

**CITY OF DEWITT, IOWA**

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

**June 30, 2017**

## TABLE OF CONTENTS

	PAGE
<b>OFFICIALS</b> .....	1
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	2
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	5
<b>EXHIBIT</b>	
<b>BASIC FINANCIAL STATEMENTS</b> .....	19
Government-wide Financial Statements:	
Cash Basis Statement of Activities and Net Position.....A .....	20
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances (Deficits) .....	B.....22
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances (Deficits) to the Cash Basis Statement of Activities and Net Position.....	C.....23
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances.....	D.....24
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position .....	E.....25
Notes to Financial Statements.....	26
<b>OTHER INFORMATION</b> .....	46
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds .....	47
Notes to Other Information - Budgetary Reporting .....	49
Schedule of the City’s Proportionate Share of the Net Pension Liability - IPERS .....	50
Schedule of City Contributions - IPERS .....	51
Notes to Other Information - Pension Liability - IPERS .....	52
Schedule of the City’s Proportionate Share of the Net Pension Liability - MFPRSI.....	53
Schedule of City Contributions - MFPRSI.....	54
Notes to Other Information - Pension Liability - MFPRSI .....	55

**TABLE OF CONTENTS  
(CONTINUED)**

	<b>PAGE</b>
<b>SUPPLEMENTARY INFORMATION</b> .....	56
<b>SCHEDULE</b>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances (Deficits) - Nonmajor Governmental Funds.....1.....	57
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Proprietary Funds.....2.....	61
Schedule of Indebtedness.....3.....	63
Bond and Note Maturities.....4.....	64
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds.....5.....	68
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 <i>Government Auditing Standards</i> .....	69
Schedule of Findings and Responses .....	71

**CITY OF DEWITT, IOWA**

**OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Donald J. Thiltgen	Mayor	January 1, 2020
Steven Hasenmiller	Mayor Pro Tem	January 1, 2018
Steven Hasenmiller	Council Member	January 1, 2018
Dawn Marcus	Council Member	January 1, 2018
Garey Chrones	Council Member	January 1, 2020
Kurt Ketelsen	Council Member	January 1, 2020
Luanne Smith	Council Member	January 1, 2020
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
TJ (Terry) Appleby	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, 2017, 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 fraud or error.

### 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 City'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 City'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, 2017, 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.

## **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 seven years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements which are prepared on the basis of cash receipts and disbursements. The financial statements of the City of DeWitt, Iowa for the two 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 that collectively comprise the City of DeWitt, Iowa's basic financial statements. 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 5 through 18 and 47 through 55, 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 October 23, 2017 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  
October 23, 2017

**CITY OF DEWITT, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

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, 2017. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

**2017 FINANCIAL HIGHLIGHTS**

The City's total cash basis net position increased 1.0%, or \$97,735, from June 30, 2016 to June 30, 2017. Of this amount, the cash basis net position of the governmental activities increased by \$44,942 and the cash basis net position of the business type activities increased by \$52,793.

**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 liabilities 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, 2017**

**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**

The City has two kinds of funds:

**Governmental Funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The City's major governmental funds are the General Fund, the DeWitt Economic Development TIF Special Revenue Fund, the DeWitt Economic Development TIF Debt Service Fund and the 3rd Street Reconstruction 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.

**CITY OF DEWITT, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

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

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

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

**Capital Projects** - This category includes the 3<sup>rd</sup> Street Reconstruction Capital Project Fund, the 6<sup>th</sup> Avenue Capital Project Fund, the 11<sup>th</sup> Street Widening Capital Project Fund, the 11<sup>th</sup> Street West Capital Project Fund, the 1<sup>st</sup> Street Reconstruction Capital Project Fund, the 8<sup>th</sup> Street Reconstruction Capital Project Fund, the Springbrook Road/17<sup>th</sup> Street Capital Project Fund, the New Public Works Facility Capital Project Fund, the Silver Creek Trail Capital Project Fund, the 11<sup>th</sup> Street/Maynard Way Capital Project Fund, the 9<sup>th</sup> Avenue Storm Water Capital Project Fund, the 2015 Owner Occupied Grant Capital Project Fund and the LMI Down Payment Program Capital Project 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, 2017**

**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 \$6,751,339 to \$6,796,281. The analysis that follows focuses on the changes in net position for governmental activities.

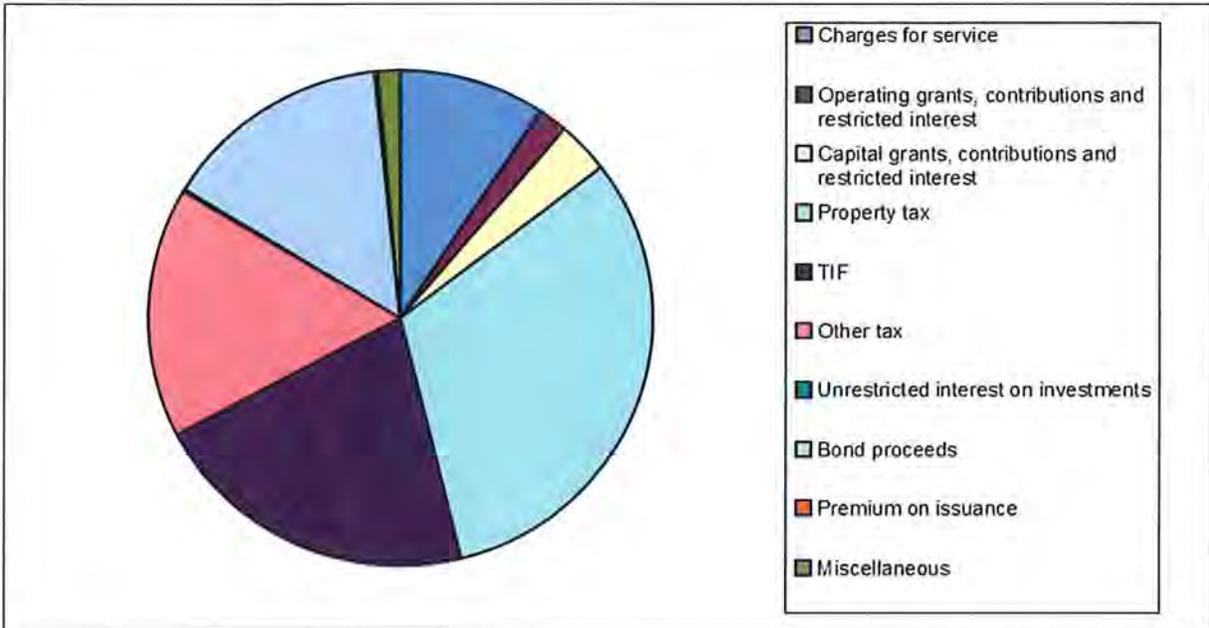
**Changes in Cash Basis Net Position of Governmental Activities**

	<u>2017</u>	<u>2016</u>
<b>Receipts</b>		
Program receipts:		
Charges for service	\$ 785,907	\$ 740,236
Operating grants, contributions and restricted interest	162,027	179,588
Capital grants, contributions and restricted interest	288,234	286,968
General receipts:		
Property tax	2,673,127	2,581,746
Tax increment financing	1,788,241	1,659,507
Other city tax	84,308	77,994
Road use tax	660,693	657,689
Local option sales tax	635,872	592,077
Unrestricted interest on investments	14,781	14,008
Bond proceeds	1,240,000	4,700,000
Premium on issuance	16,912	97,102
Miscellaneous	120,197	120,426
Sale of capital assets	2,895	160,927
Total receipts	<u>8,473,194</u>	<u>11,868,268</u>
 <b>Disbursements</b>		
Public safety	1,423,714	1,903,422
Public works	704,136	749,445
Health and social services	11,608	12,967
Culture and recreation	1,266,073	1,259,264
Community and economic development	431,521	402,791
General government	485,731	489,048
Debt service	2,061,317	4,814,427
Capital projects	<u>2,037,909</u>	<u>4,252,384</u>
Total disbursements	<u>8,422,009</u>	<u>13,883,748</u>
 Change in cash basis net position before transfers	51,185	(2,015,480)
Transfers, net	<u>(6,243)</u>	<u>(1,257)</u>
Change in cash basis net position	44,942	(2,016,737)
 Cash basis net position beginning of year	<u>6,751,339</u>	<u>8,768,076</u>
 <b>Cash basis net position end of year</b>	<u>\$6,796,281</u>	<u>\$6,751,339</u>

**CITY OF DEWITT, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

For the year ended June 30, 2017, the City's governmental activities were funded as follows:

**Sources of Funds for Governmental Activities**

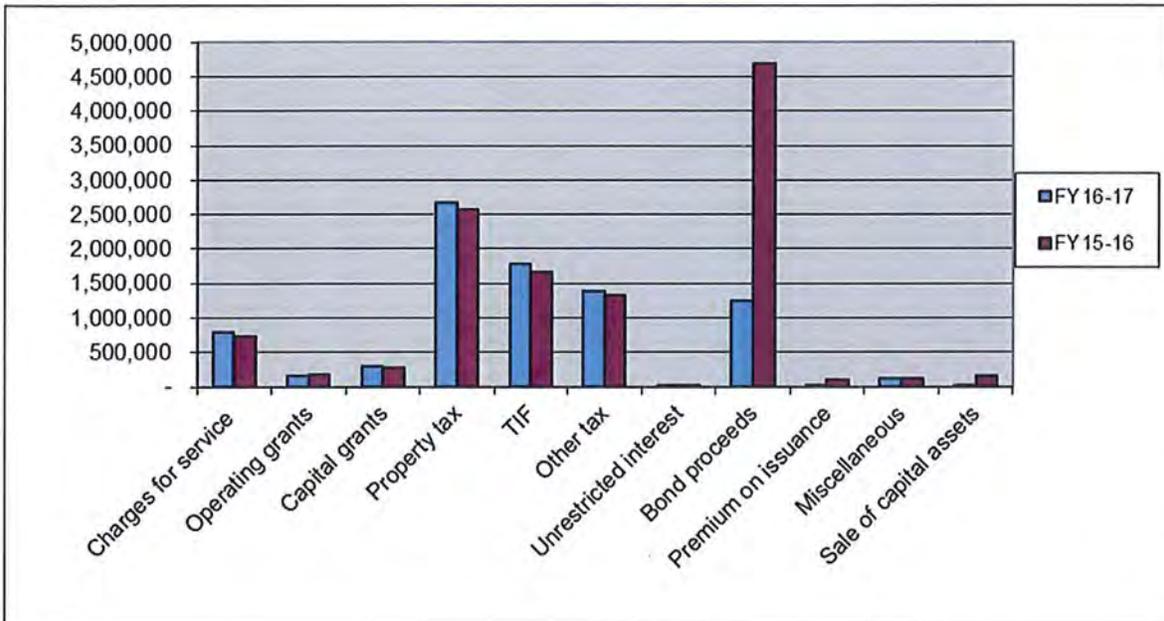


The City's total receipts for governmental activities decreased by \$3,395,074 or 28.6%. The total cost of all programs and services decreased by \$5,461,739, or 39.3%. The significant decrease in receipts was primarily the result of a decrease in proceeds received from the issuance of general obligation bonds. This accounted for \$3,460,000 of the decrease. Many of the other revenues such as charges for services, grant revenues, local option sales tax, and property taxes were up. The significant decrease in disbursements is due to debt service, capital projects, and public safety. The 2016 debt issue refinanced both the 2009 and 2011 bonds so these principal balances were paid in full. The 2017 debt issue did not include any refinancing. In capital projects the new police facility was completed last year, as was, the 1<sup>st</sup> Street reconstruction project. In public safety over \$475,000 was paid in 2016 for the balance of the aerial fire truck purchase.

Charges for service increased by \$45,671 this is due to large permits for Guardian and new hotel. Other city taxes increased by \$6,314. Local option sales tax receipts increased by \$43,795 while Road use tax receipts increased by only \$3,004. Bond proceeds decreased from \$4,700,000 to \$1,240,000. Last year's bond issue was for refunding both the 2009 and 2011 general obligation bonds and funds for 11<sup>th</sup> Street/Maynard Way intersection. The current year bond issue did not include any refunding. It was for the 9<sup>th</sup> Avenue storm water project and the local match for the South 6<sup>th</sup> Avenue project. Sale of capital asset revenue decreased from \$160,927 to \$2,895. \$150,000 of this was related to the sale of the old fire truck to the rural department in 2016.

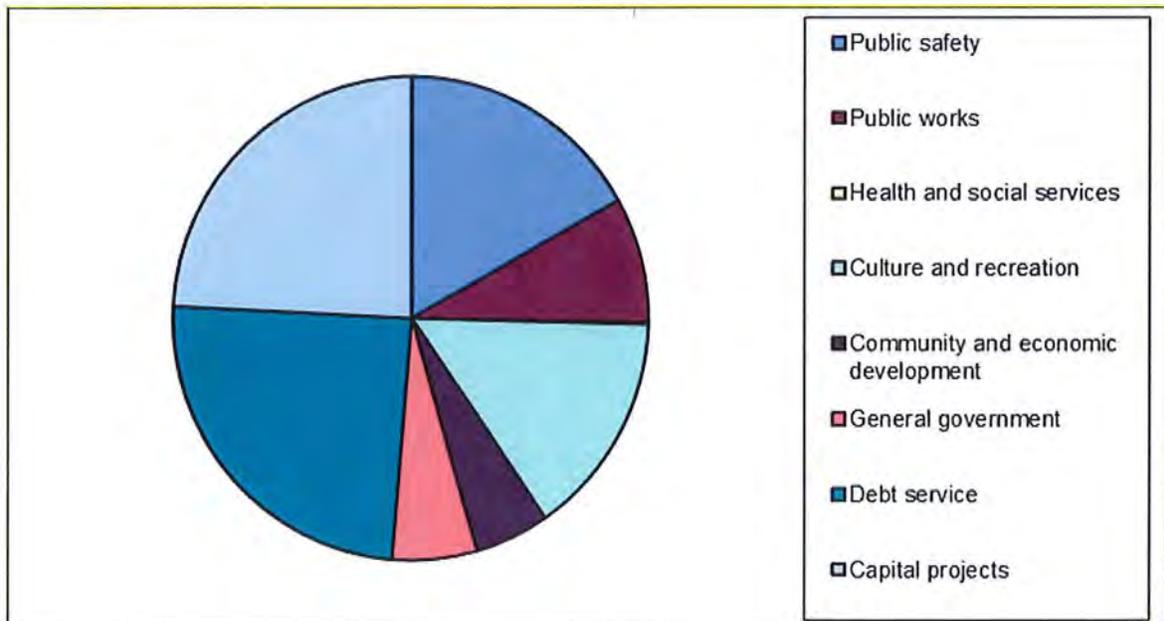
**CITY OF DEWITT, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

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



For the year ended June 30, 2017, the City's disbursements for governmental activities were as follows:

**Uses of Funds in Governmental Activities**



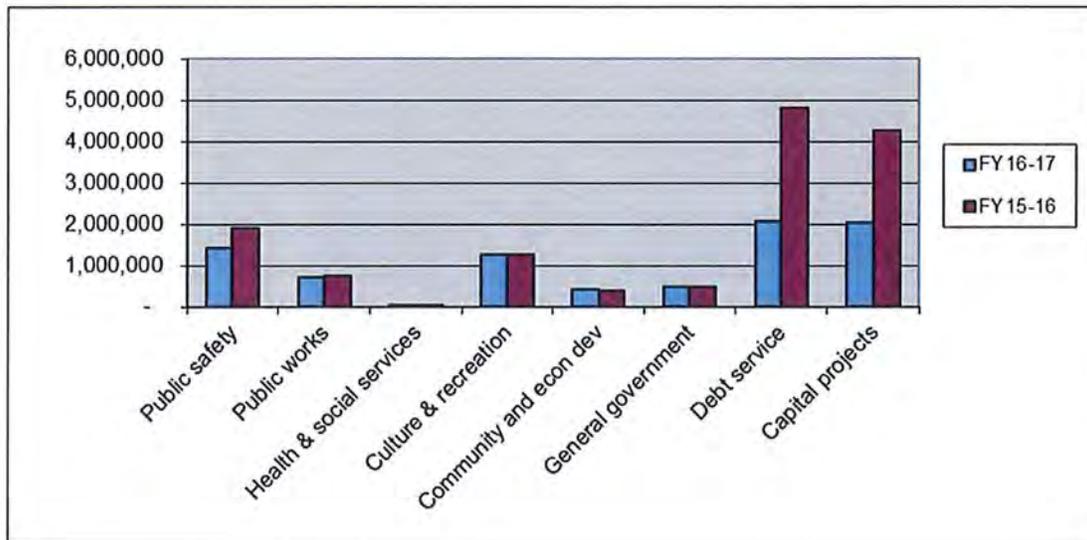
**CITY OF DEWITT, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

The cost of all governmental activities this year was \$8,422,009 compared to \$13,883,748 last year. However, as shown in the Statement of Activities and Net Position on pages 20-21, the amount taxpayers ultimately financed for these activities was \$7,185,841 because some of the cost was paid by those directly benefited from the programs (\$785,907) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (\$450,261).

Governmental program disbursements are 39.3% less in total as compared to the prior year however, some categories have changed more significantly than others. Public safety disbursements decreased by \$479,708. This is mostly due \$275,612 spent last year on the balance of a new aerial fire truck purchase. Public works disbursements decreased by 6% or \$45,309. This is due to a combination of more new equipment purchases last year, additional street maintenance work done last year and snow expenses, due to mild snows, being less than 2016 by \$5,921 excluding capital equipment purchases. Disbursements for health and social services remained similar with only a \$1,359 decrease. Culture and recreation disbursements increased very slightly by only \$6,809. This is a combination of increases in library, parks, recreation, aquatic center, cemetery, and fitness center with decreases in band shell and community center expenses. One of the largest changes was in parks expenses of \$18,979 which included nearly \$10,565 more wages and wage related expense and over \$6,960 in building improvements. Community and economic development disbursements increased by over 7% or \$28,730. In 2017, the City had a Releaf tree grant program with \$13,179 in expenses which was not done in 2016. The largest decrease is in actual TIF rebates paid out. Part of this decrease is due directly to the commercial and industrial rollback. Since the companies we have rebate agreements with paid fewer taxes than the previous year, they received less or no rebate this year. The Hafner rebate decrease as the maximum rebate amount was reached this year and Tiefenthaler rebate increased as additional houses were built. The TIF LMI housing rehabilitation program expenses increased by \$52,140 simply due to the number and cost of the houses completed. Due to the EIHRA grant it allowed double the number of houses to be done. The general government disbursements decreased by about \$3,300. Debt service disbursements decreased by \$2,753,110 due to the refunding of the both the 2009 and 2011 GO bond issues last year. Capital project disbursements decreased by about 52% over the previous year or \$2,214,475. This was mainly due to the 1<sup>st</sup> Street project and new police facility project had the majority of their costs last year. The police facility costs last year were nearly \$2,260,000 as compared to none this year. Both of these large projects were completed last year. The 11<sup>th</sup> Street/Maynard Way, 3<sup>rd</sup> Street reconstruction and trail extension projects each were in progress this year.

**CITY OF DEWITT, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

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, 2017**

**Business-type Activities**

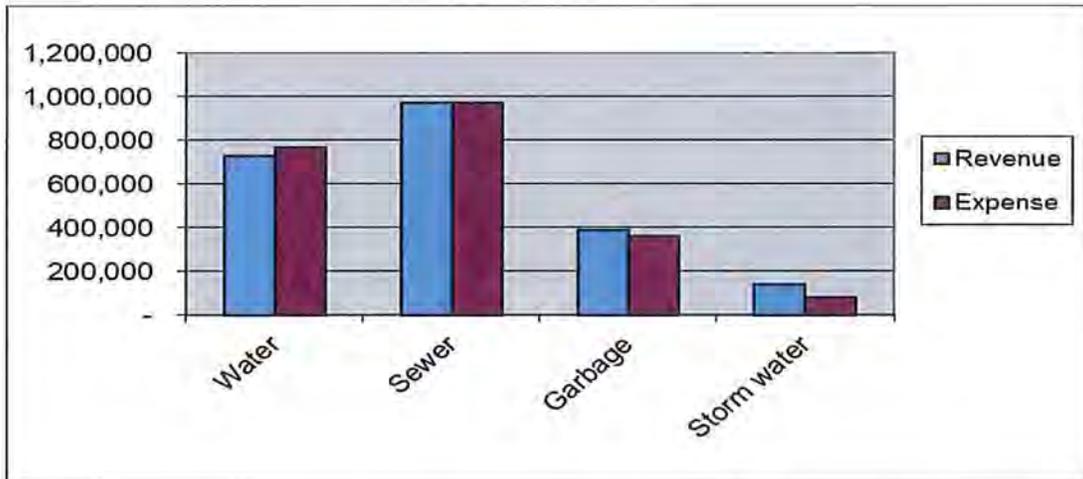
**Changes in Cash Basis Net Position of Business Type Activities**

	<u>2017</u>	<u>2016</u>
<b>Receipts:</b>		
Program receipts:		
Charges for service:		
Water	\$ 690,204	\$ 618,384
Sewer	948,035	972,083
Garbage and recycling collection	386,807	371,409
Storm water utility	113,738	112,356
General receipts:		
Unrestricted interest on investments	16,349	28,393
Miscellaneous	49,031	37,724
Sale of capital assets	19,000	1,200
Total receipts	<u>2,223,164</u>	<u>2,141,549</u>
 <b>Disbursements:</b>		
Water	765,081	729,432
Sewer	969,541	951,787
Garbage and recycling collection	361,978	390,202
Storm water utility	80,014	211,106
Total disbursements	<u>2,176,614</u>	<u>2,282,527</u>
 Change in cash basis net position before transfers	46,550	(140,978)
Transfers, net	6,243	1,257
Change in cash basis net position	<u>52,793</u>	<u>(139,721)</u>
 Cash basis net position beginning of year	<u>3,132,808</u>	<u>3,272,529</u>
 <b>Cash basis net position end of year</b>	<u><b>\$ 3,185,601</b></u>	<u><b>\$ 3,132,808</b></u>

Total business-type activities receipts for the fiscal year were \$2,223,164 compared to \$2,141,549 last year. Total disbursements for the fiscal year decreased from \$2,282,527 to a total of \$2,176,614.

**CITY OF DEWITT, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

For the year ended June 30, 2017, the City's business-type activities, receipts, and disbursements were as follows:



The water receipts are up by \$71,820 as compared to last fiscal year but are below budgeted amounts. It was discovered part way thru last year that we had a major water user that significantly decreased in usage. Council decided at that time to increase rates and add a meter charge for larger meters in order to attempt to compensate for the decrease in usage. Water rates were increased again late spring 2017. Water disbursements increased by \$35,649. This is mostly due to repairs to well #5 out of water equipment reserves. This well was damaged by lightning so \$23,554 of this cost was covered by insurance proceeds. In addition salary and salary related expenses increased \$14,195 over last year. The sewer fund receipts decreased by \$24,048 this is mostly due to sewer rental charges. However, sewer charges were at budgeted level for this year. Sewer disbursements increased \$17,754. This included over \$18,000 in lift station repairs. The garbage and recycling collection fund receipts increased by \$15,398. Garbage rates were increased 3%. Garbage and recycling expenses decreased by \$28,224. This was due to the increased cost of the garbage contract rate offset by a decrease in the landfill assessment. In addition we had been under billed in previous years and made a lump sum payment for this of over \$22,000 last year. Storm water utility receipts increased by \$1,382. This fee is a set amount rather than based on any type of usage. This fee remained the same. This revenue increases as new business and houses are added. Disbursements decreased by 62% or \$131,092. This is due mostly to the purchase of a new sweeper last year for \$140,626. Annual expenses this year were up over last year by about \$9,000 which included a \$7,600 new ditch mower.

**CITY OF DEWITT, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City completed the year, its governmental funds reported a combined fund balance of \$6,786,062, an increase of \$52,656 above last year's total of \$6,733,406. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund ended the fiscal year with a cash balance of \$2,774,169, an increase of \$100,662 from the previous year. Several reserve balances increased as a result of transfers from unreserved general for future expenses such as fire engine reserve, equipment replacement reserve and fire uniform reserve. A combination of many other things being kept under budget and some items over budget affected individual reserved balances and the unreserved general balance. For example building permit revenue was \$44,604 over original budget due mostly to two very large building permits. The net costs in areas such as recreation, fitness center, and cemetery were higher than anticipated resulting in negative balances in some reserves.
- The Special Revenue, DeWitt Economic Development TIF Fund ended the fiscal year with a cash balance of \$738,872, an increase of \$226,054 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 rebate payments this year were less than last year by \$40,847 and nearly \$75,000 under budget due to the commercial and industrial rollback and lower employment numbers than agreed to. 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 \$0, with no change 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.
- The Capital Projects, 3<sup>rd</sup> Street Reconstruction Fund ended the fiscal year with a cash deficit of \$4,479, a decrease of \$1,266,771 from the prior year due to the project being complete. The deficit balance is private sidewalks and driveways that property owners are given 5 years to repay.

**INDIVIDUAL MAJOR PROPRIETARY FUND ANALYSIS**

- The Enterprise, Water Utility Fund cash balance decreased by \$12,878 to \$452,178. This is due to revenues being below budgeted levels. Metered sales revenue was \$5,435 less than budgeted. Tower lease revenue was also under budgeted levels as the new lease with Grand Mound Cooperative that was supposed to start in 2017 was not signed until July 2017 so has started in FY18.

**CITY OF DEWITT, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

- The Enterprise, Sewer Utility Fund cash balance increased by \$471 to \$961,670. This fund is typically budgeted to break even with any net income being transferred into equipment replacement funds at year end. \$45,140 of net income was transferred at year end.

**BUDGETARY HIGHLIGHTS**

The City Council approved two budget amendments during the year. The amendments were to increase cash receipts and disbursements. Revenue changes include increases in building permits, refunds, donations, bond proceeds for the 6<sup>th</sup> Avenue project, cemetery lot sales and grants. Expenditure changes include lightning damage to Well #5, water heater and shredder at fire station, police janitorial and new car/equipment, new librarian, fire wall for library, AC issue at library, parks wage overage and plotting for new cemetery lots. Both revenues and expenses changed due to timing issues for capital projects.

**DEBT ADMINISTRATION**

As of year-end, the City had \$17,257,000 in debt outstanding compared to \$17,977,000 in 2016.

**Outstanding Debt at Year End**

	<u>2017</u>	<u>2016</u>
Governmental		
General obligation	\$16,130,000	\$16,585,000
Business-type		
Water revenue	352,000	424,000
Sewer revenue	<u>775,000</u>	<u>968,000</u>
Subtotal	<u>1,127,000</u>	<u>1,392,000</u>
<b>Total</b>	<u><b>\$17,257,000</b></u>	<u><b>\$17,977,000</b></u>

There was one new bond issue during the year. The 2017 Corporate Purpose GO Bonds were issued for the purpose of paying the costs of constructing street, water system, sanitary sewer system, storm water drainage and sidewalk improvements. The City is at 84.4% of its bonding capacity down from 87.3% at June 30, 2016. For more detailed information on the City's debt and amortization terms refer to Schedules 3 and 4 and Note 3 which is on pages 30-34.

**CITY OF DEWITT, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

The City has eleven TIF rebate agreements with eleven 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. Three of the agreements are housing development agreements with LMI requirements. These developers received payments based on incremental taxes paid. Four industries received partial payments of the annual specified payment and one received nothing. One agreement that started in FY14 has no annual max but simply a percentage rebate of the taxes received. Four agreements have not yet started. Each agreement is written so that each year stands alone. Two agreements received final payments this year.

### **ECONOMIC FACTORS**

Property taxes are important to the City, they represent approximately 28.3% of total resources excluding transfers. Property taxes were more than expected by \$338. TIF revenues comprised just under 19% of revenues. The largest resource after property taxes (excluding bond proceeds), at just over 28%, comes from fees and charges for services and includes utility charges. Intergovernmental revenue was more this year at over 11%. 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 for a few years but this has improved with lower gas prices although utility rates still appear high. The City has taken some measures in the past couple of years to increase energy efficiency. Gasoline prices have been staying relatively low. The extreme weather over the past few years has also adversely affected the City's operating costs. Ice storms, excessive snows, strong winds and extreme cold required much more labor and materials costs than normal. This year we had relatively little snow, a wet beginning to spring then dry weather. Weather this year required more mowing necessary for summer 2016 as fall was long. 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. DeWitt has been fortunate to have growth to help offset the commercial, industrial, telecom and multi-residential rollbacks.

### **Next Year's Budget and Rates**

For the year ending June 30, 2018, the general fund has been budgeted fairly consistently with this year. However, the budget does include \$11,343 for a CALEA accreditation manager, a new police vehicle, police computer replacements, a promotion exam for sergeant, overhead door openers and door trim for the fire department, new fire department copier, IPADs, software and data plans for the fire department, training site development for the fire department, heat from the bay area, increased building permit fees, new ILS system for the library, additional planning for library expansion, shelter repair at Westbrook park, ADA sidewalk at the park, dog park amenities, fence repair at Westbrook and aquatic center, triathlon revenues and expenses, \$10,000 for lavatories/shower panels at the aquatic center, slide platforms at the aquatic center, layout of new cemetery section, and \$10,000 for free weights/bikes/treadmill at fitness center. The road use street department includes street maintenance funds. The snow budget includes roof on salt/sand shed, cutting edges and wing

**CITY OF DEWITT, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

rebuild. The emergency tax levy is not being utilized. 411 rates are decreasing from 25.92% to 25.68%. This is also less as the budget does not include replacement of our retiring Sergeant. About \$24,000 more in street maintenance expense and \$6,000 for guard rail on Lake Street is budgeted for the street department. \$14,000 is also budgeted for tree removal. \$30,000 is also being set aside for the future purchase of new equipment. TIF rebates include a very slight decrease in total. Both Hafner and QCA Spas rebates are finished. Both Diamond Rock and Expander Americas rebates start in the new year. The TIF reserve is budgeted for 8 houses to be done depending on available funds for the TIF LMI housing rehabilitation that the City started. It is hoped that additional supplemental funds will be received from EIRHA. The SSMID is budgeted to have part-time employees water the planters and hanging baskets. It also includes funds for a new downtown improvement grant program for the third year. Replacement of downtown speakers for \$5,300 is also budgeted. Police server replacement is budgeted from OWI funds. Capital projects being budgeted in governmental activities for next year include South 6<sup>th</sup> Avenue, 11<sup>th</sup> Street/Maynard Way intersection project, a trail extension, 9<sup>th</sup> Avenue storm water project, and LMI down-payment housing grant. 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 has negatively impacted taxable values and will continue to decrease taxable values. Property tax credit reimbursements and machinery and equipment reimbursements continue to be funded at less than 100%. The state consolidated payment was eliminated completely. Bank franchise fee revenue has been eliminated completely. Utility tax replacement revenue has been negatively impacted by a state settlement with Alliant Energy which reduced revenue. Consolidation and service sharing issues continue to be discussed at the state level with some proposals giving incentives and others giving sanctions to those cities that cannot meet participation levels. The rollback and other taxation issues such as reclassification of specific types of property continue to erode the tax bases for cities. Property tax issues are expected to continue to be raised. TIF is always a target of proposed legislation. Water rates are increasing 3.64%. The water utility budget includes \$25,000 for cleaning the outside and painting the inside of the north tower, 1/2 of changing out new meters, 1/3 of a new saw, and pulling well #7. Sewer rates are remaining the same. An increase in part-time hours, 1/2 of changing out new meters, \$30,000 is included for sewer on Country Court, and a \$7,500 sampler. The garbage rate is increasing \$.50/month. This budget also includes adding bi-monthly large battery collection. The storm water rate remains the same. The storm water utility budget includes 1/3 of a new saw and a \$9,000 ditch mower. The budget also includes funds set aside for future mower and sweeper purchases.

**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, 2017

FUNCTIONS/PROGRAMS	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 1,423,714	\$ 178,161	\$ 34,078	\$ -
Public works	704,136	3,763	5,778	-
Health and social services	11,608	2,400	182	-
Culture and recreation	1,266,073	558,243	70,236	-
Community and economic development	431,521	6,339	22,759	50,281
General government	485,731	37,001	15,571	-
Debt service	2,061,317	-	4,224	-
Capital projects	2,037,909	-	9,199	237,953
Total governmental activities	<u>8,422,009</u>	<u>785,907</u>	<u>162,027</u>	<u>288,234</u>
Business-type activities:				
Water	765,081	690,204	-	-
Sewer	969,541	948,035	-	-
Garbage and recycling collection	361,978	386,807	-	-
Storm water utility	80,014	113,738	-	-
Total business-type activities	<u>2,176,614</u>	<u>2,138,784</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,598,623</u>	<u>\$ 2,924,691</u>	<u>\$ 162,027</u>	<u>\$ 288,234</u>

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

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,211,475)	\$ -	\$ (1,211,475)
(694,595)	-	(694,595)
(9,026)	-	(9,026)
(637,594)	-	(637,594)
(352,142)	-	(352,142)
(433,159)	-	(433,159)
(2,057,093)	-	(2,057,093)
(1,790,757)	-	(1,790,757)
<u>(7,185,841)</u>	<u>-</u>	<u>(7,185,841)</u>
-	(74,877)	(74,877)
-	(21,508)	(21,506)
-	24,829	24,829
-	33,724	33,724
-	<u>(37,830)</u>	<u>(37,830)</u>
<u>(7,185,841)</u>	<u>(37,830)</u>	<u>(7,223,671)</u>
2,086,053	-	2,086,053
587,074	-	587,074
1,788,241	-	1,788,241
635,872	-	635,872
84,308	-	84,308
660,693	-	660,693
14,781	16,349	31,130
1,240,000	-	1,240,000
16,912	-	16,912
120,197	49,031	169,228
2,895	19,000	21,895
(6,243)	6,243	-
<u>7,230,783</u>	<u>90,623</u>	<u>7,321,406</u>
44,942	52,793	97,735
<u>6,751,339</u>	<u>3,132,808</u>	<u>9,884,147</u>
<u>\$ 6,796,281</u>	<u>\$ 3,185,601</u>	<u>\$ 9,981,882</u>
\$ 192,442	\$ -	\$ 192,442
754,406	-	754,406
1,611,043	-	1,611,043
6,722	15,720	22,442
1,588,180	-	1,588,180
712,124	-	712,124
120,627	1,232,273	1,352,900
1,810,737	1,937,608	3,748,345
<u>\$ 6,796,281</u>	<u>\$ 3,185,601</u>	<u>\$ 9,981,882</u>

CITY OF DEWITT, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
As of and for the Year Ended June 30, 2017

	General	Special Revenue DeWitt Economic Development TIF	Debt Service DeWitt Economic Development TIF	Capital Projects 3rd Street Reconstruction	Nonmajor Governmental Funds	Total
<b>RECEIPTS</b>						
Property tax	\$ 1,587,883	\$ -	\$ -	\$ -	\$ 1,085,244	\$ 2,673,127
Tax increment financing	-	1,788,241	-	-	-	1,788,241
Other city tax	63,647	-	-	-	656,533	720,180
Licenses and permits	135,601	-	-	-	3,503	139,104
Use of money and property	78,622	4,299	2,743	2,790	12,389	100,851
Intergovernmental	132,183	-	-	-	931,811	1,063,994
Charges for service	509,109	-	-	-	2,520	511,629
Miscellaneous	150,897	-	-	2,812	62,752	216,261
Total receipts	<u>2,657,742</u>	<u>1,792,540</u>	<u>2,743</u>	<u>5,610</u>	<u>2,754,752</u>	<u>7,213,387</u>
<b>DISBURSEMENTS</b>						
Operating:						
Public safety	1,260,563	-	-	-	160,580	1,421,143
Public works	36,216	-	-	-	666,634	702,850
Health and social services	11,608	-	-	-	-	11,608
Culture and recreation	1,263,852	-	-	-	-	1,263,852
Community and economic development	98,286	200,983	-	-	131,434	430,703
General government	484,913	-	-	-	-	484,913
Debt service	-	-	1,322,274	-	739,043	2,061,317
Capital projects	-	-	-	975,881	1,062,028	2,037,909
Total disbursements	<u>3,155,438</u>	<u>200,983</u>	<u>1,322,274</u>	<u>975,881</u>	<u>2,759,719</u>	<u>8,414,295</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>(497,696)</u>	<u>1,591,557</u>	<u>(1,319,531)</u>	<u>(970,271)</u>	<u>(4,987)</u>	<u>(1,200,908)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	-	-	-	-	1,240,000	1,240,000
Premium on issuance	-	-	-	-	16,912	16,912
Sale of capital assets	2,895	-	-	-	-	2,895
Operating transfers in	614,643	5,180	1,319,531	-	536,354	2,475,708
Operating transfers out	(19,180)	(1,370,683)	-	(296,500)	(795,588)	(2,481,951)
Total other financing sources (uses)	<u>598,358</u>	<u>(1,365,503)</u>	<u>1,319,531</u>	<u>(296,500)</u>	<u>997,678</u>	<u>1,253,564</u>
<b>CHANGE IN CASH BALANCES (DEFICITS)</b>	100,662	226,054	-	(1,266,771)	992,711	52,656
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>2,673,507</u>	<u>512,818</u>	<u>-</u>	<u>1,262,292</u>	<u>2,284,789</u>	<u>6,733,406</u>
<b>CASH BALANCES (DEFICITS) END OF YEAR</b>	<u>\$ 2,774,169</u>	<u>\$ 738,872</u>	<u>\$ -</u>	<u>\$ (4,479)</u>	<u>\$ 3,277,500</u>	<u>\$ 6,786,062</u>
<b>CASH BASIS FUND BALANCES (DEFICITS)</b>						
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ 192,442	\$ 192,442
Restricted for:						
Urban renewal purposes	-	738,872	-	-	15,534	754,406
Streets	-	-	-	-	1,611,043	1,611,043
Debt service	-	-	-	-	6,722	6,722
Capital improvements and equipment	-	-	-	-	1,588,180	1,588,180
Library	712,124	-	-	-	-	712,124
Other purposes	9,421	-	-	-	111,206	120,627
Assigned for:						
Fire department	292,473	-	-	-	-	292,473
Recreation	51,734	-	-	-	-	51,734
Library	4,274	-	-	-	-	4,274
Referral center	29,513	-	-	-	-	29,513
Sidewalk loans	2,000	-	-	-	-	2,000
Tree project	1,896	-	-	-	-	1,896
Future equipment purchases	72,091	-	-	-	-	72,091
Unassigned	1,598,643	-	-	(4,479)	(247,627)	1,346,537
Total cash basis fund balances (deficits)	<u>\$ 2,774,169</u>	<u>\$ 738,872</u>	<u>\$ -</u>	<u>\$ (4,479)</u>	<u>\$ 3,277,500</u>	<u>\$ 6,786,062</u>

See notes to financial statements.

CITY OF DEWITT, IOWA  
 RECONCILIATION OF THE STATEMENT OF CASH  
 RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES (DEFICITS)  
 TO THE CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION -  
 GOVERNMENTAL FUNDS  
 As of and for the Year Ended June 30, 2017

<b>Total governmental funds cash balances (deficits) (page 22)</b>	<b>\$ 6,786,062</b>
--	---------------------

***Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:***

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

10,219

<b>Cash basis net position of governmental activities (page 21)</b>	<b><u>\$ 6,796,281</u></b>
---	----------------------------

<b>Change in cash balances (page 22)</b>	<b>\$ 52,656</b>
--	------------------

***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.

(7,714)

<b>Change in cash basis net position of governmental activities (page 21)</b>	<b><u>\$ 44,942</u></b>
---	-------------------------

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, 2017

	Enterprise Funds				Internal Service Fund Payroll Clearing
	Water Utility	Sewer Utility	Nonmajor Proprietary Funds	Total	
<b>OPERATING RECEIPTS</b>					
Charges for service	\$ 669,244	\$ 948,035	\$ 521,505	\$ 2,138,784	\$ -
Miscellaneous	-	-	-	-	691,389
Total operating receipts	<u>669,244</u>	<u>948,035</u>	<u>521,505</u>	<u>2,138,784</u>	<u>691,389</u>
<b>OPERATING DISBURSEMENTS</b>					
Governmental activities					
Nonprogram	-	-	-	-	703,076
Business-type activities	607,656	740,695	497,321	1,845,672	-
Total operating disbursements	<u>607,656</u>	<u>740,695</u>	<u>497,321</u>	<u>1,845,672</u>	<u>703,076</u>
<b>EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS</b>	<u>61,588</u>	<u>207,340</u>	<u>24,184</u>	<u>293,112</u>	<u>(11,687)</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>					
Interest on investments	2,784	6,479	7,086	16,349	-
Miscellaneous	9,834	11,510	27,687	49,031	-
Sale of capital assets	-	-	19,000	19,000	-
Debt service	-	-	(295,320)	(295,320)	-
Capital outlay	(7,247)	(11,829)	(12,573)	(31,649)	-
Net non-operating receipts (disbursements)	<u>5,371</u>	<u>6,160</u>	<u>(254,120)</u>	<u>(242,589)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>66,959</u>	<u>213,500</u>	<u>(229,936)</u>	<u>50,523</u>	<u>(11,687)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	46,875	354,741	401,616	-
Operating transfers out	(79,837)	(259,904)	(55,632)	(395,373)	-
Total other financing sources (uses)	<u>(79,837)</u>	<u>(213,029)</u>	<u>299,109</u>	<u>6,243</u>	<u>-</u>
<b>CHANGE IN CASH BALANCES</b>	(12,878)	471	69,173	56,766	(11,687)
<b>CASH BALANCES, BEGINNING OF YEAR</b>	<u>465,056</u>	<u>961,199</u>	<u>1,696,777</u>	<u>3,123,032</u>	<u>27,709</u>
<b>CASH BALANCES, END OF YEAR</b>	<u>\$ 452,178</u>	<u>\$ 961,670</u>	<u>\$ 1,765,950</u>	<u>\$ 3,179,798</u>	<u>\$ 16,022</u>
<b>CASH BASIS FUND BALANCES</b>					
Restricted for:					
Debt service	\$ 6,724	\$ 8,819	\$ 177	\$ 15,720	\$ -
Other purposes	-	-	1,232,273	1,232,273	-
Unrestricted	445,454	952,851	533,500	1,931,805	16,022
Total cash basis fund balances	<u>\$ 452,178</u>	<u>\$ 961,670</u>	<u>\$ 1,765,950</u>	<u>\$ 3,179,798</u>	<u>\$ 16,022</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 -  
PROPRIETARY FUNDS**

**As of and for the Year Ended June 30, 2017**

<b>Total enterprise funds cash balances (page 24)</b>	<b>\$ 3,179,798</b>
---	---------------------

***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.

5,803

<b>Cash basis net position of business-type activities (page 21)</b>	<b><u>\$ 3,185,601</u></b>
--	----------------------------

<b>Change in cash balances (page 24)</b>	<b>\$ 56,766</b>
--	------------------

***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.

(3,973)

<b>Change in cash basis net position of business-type activities (page 21)</b>	<b><u>\$ 52,793</u></b>
--	-------------------------

See notes to financial statements.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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, 2017**

**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.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Debt Service:

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

Capital Projects:

The 3<sup>rd</sup> Street Reconstruction Fund accounts for all resources used in the reconstruction of 3<sup>rd</sup> Street.

The City reports the following major proprietary funds:

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

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

The City also reports the following proprietary fund:

An 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.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

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

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 non-operating 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.

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, 2017, disbursements did not exceed the approved budget.

**F. Subsequent Events**

Management has evaluated subsequent events through October 23, 2017, 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, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 2 - CASH AND POOLED INVESTMENTS (CONTINUED)**

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**NOTE 3 - BONDS PAYABLE**

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,845,000	\$ 373,181	\$ 162,000	\$ 24,513	\$ 2,007,000	\$ 397,694
2019	1,820,000	340,031	165,000	21,083	1,985,000	361,114
2020	1,080,000	306,756	158,000	17,588	1,238,000	324,344
2021	630,000	286,219	160,000	14,254	790,000	300,473
2022	860,000	274,431	138,000	10,878	998,000	285,309
2023-2027	4,730,000	1,056,125	344,000	19,389	5,074,000	1,075,514
2028-2032	3,445,000	604,534	-	-	3,445,000	604,534
2033-2037	1,720,000	141,410	-	-	1,720,000	141,410
Total	<u>\$ 16,130,000</u>	<u>\$3,382,687</u>	<u>\$1,127,000</u>	<u>\$ 107,705</u>	<u>\$ 17,257,000</u>	<u>\$3,490,392</u>

On May 2, 2016, the City issued \$4,700,000 of General Obligation Refunding Bonds, with interest rates ranging from 1.50% to 3.00%. The City issued the bonds to refund the City's 2009 General Obligation Bonds, dated April 1, 2009, with interest rates ranging from 2.00% to 4.30%, and the 2011 General Obligation Refunding Bonds, dated April 1, 2011, with interest rates ranging from 1.20% to 3.65%.

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%.

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%.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 3 - BONDS PAYABLE (CONTINUED)**

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%.

**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 \$863,458. For the current year, principal and interest paid and total customer net receipts for the City's Sewer Revenue Bonds were \$215,264 and \$207,340 respectively.

The resolution providing for the issuance of the revenue bonds includes the following provisions:

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

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

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 3 - BONDS PAYABLE (CONTINUED)**

**2012 Sewer Revenue Bonds** (continued)

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.

The City did not comply with all of the revenue bond provisions during the year ended June 30, 2017. Principal and interest paid exceeded the net revenues required to pay the principal and interest due in 2017 for the City's sewer revenue bonds.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 3 - BONDS PAYABLE (CONTINUED)**

**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 \$371,247. For the current year, principal and interest paid and total customer net receipts for the City's Water Revenue Bonds were \$80,056 and \$61,588, respectively.

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

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

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

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

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

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 3 - BONDS PAYABLE (CONTINUED)**

**2012 Water Revenue Bonds** (continued)

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

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

The City did not comply with all of the revenue bond provisions during the year ended June 30, 2017. Principal and interest paid exceeded the net revenues required to pay the principal and interest due in 2017 for the City's water revenue bonds.

**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 the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

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% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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 their 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 member's 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.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the 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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%.

The City's contributions to IPERS for the year ended June 30, 2017 totaled \$126,338.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$1,161,991 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's proportion was 0.018464% which was an increase of 0.000369% from its proportion measured as of June 30, 2015.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

For the year ended June 30, 2017, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$137,818, \$337,338 and \$157,662, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2014)	3.00% annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100%	

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4 - PENSION PLAN (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' 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 IPERS' 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%, 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 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
City's proportionate share of the net pension liability	\$1,879,943	\$1,161,991	\$ 556,029

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://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 #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://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. Refer to the plan documents for more information.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4 - PENSION PLAN (CONTINUED)**

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

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% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average compensation 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 to a minimum benefit for those members who chose the basic benefit with a 50% 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. When electing to participate in DROP, the member signs a contract stating 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 member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% 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% 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% 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% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4 - PENSION PLAN (CONTINUED)**

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

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides 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, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2017.

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% 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 City of DeWitt, Iowa's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.92% for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 totaled \$160,260.

If approved by the State Legislature, state appropriations may further reduce the City'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 Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPRSI during the year ended June 30, 2017.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$1,460,616 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2016, the City's proportion was 0.233601%, which was an increase of 0.008663% from its proportion measured as of June 30, 2015.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4 - PENSION PLAN (CONTINUED)**

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

For the year ended June 30, 2017, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$199,883, \$556,664 and \$220,390, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%.
Salary increases	4.50 to 15.00%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 through June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap	6.0%
Small cap	5.8
International large cap	7.0
Emerging markets	8.8
Emerging markets debt	6.5
Private non-core real estate	9.3
Master limited partnerships	8.5
Private equity	9.8
Core plus fixed income	3.8
Private core real estate	6.8
Treasury inflation protected securities	2.8
Tactical asset allocation	6.0

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4 - PENSION PLAN (CONTINUED)**

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI'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 MFPRSI's 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%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
City's proportionate share of the net pension liability	\$2,292,365	\$1,460,616	\$ 767,949

MFPRSI's Fiduciary Net Position - Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://www.mfprsi.org).

**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 25 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 employees pay 10% of the monthly premium. 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.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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 \$616 for single coverage, \$1,232 for employee/spouse coverage, \$1,171 for employee/child(ren) coverage and \$1,848 for employee/spouse/child(ren) coverage. For the year ended June 30, 2017, the City contributed \$364,117 and plan members eligible for benefits contributed \$38,737 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 disbursements by the City until used or paid. The City's approximate liability for earned vacation and personal leave payable to employees at June 30, 2017, primarily relating to the General Fund, was \$74,700. This liability has been computed based on rates of pay in effect as of June 30, 2017. 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, 2017 is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$ 614,643	\$ 19,180
Special Revenue:		
DeWitt Economic Development TIF	5,180	1,370,683
Debt Service:		
DeWitt Economic Development TIF	1,319,531	-
Capital Projects:		
3 <sup>rd</sup> Street Reconstruction	-	296,500
Other Nonmajor Governmental Funds	536,354	795,588
Water Utility	-	79,837
Sewer Utility	46,875	259,904
Other Nonmajor Proprietary Funds	<u>354,741</u>	<u>55,632</u>
	<u>\$ 2,877,324</u>	<u>\$ 2,877,324</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, 2017**

**NOTE 8 - COMMITTED CONSTRUCTION**

As of June 30, 2017, the City had the following committed construction:

<b>Project</b>	<b>Total Contract</b>	<b>Portion at June 30, 2017</b>	
	<b>Amount</b>	<b>Completed</b>	<b>Committed</b>
Maynard Way/11 <sup>th</sup> Street Trail	\$ 477,295	\$ 75,326	\$ 401,969
Trail Extension	404,371	76,390	327,981
9 <sup>th</sup> Avenue Storm Sewer	858,015	659,909	198,106
Library Expansion	52,180	43,764	8,416
South 6 <sup>th</sup> Avenue	171,100	12,843	158,257
PW Conceptual Study	5,000	-	5,000
Home Rehabilitation Projects	44,976	-	44,976
<b>Total</b>	<b>\$ 2,012,937</b>	<b>\$ 868,232</b>	<b>\$ 1,144,705</b>

**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 3<sup>rd</sup> Street Reconstruction Capital Project Fund, the 11<sup>th</sup> Street West Capital Project Fund, the 8<sup>th</sup> Street Reconstruction Capital Project Fund, the Springbrook Road/17<sup>th</sup> Street Capital Project Fund and the 2015 Owner Occupied Grant Capital Project Fund all had deficit balances at June 30, 2017.

The 3<sup>rd</sup> Street Reconstruction Capital Project Fund had a deficit balance of \$4,479, the 11<sup>th</sup> Street West Capital Project Fund had a deficit balance of \$5,385, the 8<sup>th</sup> Street Reconstruction Capital Project Fund had a deficit balance of \$3,338, the Springbrook Road/17<sup>th</sup> Street Capital Project Fund had a deficit balance of \$187,142 and the 2015 Owner Occupied Grant Capital Project Fund had a deficit balance of \$51,762. The deficit balances will be eliminated upon the receipt of funds owed to the City.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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 \$3,483,731, subject to annual appropriations by the City Council.

During the year ended June 30, 2017, the City rebated \$191,912 of incremental property tax to developers. The remaining balance to be paid on the agreements at June 30, 2017 was \$3,291,819.

**NOTE 12 - TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City abated \$216,882 of property tax under the urban renewal and economic development projects.

**NOTE 13 - NEW ACCOUNTING PRONOUNCEMENT**

The City adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the City's tax abatements.

**CITY OF DEWITT, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 14 - PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information.

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, 2017

	<b>Governmental Funds <u>Actual</u></b>	<b>Proprietary Funds <u>Actual</u></b>	<b>Less Funds Not Required to be <u>Budgeted</u></b>
<b>RECEIPTS</b>			
Property tax	\$ 2,673,127	\$ -	\$ -
Tax increment financing	1,788,241	-	-
Other city tax	720,180	-	-
Licenses and permits	139,104	-	-
Use of money and property	100,851	16,349	-
Intergovernmental	1,063,994	-	-
Charges for service	511,629	2,138,784	-
Miscellaneous	216,261	759,420	691,389
Total receipts	<u>7,213,387</u>	<u>2,914,553</u>	<u>691,389</u>
<b>DISBURSEMENTS</b>			
Public safety	1,421,143	-	-
Public works	702,850	-	-
Health and social services	11,608	-	-
Culture and recreation	1,263,852	-	-
Community and economic development	430,703	-	-
General government	484,913	-	-
Debt service	2,061,317	-	-
Capital projects	2,037,909	-	-
Business-type activities	-	2,172,641	-
Nonprogram	-	703,076	703,076
Total disbursements	<u>8,414,295</u>	<u>2,875,717</u>	<u>703,076</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(1,200,908)</b>	<b>38,836</b>	<b>(11,687)</b>
<b>OTHER FINANCING SOURCES, NET</b>	<b><u>1,253,564</u></b>	<b><u>6,243</u></b>	<b><u>-</u></b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES</b>	<b>52,656</b>	<b>45,079</b>	<b>(11,687)</b>
<b>BALANCES, BEGINNING OF YEAR</b>	<b><u>6,733,406</u></b>	<b><u>3,150,741</u></b>	<b><u>27,709</u></b>
<b>BALANCES, END OF YEAR</b>	<b><u>\$ 6,786,062</u></b>	<b><u>\$ 3,195,820</u></b>	<b><u>\$ 16,022</u></b>

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>	
\$ 2,673,127	\$ 2,672,789	\$ 2,672,789	\$ 338
1,788,241	1,800,000	1,800,000	(11,759)
720,180	77,456	77,456	642,724
139,104	91,940	134,107	4,997
117,200	129,810	134,067	(16,867)
1,063,994	1,896,904	1,997,093	(933,099)
2,650,413	2,636,091	2,651,139	(726)
284,292	203,330	324,140	(39,848)
<u>9,436,551</u>	<u>9,508,320</u>	<u>9,790,791</u>	<u>(354,240)</u>
1,421,143	1,432,582	1,473,912	52,769
702,850	857,570	878,633	175,783
11,608	14,512	14,512	2,904
1,263,852	1,233,687	1,309,589	45,737
430,703	474,365	551,988	121,285
484,913	486,914	494,821	9,908
2,061,317	2,069,504	2,069,754	8,437
2,037,909	3,197,000	3,177,841	1,139,932
2,172,641	2,167,989	2,222,101	49,460
-	-	-	-
<u>10,586,936</u>	<u>11,934,123</u>	<u>12,193,151</u>	<u>1,606,215</u>
(1,150,385)	(2,425,803)	(2,402,360)	1,251,975
<u>1,259,807</u>	<u>905,000</u>	<u>1,334,500</u>	<u>(74,693)</u>
109,422	(1,520,803)	(1,067,860)	1,177,282
<u>9,856,438</u>	<u>6,048,074</u>	<u>15,934,919</u>	<u>(6,078,481)</u>
<u>\$ 9,965,860</u>	<u>\$ 4,527,271</u>	<u>\$ 14,867,059</u>	<u>\$ (4,901,199)</u>

**CITY OF DEWITT, IOWA**  
**NOTES TO OTHER INFORMATION - BUDGETARY REPORTING**  
**June 30, 2017**

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, the Special Revenue Funds, the Debt Service Funds, the Capital Projects Funds, the Permanent Fund and the 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, two budget amendments increased budgeted receipts by \$282,471 and increased budgeted disbursements by \$259,028. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2017, disbursements did not exceed the approved budget.

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

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST THREE YEARS\***

**OTHER INFORMATION**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.018464%	0.018095%	0.018362%
City's proportionate share of the net pension liability	\$ 1,161,991	\$ 894,001	\$ 728,224
City's covered-employee payroll	\$ 1,325,028	\$ 1,239,698	\$ 1,205,252
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.70%	72.11%	60.42%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA  
SCHEDULE OF CITY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST 10 YEARS

OTHER INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contribution	\$ 126,338	\$ 118,325	\$ 110,705	\$ 107,629	\$ 95,228	\$ 87,127	\$ 74,735	\$ 65,081	\$ 55,570	\$ 53,702
Contributions in relation to the statutorily required contribution	<u>(126,338)</u>	<u>(118,325)</u>	<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>
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	\$ 1,414,759	\$ 1,325,028	\$ 1,239,698	\$ 1,205,252	\$ 1,098,362	\$ 1,079,641	\$ 1,075,324	\$ 978,662	\$ 875,118	\$ 887,636
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

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, 2017**

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 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.

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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% 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 (unfunded actuarial liability) 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.

**CITY OF DEWITT, IOWA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA**  
**FOR THE LAST THREE YEARS\***

**OTHER INFORMATION**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.233601%	0.224938%	0.206954%
City's proportionate share of the net pension liability	\$ 1,460,616	\$ 1,056,791	\$ 750,206
City's covered-employee payroll	\$ 633,043	\$ 589,888	\$ 527,872
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	230.73%	179.15%	142.12%
Plan fiduciary net position as a percentage of the total pension liability	78.20%	83.04%	86.27%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA  
SCHEDULE OF CITY CONTRIBUTIONS

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

OTHER INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contribution	\$ 160,260	\$ 175,796	\$ 179,385	\$ 158,995	\$ 136,987	\$ 130,794	\$ 97,161	\$ 83,282	\$ 89,340	\$ 53,702
Contributions in relation to the statutorily required contribution	<u>(160,260)</u>	<u>(175,796)</u>	<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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 618,287	\$ 633,043	\$ 589,888	\$ 527,872	\$ 524,453	\$ 528,247	\$ 488,246	\$ 489,894	\$ 476,480	\$ 210,761
Contributions as a percentage of covered-employee payroll	25.92%	27.77%	30.41%	30.12%	26.12%	24.76%	19.90%	17.00%	18.75%	25.48%

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, 2017**

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Postretirement mortality changed to the RP-2000 Blue Collar combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled's set-forward one year (male only rates), with no projection of future mortality improvement.

**SUPPLEMENTARY INFORMATION**

CITY OF DEWITT, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES (DEFICITS)  
NONMAJOR GOVERNMENTAL FUNDS  
As of and for the Year Ended June 30, 2017

	Special Revenue				
	Road Use Tax	Road Use Equipment Replacement	Local Option Sales Tax	Local Option Sales Tax Equipment Reserve	Economic Development Revolving Loan Fund
<b>RECEIPTS</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax	-	-	635,872	-	-
Licenses and permits	-	-	3,503	-	-
Use of money and property	-	67	4,190	-	39
Intergovernmental	660,693	-	-	-	-
Charges for service	-	-	-	-	-
Miscellaneous	104	-	1,101	-	-
Total receipts	<u>660,797</u>	<u>67</u>	<u>644,666</u>	<u>-</u>	<u>39</u>
<b>DISBURSEMENTS</b>					
Operating:					
Public safety	-	-	-	-	-
Public works	431,314	-	235,320	-	-
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	<u>431,314</u>	<u>-</u>	<u>235,320</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>229,483</u>	<u>67</u>	<u>409,346</u>	<u>-</u>	<u>39</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	-
Premium on issuance	-	-	-	-	-
Operating transfers in	-	20,000	-	30,000	-
Operating transfers out	(149,625)	-	(284,349)	-	(5,251)
Total other financing sources (uses)	<u>(149,625)</u>	<u>20,000</u>	<u>(284,349)</u>	<u>30,000</u>	<u>(5,251)</u>
<b>CHANGE IN CASH BALANCES (DEFICITS)</b>	79,858	20,067	124,997	30,000	(5,212)
<b>CASH BALANCES (DEFICITS) BEGINNING OF YEAR</b>	794,113	13,186	519,572	29,250	25,576
<b>CASH BALANCES (DEFICITS) END OF YEAR</b>	<u>\$ 873,971</u>	<u>\$ 33,253</u>	<u>\$ 644,569</u>	<u>\$ 59,250</u>	<u>\$ 20,364</u>
<b>CASH BASIS FUND BALANCES (DEFICITS)</b>					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Urban renewal purposes	-	-	-	-	-
Streets	873,971	33,253	644,569	59,250	-
Debt service	-	-	-	-	-
Capital improvements and equipment	-	-	-	-	-
Other purposes	-	-	-	-	20,364
Unassigned	-	-	-	-	-
Total cash basis fund balances (deficits)	<u>\$ 873,971</u>	<u>\$ 33,253</u>	<u>\$ 644,569</u>	<u>\$ 59,250</u>	<u>\$ 20,364</u>

See accompanying independent auditor's report.

DeWitt Economic Development TIF Reserve	Special Revenue				Debt Service	Capital Projects
	Retirement Benefits	Employee Benefits	Police Capital Improvements	SSMID	Debt Service	6th Avenue
\$ -	\$ 158,160	\$ 334,175	\$ -	\$ 5,835	\$ 587,074	\$ -
-	3,482	7,363	-	-	9,816	-
-	84	-	128	-	1,480	403
50,031	7,012	14,825	-	630	19,765	-
-	-	-	2,520	-	-	-
250	-	-	1,410	-	-	-
<u>50,281</u>	<u>168,738</u>	<u>356,363</u>	<u>4,058</u>	<u>6,465</u>	<u>618,135</u>	<u>403</u>
-	160,280	-	320	-	-	-
-	-	-	-	-	-	-
115,885	-	-	-	15,549	-	-
-	-	-	-	-	739,043	-
-	-	-	-	-	-	26,143
<u>115,885</u>	<u>160,280</u>	<u>-</u>	<u>320</u>	<u>15,549</u>	<u>739,043</u>	<u>26,143</u>
<u>(65,604)</u>	<u>8,478</u>	<u>356,363</u>	<u>3,738</u>	<u>(9,084)</u>	<u>(120,908)</u>	<u>(25,740)</u>
-	-	-	-	-	-	378,626
-	-	-	-	-	-	5,164
40,978	-	-	-	14,000	129,625	-
-	-	(356,363)	-	-	-	-
<u>40,978</u>	<u>-</u>	<u>(356,363)</u>	<u>-</u>	<u>14,000</u>	<u>129,625</u>	<u>383,790</u>
(24,626)	8,478	-	3,738	4,916	8,717	358,050
<u>40,160</u>	<u>4,783</u>	<u>-</u>	<u>18,177</u>	<u>50,750</u>	<u>(1,995)</u>	<u>(1,049)</u>
<u>\$ 15,534</u>	<u>\$ 13,261</u>	<u>\$ -</u>	<u>\$ 21,915</u>	<u>\$ 55,666</u>	<u>\$ 6,722</u>	<u>\$ 357,001</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,534	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,722	-
-	-	-	-	-	-	357,001
-	13,261	-	21,915	55,666	-	-
<u>\$ 15,534</u>	<u>\$ 13,261</u>	<u>\$ -</u>	<u>\$ 21,915</u>	<u>\$ 55,666</u>	<u>\$ 6,722</u>	<u>\$ 357,001</u>

CITY OF DEWITT, IOWA  
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCES (DEFICITS)  
 NONMAJOR GOVERNMENTAL FUNDS  
 As of and for the Year Ended June 30, 2017

Capital Projects

	11th Street Widening	11th Street West	1st Street Reconstruction	8th Street Reconstruction	Springbrook Road/ 17th Street
<b>RECEIPTS</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for service	-	-	-	-	-
Miscellaneous	2,180	874	202	51	50,000
Total receipts	<u>2,180</u>	<u>874</u>	<u>202</u>	<u>51</u>	<u>50,000</u>
<b>DISBURSEMENTS</b>					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>2,180</u>	<u>874</u>	<u>202</u>	<u>51</u>	<u>50,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	-
Premium on issuance	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN CASH BALANCES (DEFICITS)</b>	2,180	874	202	51	50,000
<b>CASH BALANCES (DEFICITS) BEGINNING OF YEAR</b>	<u>(2,180)</u>	<u>(6,259)</u>	<u>(202)</u>	<u>(3,388)</u>	<u>(237,142)</u>
<b>CASH BALANCES (DEFICITS) END OF YEAR</b>	<u>\$ -</u>	<u>\$ (5,385)</u>	<u>\$ -</u>	<u>\$ (3,338)</u>	<u>\$ (187,142)</u>
<b>CASH BASIS FUND BALANCES (DEFICITS)</b>					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Urban renewal purposes	-	-	-	-	-
Streets	-	-	-	-	-
Debt service	-	-	-	-	-
Capital improvements and equipment	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	(5,385)	-	(3,338)	(187,142)
Total cash basis fund balances (deficits)	<u>\$ -</u>	<u>\$ (5,385)</u>	<u>\$ -</u>	<u>\$ (3,338)</u>	<u>\$ (187,142)</u>

See accompanying independent auditor's report.

Capital Projects						Permanent	
New Public Works Facility	Silver Creek Trail	11th Street/ Maynard Way Project	9th Avenue Storm Water Project	2015 Owner Occupied Grant	LMI Down Payment Program	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,085,244
-	-	-	-	-	-	-	656,533
-	-	-	-	-	-	-	3,503
77	4,436	1,184	301	-	-	-	12,389
-	-	-	-	173,855	5,000	-	931,811
-	-	-	-	-	-	-	2,520
-	2,980	-	-	-	-	3,600	62,752
<u>77</u>	<u>7,416</u>	<u>1,184</u>	<u>301</u>	<u>173,855</u>	<u>5,000</u>	<u>3,600</u>	<u>2,754,752</u>
-	-	-	-	-	-	-	160,580
-	-	-	-	-	-	-	666,634
-	-	-	-	-	-	-	131,434
-	-	-	-	-	-	-	739,043
-	77,351	40,894	691,302	216,091	10,247	-	1,062,028
-	77,351	40,894	691,302	216,091	10,247	-	2,759,719
<u>77</u>	<u>(69,935)</u>	<u>(39,710)</u>	<u>(691,001)</u>	<u>(42,236)</u>	<u>(5,247)</u>	<u>3,600</u>	<u>(4,967)</u>
-	-	-	861,374	-	-	-	1,240,000
-	-	-	11,748	-	-	-	16,912
-	-	296,500	-	4	5,247	-	536,354
-	-	-	-	-	-	-	(795,588)
-	-	296,500	873,122	4	5,247	-	997,678
77	(69,935)	256,790	182,121	(42,232)	-	3,600	992,711
12,126	730,663	119,337	-	(9,530)	-	188,842	2,284,789
<u>\$ 12,203</u>	<u>\$ 660,728</u>	<u>\$ 376,127</u>	<u>\$ 182,121</u>	<u>\$ (51,762)</u>	<u>\$ -</u>	<u>\$ 192,442</u>	<u>\$ 3,277,500</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,442	\$ 192,442
-	-	-	-	-	-	-	15,534
-	-	-	-	-	-	-	1,611,043
-	-	-	-	-	-	-	6,722
12,203	660,728	376,127	182,121	-	-	-	1,588,180
-	-	-	-	-	-	-	111,206
-	-	-	-	(51,762)	-	-	(247,627)
<u>\$ 12,203</u>	<u>\$ 660,728</u>	<u>\$ 376,127</u>	<u>\$ 182,121</u>	<u>\$ (51,762)</u>	<u>\$ -</u>	<u>\$ 192,442</u>	<u>\$ 3,277,500</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, 2017

	Enterprise Funds				
	Storm Water Utility	Storm Water Equipment Replacement	Water Utility Equipment Replacement	Water Revenue Sinking	Water Meter Deposit
<b>OPERATING RECEIPTS</b>					
Charges for service	\$ 113,738	\$ -	\$ -	\$ -	\$ 20,960
<b>OPERATING DISBURSEMENTS</b>					
Business-type activities	67,324	-	50,720	-	18,000
<b>EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS</b>	<u>46,414</u>	<u>-</u>	<u>(50,720)</u>	<u>-</u>	<u>2,960</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>					
Interest on investments	2,128	580	398	219	-
Miscellaneous	4,134	-	23,553	-	-
Sale of capital assets	-	19,000	-	-	-
Debt service	-	-	-	(80,056)	-
Capital outlay	(12,573)	-	-	-	-
Net non-operating receipts (disbursements)	<u>(6,311)</u>	<u>19,580</u>	<u>23,951</u>	<u>(79,837)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>40,103</u>	<u>19,580</u>	<u>(26,769)</u>	<u>(79,837)</u>	<u>2,960</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	15,000	-	79,837	-
Operating transfers out	(15,000)	-	-	-	-
Total other financing sources (uses)	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>	<u>79,837</u>	<u>-</u>
<b>CHANGE IN CASH BALANCES</b>	25,103	34,580	(26,769)	-	2,960
<b>CASH BALANCES BEGINNING OF YEAR</b>	<u>322,905</u>	<u>55,879</u>	<u>110,856</u>	<u>-</u>	<u>49,435</u>
<b>CASH BALANCES END OF YEAR</b>	<u>\$ 348,008</u>	<u>\$ 90,459</u>	<u>\$ 84,087</u>	<u>\$ -</u>	<u>\$ 52,395</u>
<b>CASH BASIS FUND BALANCES</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	90,459	84,087	-	52,395
Unrestricted	348,008	-	-	-	-
Total cash basis fund balances	<u>\$ 348,008</u>	<u>\$ 90,459</u>	<u>\$ 84,087</u>	<u>\$ -</u>	<u>\$ 52,395</u>

See accompanying independent auditor's report.

Enterprise Funds					
Sewer Revenue Sinking	Sewer Improvement Equipment Replacement	Sewer Improvement and Extension	Sewer Utility Equipment Replacement	Garbage and Recycling Collection	Total
\$ -	\$ -	\$ -	\$ -	\$ 386,807	\$ 521,505
-	-	-	-	361,277	497,321
-	-	-	-	25,530	24,184
591	936	-	1,110	1,124	7,086
-	-	-	-	-	27,687
-	-	-	-	-	19,000
(215,264)	-	-	-	-	(295,320)
-	-	-	-	-	(12,573)
<u>(214,673)</u>	<u>936</u>	<u>-</u>	<u>1,110</u>	<u>1,124</u>	<u>(254,120)</u>
<u>(214,673)</u>	<u>936</u>	<u>-</u>	<u>1,110</u>	<u>26,654</u>	<u>(229,936)</u>
214,764	22,570	-	22,570	-	354,741
-	(40,632)	-	-	-	(55,632)
<u>214,764</u>	<u>(18,062)</u>	<u>-</u>	<u>22,570</u>	<u>-</u>	<u>299,109</u>
91	(17,126)	-	23,680	26,654	69,173
86	479,426	188,621	330,731	158,838	1,696,777
\$ 177	\$ 462,300	\$ 188,621	\$ 354,411	\$ 185,492	\$ 1,765,950
\$ 177	\$ -	\$ -	\$ -	\$ -	\$ 177
-	462,300	188,621	354,411	-	1,232,273
-	-	-	-	185,492	533,500
<u>\$ 177</u>	<u>\$ 462,300</u>	<u>\$ 188,621</u>	<u>\$ 354,411</u>	<u>\$ 185,492</u>	<u>\$ 1,765,950</u>

CITY OF DEWITT, IOWA  
SCHEDULE OF INDEBTEDNESS  
Year Ended June 30, 2017

<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 2012 Refunding	April 1, 2012	0.35% - 1.30%	\$ 870,000	\$ 375,000	\$ -	\$ 125,000	\$ 250,000	\$ 4,125	\$ -
Series 2012 Urban Renewal	April 1, 2012	3.00%	820,000	820,000	-	-	820,000	24,600	-
Series 2013 Urban Renewal	May 1, 2013	0.80% - 3.00%	2,000,000	2,000,000	-	-	2,000,000	39,906	-
Series 2014 Refunding	May 1, 2014	2.00% - 4.00%	3,710,000	3,225,000	-	250,000	2,975,000	81,250	-
Series 2015 Refunding	May 6, 2015	2.00%	6,495,000	5,465,000	-	1,095,000	4,370,000	109,300	-
Series 2016 Refunding	May 2, 2016	1.50% - 3.00%	4,700,000	4,700,000	-	225,000	4,475,000	103,886	-
Series 2017 Corporate Purpose	May 1, 2017	3.00% - 4.00%	1,240,000	-	1,240,000	-	1,240,000	-	-
Total			<u>\$ 19,835,000</u>	<u>\$ 16,585,000</u>	<u>\$ 1,240,000</u>	<u>\$ 1,695,000</u>	<u>\$ 16,130,000</u>	<u>\$ 363,067</u>	<u>\$ -</u>
Revenue bonds:									
2012 Sewer Revenue Refunding	March 1, 2012	2.30%	\$ 1,870,000	\$ 968,000	\$ -	\$ 193,000	\$ 775,000	\$ 22,264	\$ -
2012 Water Revenue Refunding	March 1, 2012	1.90%	772,000	424,000	-	72,000	352,000	8,056	-
Total			<u>\$ 2,642,000</u>	<u>\$ 1,392,000</u>	<u>\$ -</u>	<u>\$ 265,000</u>	<u>\$ 1,127,000</u>	<u>\$ 30,320</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA  
BOND AND NOTE MATURITIES  
June 30, 2017

General Obligation Bonds

Year Ending June 30,	Series 2012 Refunding Issued April 1, 2012			Series 2012 Urban Renewal Issued April 1, 2012			Series 2013 Urban Renewal Issued May 1, 2013		
	Interest			Interest			Interest		
	Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest
2018	1.10%	\$ 125,000	\$ 3,000	3.00%	\$ -	\$ 24,600	0.80%	\$ 125,000	\$ 39,906
2019	1.30%	125,000	1,625	3.00%	-	24,600	1.00%	125,000	38,906
2020		-	-	3.00%	-	24,600	1.15%	125,000	37,656
2021		-	-	3.00%	-	24,600	1.35%	125,000	36,219
2022		-	-	3.00%	-	24,600	1.55%	125,000	34,531
2023		-	-	3.00%	-	24,600	1.75%	125,000	32,594
2024		-	-	3.00%	-	24,600	1.90%	125,000	30,406
2025		-	-	3.00%	-	24,600	2.00%	125,000	28,031
2026		-	-	3.00%	-	24,600	2.13%	125,000	25,531
2027		-	-	3.00%	-	24,600	2.25%	125,000	22,875
2028		-	-	3.00%	-	24,600	2.40%	125,000	20,063
2029		-	-	3.00%	-	24,600	2.40%	125,000	17,063
2030		-	-	3.00%	-	24,600	2.55%	125,000	14,063
2031		-	-	3.00%	820,000	24,600	2.70%	125,000	10,875
2032		-	-		-	-	3.00%	125,000	7,500
2033		-	-		-	-	3.00%	125,000	3,750
2034		-	-		-	-		-	-
2035		-	-		-	-		-	-
2036		-	-		-	-		-	-
2037		-	-		-	-		-	-
<b>TOTAL</b>		<u>\$ 250,000</u>	<u>\$ 4,625</u>		<u>\$ 820,000</u>	<u>\$ 344,400</u>		<u>\$ 2,000,000</u>	<u>\$ 399,969</u>

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA  
BOND AND NOTE MATURITIES  
June 30, 2017

General Obligation Bonds

Year Ending June 30.	Series 2014 Refunding Issued May 1, 2014			Series 2015 Refunding Issued May 6, 2015			Series 2016 Refunding Issued May 2, 2016		
	Interest			Interest			Interest		
	Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest
2018	2.00%	\$ 250,000	\$ 76,250	2.00%	\$ 1,120,000	\$ 87,400	1.50%	\$ 225,000	\$ 100,800
2019	2.00%	260,000	71,250	2.00%	1,110,000	65,000	1.50%	200,000	97,425
2020	2.00%	250,000	66,050	2.00%	505,000	42,800	2.00%	200,000	94,425
2021	2.00%	265,000	61,050	2.00%	40,000	32,700	2.00%	200,000	90,425
2022	2.00%	350,000	55,750	2.00%	155,000	31,900	2.00%	230,000	86,425
2023	2.15%	200,000	48,750	2.00%	250,000	28,800	2.05%	510,000	81,825
2024	2.30%	200,000	44,450	2.00%	560,000	23,800	2.10%	335,000	71,370
2025	2.55%	200,000	39,850	2.00%	630,000	12,600	2.10%	350,000	64,335
2026	2.75%	200,000	34,750	-	-	-	2.25%	275,000	56,985
2027	3.00%	200,000	29,250	-	-	-	2.25%	195,000	50,798
2028	3.75%	100,000	23,250	-	-	-	2.30%	195,000	46,410
2029	3.75%	100,000	19,500	-	-	-	2.40%	195,000	41,925
2030	3.75%	100,000	15,750	-	-	-	2.50%	195,000	37,245
2031	4.00%	-	12,000	-	-	-	2.50%	195,000	32,370
2032	4.00%	100,000	12,000	-	-	-	2.65%	195,000	27,495
2033	4.00%	100,000	8,000	-	-	-	2.75%	195,000	22,327
2034	4.00%	100,000	4,000	-	-	-	2.80%	195,000	16,965
2035	-	-	-	-	-	-	2.90%	195,000	11,505
2036	-	-	-	-	-	-	3.00%	195,000	5,850
2037	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>		<u>\$ 2,975,000</u>	<u>\$ 621,900</u>		<u>\$ 4,370,000</u>	<u>\$ 325,000</u>		<u>\$ 4,475,000</u>	<u>\$ 1,036,905</u>

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA  
BOND AND NOTE MATURITIES  
June 30, 2017

Year Ending June 30,	General Obligation Bonds			Total	
	Series 2017 Corporate Purpose				
	Issued May 1, 2017				
	Interest			Total	
	Rate	Principal	Interest	Principal	Interest
2018	3.00%	\$ -	\$ 41,225	\$ 1,845,000	\$ 373,181
2019	3.00%	-	41,225	1,820,000	340,031
2020	3.00%	-	41,225	1,080,000	306,756
2021	3.00%	-	41,225	630,000	286,219
2022	3.00%	-	41,225	860,000	274,431
2023	3.00%	-	41,225	1,085,000	257,794
2024	3.00%	-	41,225	1,220,000	235,851
2025	3.00%	-	41,225	1,305,000	210,641
2026	3.00%	-	41,225	600,000	183,091
2027	3.00%	-	41,225	520,000	168,748
2028	3.00%	125,000	41,225	545,000	155,548
2029	3.00%	125,000	37,475	545,000	140,563
2030	3.00%	125,000	33,725	545,000	125,383
2031	3.00%	125,000	29,975	1,265,000	109,820
2032	3.00%	125,000	26,225	545,000	73,220
2033	3.15%	125,000	22,288	545,000	56,365
2034	3.15%	125,000	18,350	420,000	39,315
2035	3.50%	125,000	13,975	320,000	25,480
2036	3.50%	120,000	9,600	315,000	15,450
2037	4.00%	120,000	4,800	120,000	4,800
<b>TOTAL</b>		<u>\$ 1,240,000</u>	<u>\$ 649,888</u>	<u>\$ 16,130,000</u>	<u>\$ 3,382,687</u>

See accompanying independent auditor's report.

CITY OF DEWITT, IOWA  
BOND AND NOTE MATURITIES  
June 30, 2017

Year Ending June 30,	Revenue Bonds							
	2012 Sewer Revenue Refunding Issued March 1, 2012			2012 Water Revenue Refunding Issued March 1, 2012			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2018	2.30%	\$ 88,000	\$ 17,825	1.90%	\$ 74,000	\$ 6,688	\$ 162,000	\$ 24,513
2019	2.30%	90,000	15,801	1.90%	75,000	5,282	165,000	21,083
2020	2.30%	83,000	13,731	1.90%	75,000	3,857	158,000	17,588
2021	2.30%	84,000	11,822	1.90%	76,000	2,432	160,000	14,254
2022	2.30%	86,000	9,890	1.90%	52,000	988	138,000	10,878
2023	2.30%	87,000	7,912	-	-	-	87,000	7,912
2024	2.30%	90,000	5,911	-	-	-	90,000	5,911
2025	2.30%	92,000	3,841	-	-	-	92,000	3,841
2026	2.30%	75,000	1,725	-	-	-	75,000	1,725
<b>TOTAL</b>		<u>\$ 775,000</u>	<u>\$ 88,458</u>		<u>\$ 352,000</u>	<u>\$ 19,247</u>	<u>\$ 1,127,000</u>	<u>\$ 107,705</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>RECEIPTS</b>										
Property tax	\$ 2,673,127	\$ 2,581,746	\$ 2,596,054	\$ 2,462,741	\$ 2,411,725	\$ 2,264,327	\$ 2,145,806	\$ 2,018,679	\$ 1,902,104	\$ 1,823,987
Tax increment financing	1,788,241	1,659,507	1,595,816	1,491,744	1,372,558	1,386,765	1,319,620	1,284,897	1,325,915	1,264,348
Other city tax	720,180	670,071	673,880	669,397	633,770	687,189	610,041	678,090	547,681	662,819
Licenses and permits	139,104	95,386	99,628	100,464	69,854	81,853	85,203	62,521	77,702	71,646
Use of money and property	100,851	100,506	90,259	82,704	93,928	95,550	136,998	166,600	173,482	163,778
Intergovernmental	1,063,994	1,008,189	805,909	714,585	1,268,872	872,991	1,455,398	1,839,501	795,905	1,601,701
Charges for service	511,629	515,456	497,381	495,342	480,978	462,764	409,368	411,704	374,195	368,630
Miscellaneous	216,261	279,378	259,325	151,692	189,996	188,888	252,847	187,360	318,081	168,856
Total receipts	<u>\$ 7,213,387</u>	<u>\$ 6,910,239</u>	<u>\$ 6,618,252</u>	<u>\$ 6,168,669</u>	<u>\$ 6,521,681</u>	<u>\$ 6,040,327</u>	<u>\$ 6,415,281</u>	<u>\$ 6,649,352</u>	<u>\$ 5,515,065</u>	<u>\$ 6,125,765</u>
<b>DISBURSEMENTS</b>										
Operating:										
Public safety	\$ 1,421,143	\$ 1,905,579	\$ 1,885,803	\$ 1,226,334	\$ 1,219,058	\$ 1,121,624	\$ 1,069,664	\$ 1,131,735	\$ 1,125,938	\$ 1,126,232
Public works	702,850	750,298	936,534	741,741	671,072	700,614	585,407	602,046	826,198	421,235
Health and social services	11,608	12,975	11,421	11,419	9,404	20,144	16,340	12,779	9,930	9,447
Culture and recreation	1,263,852	1,260,689	1,202,055	1,106,162	1,059,695	1,139,194	1,091,740	922,275	850,971	856,583
Community and economic development	430,703	403,250	448,054	340,779	208,852	173,270	125,239	86,543	99,217	79,739
General government	484,913	489,603	482,405	433,625	385,702	359,377	350,299	498,466	315,902	393,751
Debt service	2,061,317	2,034,427	1,784,569	4,645,923	2,004,468	2,727,388	2,739,057	3,758,890	3,259,523	2,018,683
Capital projects	2,037,909	4,252,384	1,811,105	1,320,538	2,024,213	2,898,513	3,095,434	3,380,588	612,324	3,192,147
Total disbursements	<u>\$ 8,414,295</u>	<u>\$11,109,205</u>	<u>\$ 8,561,946</u>	<u>\$ 9,826,521</u>	<u>\$ 7,582,464</u>	<u>\$ 9,140,124</u>	<u>\$ 9,073,180</u>	<u>\$10,393,322</u>	<u>\$ 7,100,003</u>	<u>\$ 8,097,817</u>

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, 2017, 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 October 23, 2017. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-001 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 2017-002. We also noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying schedule of findings and responses.

Comments involving statutory and other legal matters about the City of DeWitt, Iowa's operations for the year ended June 30, 2017 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  
October 23, 2017

CITY OF DEWITT, IOWA  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2017

**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 deficiency(ies) 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, 2017**

**Part II - Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2017-001 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 deposit 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, 2017**

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

**INSTANCES OF NON-COMPLIANCE:**

2017-002 Deficit Fund 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 3<sup>rd</sup> Street Reconstruction Capital Project Fund, the 11th Street West Capital Project Fund, the 8<sup>th</sup> Street Reconstruction Capital Project Fund, the Springbrook Road/17<sup>th</sup> Street Capital Project Fund and the 2015 Owner Occupied Grant Capital Project Fund all had deficit balances at June 30, 2017.

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 3<sup>rd</sup> Street Reconstruction Capital Project Fund, the 11th Street West Capital Project Fund, the 8<sup>th</sup> Street Reconstruction Capital Project Fund and the 2015 Owner Occupied Grant Capital Project Fund are all due to project costs incurred prior to receipt of funds. The deficit balance in the Springbrook Road/17<sup>th</sup> 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, 2017**

**Part III - Other Findings Related to Required Statutory Reporting:**

- 2017-003 Certified budget - Disbursements during the year ended June 30, 2017 did not exceed the approved budget.
- 2017-004 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.
- 2017-005 Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- 2017-006 Business transactions - No business transactions between the City and City officials or employees were noted.
- 2017-007 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.
- 2017-008 Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2017-009 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.
- 2017-010 Revenue bonds and notes - The 2012 Water Revenue Bonds and the 2012 Sewer Revenue Bonds both have covenants that state that the City shall produce and maintain net revenues in the 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 2017 on both revenue bonds.

Recommendation - The City should investigate alternatives to eliminate these deficiencies.

Response - The City council approved a 7.5% rate increase plus added a meter fee for any meter larger than 1" in early 2016 in order to attempt to compensate for the decrease in revenue. The City approved an additional 3.64% increase in spring 2017. In addition, in an effort to keep rates reasonable, the City council considers all available utility revenues when setting user rates. These other revenues also help cover operating costs. The City will also evaluate if large, non-annual expenses should be recategorized from operational expenses to capital expenses. The City believes these steps will aid in eliminating the deficiency related to the decrease in revenue and will continue to watch this.

Conclusion - Response accepted.

**CITY OF DEWITT, IOWA  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2017**

2017-011 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.