | \$ 6,618,252 | \$ 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 |
| DISBURSEMENTS | | | | | | | | | | |
| Operating: | | | | | | | | | | |
| Public safety | \$ 1,885,803 | \$ 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 |
| Public works | 936,534 | 741,741 | 671,072 | 700,614 | 585,407 | 602,046 | 826,198 | 421,235 | 558,330 | 648,813 |
| Health and social services | 11,421 | 11,419 | 9,404 | 20,144 | 16,340 | 12,779 | 9,930 | 9,447 | 9,472 | 8,569 |
| Culture and recreation | 1,202,055 | 1,106,162 | 1,059,695 | 1,139,194 | 1,091,740 | 922,275 | 850,971 | 856,583 | 789,078 | 755,013 |
| Community and economic development | 448,054 | 340,779 | 208,852 | 173,270 | 125,239 | 86,543 | 99,217 | 79,739 | 81,814 | 60,113 |
| General government | 482,405 | 433,625 | 385,702 | 359,377 | 350,299 | 498,466 | 315,902 | 393,751 | 298,622 | 277,962 |
| Debt service | 1,784,569 | 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 |
| Capital projects | 1,811,105 | 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 |
| TOTAL DISBURSEMENTS | \$ 8,561,946 | \$ 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 |

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, 2015, 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 21, 2015. 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 2015-001 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-002.

Comments involving statutory and other legal matters about the City of DeWitt, Iowa's operations for the year ended June 30, 2015 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 21, 2015

**CITY OF DEWITT, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

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

**CITY OF DEWITT, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015**

Part II - Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2015-001 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, 2015**

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

INSTANCES OF NON-COMPLIANCE:

2015-002 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 6th Avenue Capital Project Fund, the 11th Street Widening Capital Project Fund, the 11th Street West Capital Project Fund, the 8th Street Reconstruction Capital Project Fund, the Springbrook Road/17th Street Capital Project Fund and the 2015 Owner Occupied Grant Fund all had deficit balances at June 30, 2015.

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 6th Avenue Capital Project Fund, the 11th Street Widening Capital Project Fund, the 11th Street West Capital Project Fund, the 8th Street Reconstruction Capital Project Fund and the 2015 Owner Occupied Grant 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, 2015**

Part III - Other Findings Related to Required Statutory Reporting:

- 2015-003 Certified budget - Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."
- Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response - The budget will be amended in the future, if applicable.
- Conclusion - Response accepted.
- 2015-004 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.
- 2015-005 Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- 2015-006 Business transactions - No business transactions between the City and City officials or employees were noted.
- 2015-007 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.
- 2015-008 Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2015-009 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.
- 2015-010 Revenue bonds and notes - The 2012 Water Revenue Bond covenant states that the City shall produce and maintain net revenues of the Water Utility Fund at a sufficient level at all times to pay the amount of principal and interest due in the same year. It was noted there was a deficiency of net revenues required to pay the principal and interest due in 2015.
- Recommendation - The City should investigate alternatives to eliminate this deficiency.
- Response - The City will investigate alternatives to eliminate this deficiency in the future.
- Conclusion - Response accepted.
- 2015-011 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.