



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

Contact: David A. Vaudt
515/281-5835
or Andy Nielsen
515/281-5834

FOR RELEASE _____ October 16, 2012 _____

Auditor of State David A. Vaudt today released a reaudit report on the Centerville Community School District for the period July 1, 2009 through June 30, 2010. The reaudit also covered items applicable to prior years and the years ended June 30, 2011 and June 30, 2012. The reaudit was performed as a result of a citizens' petition request pursuant to Chapter 11.6(4)(a)(3) of the Code of Iowa.

Vaudt addressed the District's General Fund financial condition, noting the District had demonstrated improvement during fiscal year 2011. However, he cautioned the Board of Education to continue to monitor the General Fund financial position and continue to identify and evaluate all options available to the District to stop further deterioration of the General Fund balance. The reaudit report also addressed other issues, including District contributions to the Morgan E. Cline Family Sports Complex and corrective transfers pertaining to federal grants. The District responded favorably to the findings and recommendations. The District's responses are included with each finding and recommendation in the reaudit report.

A copy of this reaudit report has been filed with the Iowa Department of Education for its review and information. A copy of the reaudit report is available for review in the District's Business Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1030-1071-T00Z.pdf>.

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CENTERVILLE COMMUNITY SCHOOL DISTRICT
AUDITOR OF STATE'S REPORT ON REAUDIT
FOR THE PERIOD
JULY 1, 2009 THROUGH JUNE 30, 2010

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Centerville Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Kris Hoffman	President	2009
Steve Hoch	Vice-President	2009
Deborah Watley	Board Member	2009
Brad Appler	Board Member	2011
Nick Hindley	Board Member	2011
Bill Matkovich	Board Member	2011
Jeri Pershy	Board Member	2011

(After September 2009 Election)

Steve Hoch	President	2013
Nick Hindley	Vice President	2011
Brad Appler	Board Member	2011
Bill Matkovich	Board Member	2011
Jeri Pershy	Board Member	2011
Marty Braster	Board Member	2013
Tom Lange	Board Member	2013

District Officials

Richard Turner	Superintendent	2010
Marvin Judkins	Business Manager	2010
Linda Henderson	Board Secretary/Treasurer	2010
Rick Engle	Attorney	Indefinite

Centerville Community School District



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Telephone (515) 281-5834 Facsimile (515) 242-6134

Auditor of State's Report on Reaudit

To the Board of Education of the
Centerville Community School District:

We received a request to perform a reaudit of the Centerville Community School District under Chapter 11.6(4)(a)(3) of the Code of Iowa. We determined a partial reaudit was necessary to further investigate specific issues identified in the request for reaudit and through our review of the preliminary information available. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the Centerville Community School District for the period July 1, 2009 through June 30, 2010. We also inquired and performed procedures for certain items to determine practices applicable to prior years, as noted, and the years ended June 30, 2011 and June 30, 2012. The procedures we performed are summarized as follows:

- 1) We obtained and reviewed selected District ISCAP financial workout plans, selected monthly financial reports, including reconciliations, and District audit reports for fiscal years 2010 and 2011.
- 2) We interviewed certain current administrators and administrative staff and discussed District actions to address the General Fund financial condition and negative fund balance.
- 3) We obtained and reviewed District minutes pertaining to and the related 28E agreement between the District, Appanoose All-Play, Inc. and the City of Centerville in regard to the Morgan E. Cline Family Sports Complex.
- 4) We interviewed certain current administrators and administrative staff and the former Superintendent to obtain an understanding of the District's role and financial support in regard to the Morgan E. Cline Family Sports Complex.
- 5) We reviewed PPEL expenditures selected and tested by the District's independent auditors for fiscal year 2010 and selected and tested additional PPEL expenditures for fiscal years 2011 and 2012.
- 6) We obtained and reviewed District agreements and tested selected expenditures and related documentation pertaining to certain Harkin grants for fiscal years 2010 and 2011.

In addition to the above items, the petitioners requested our review of the circumstances pertaining to alleged use of school resources (computers and e-mail) to promote the District's PPEL election in February 2011.

Our review of this matter and discussion with current administrators and administrative staff did not disclose specific findings. However, we advised the District to provide instruction to its officials and employees concerning appropriate use of District resources and comply with Chapter 68A.505 of the Code of Iowa regarding "Use of Public Moneys for Political Purposes," which states:

"The state and the governing body of a county, city, or other political subdivision of the state shall not expend or permit the expenditure of public moneys for political purposes, including expressly advocating the passage or defeat of a ballot issue.

This section shall not be construed to limit the freedom of speech of officials or employees of the state or of officials or employees of a governing body of a county, city, or other political subdivision of the state. This section also shall not be construed to prohibit the state or a governing body of a political subdivision of the state from expressing an opinion on a ballot issue through the passage of a resolution or proclamation."

Based on the performance of the procedures described above, we have various recommendations for the District. Our recommendations and the instances of non-compliance are described in the Detailed Findings of this report. Unless reported in the Detailed Findings, no items of non-compliance were noted during the performance of the specific procedures listed above.

The procedures described above are substantially less in scope than an audit of financial statements made in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion on financial statements. Accordingly, we do not express an opinion. Had we performed additional procedures or had we performed an audit of the Centerville Community School District, additional matters might have come to our attention that would have been reported to you. A copy of this reaudit report has been filed with the Iowa Department of Education for its review and information.

We would like to acknowledge the assistance extended to us by personnel of the Centerville Community School District. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 6, 2012

Detailed Findings

Centerville Community School District

Detailed Findings

July 1, 2009 through June 30, 2010

- (A) Financial Condition – The following terminology, defined by the Iowa Department of Education, is used in Iowa School Finance:

Authorized Budget (Maximum Spending Authority)

The maximum amount a district may expend from the General Fund for the budget year. The amount is the sum of the combined district cost plus the unspent balance from the prior budget year plus the actual miscellaneous income received during the budget year plus the instructional support program and educational improvement program. The authorized budget is also called the maximum spending authority.

Unspent Balance (Unspent Authorized Budget)

The unspent balance is the difference between the district's maximum authorized spending authority and its actual expenditures for a year in the General Fund. The unspent balance from the prior fiscal year is added to the district's combined budget and can be spent the following year. An unspent balance represents spending authorization under the Iowa school finance formula and might not be backed by sufficient cash.

An Iowa school district's General Fund budget cannot exceed its maximum spending authority, which is the maximum amount the District can spend from the General Fund. The unspent balance represents the amount of maximum spending authority not spent during a fiscal year and carried over into the next fiscal year as a budgetary carryover. The unspent balance does not represent General Fund resources which can be spent by the District.

The District's maximum spending authority each year is determined based upon the State's enacted annual allowable growth for schools. In addition to enacted annual allowable growth, districts can also qualify for additional allowable growth (modified allowable growth) if approved by the School Budget Review Committee (SBRC). The District represented it has received all the modified allowable growth available to the District.

The changes in the District's General Fund unspent balance and year-end actual fund balance for fiscal years 2007 through 2011 were as follows:

Fiscal Year	Unspent Balance	Increase		Year-End General Fund Unreserved/ Unassigned Fund Balance	Fund Balance Increase (Decrease)	
		Amount	Percent		Amount	Percent
2007	\$ 1,862,884	\$ 54,710	3.0%	\$ (292,394)	\$ (451)	(0.2)%
2008	1,931,191	68,307	3.7	(235,745)	56,649	19.4
2009	1,966,039	34,848	1.8	(613,307)	(377,562)	(160.2)
2010	2,614,612	648,673	33.0	(804,432)	(191,125)	(31.2)
2011	3,387,260	772,648	29.6	(362,547)	441,885	54.9

While the District's General Fund unspent balance has continued to increase, the District's General Fund continues to experience a negative year-end fund balance.

Because the District has a negative fund balance, the District's Financial Solvency Ratio (FSR) is also negative. At June 30, 2010, the District's FSR was negative 5.71%. However, as of June 30, 2011, the District's FSR was negative 2.46%. According to FSR criteria, a district with an FSR between 0% and negative 3% is in a "Solvency Alert" position, defined as follows:

"A Solvency Alert exists if the school corporation has a Solvency Ratio in the range of 0% to -3.00%. A negative financial Solvency Ratio in this range warrants prompt management response but could be caused by operating revenue/expenditure fluctuations within one budget year. Liquidity is constrained at this solvency level and cash flow financing, like ISCAP, is likely to be necessary to bridge cash flow needs in July and August when State Foundation Aid payments are not paid, and larger property tax collections are near. School officials should consider more conservative budgeting of revenues in the next budget year and more stringent cost controls. Alternatively, more aggressive use of the School Board's discretionary tax levies, those levies which can be implemented by Board actions for Operating (Cash Reserve and Instructional Support), Management (Unemployment Compensation, Insurance and Early Retirement), Playground and the Physical Plant and Equipment Levy should be sufficient to return the school corporation to a stronger financial solvency position by the end of the next fiscal year."

Recommendation – During fiscal year 2011, the District's unspent balance increased to \$3,387,260, an increase of 29.6%, while the General Fund unassigned deficit fund balance decreased 54.9% to a deficit balance of \$(362,547). The improvement in the District's fiscal year 2011 General Fund balance also resulted in an improved FSR from fiscal year 2010.

Although the District has demonstrated improvements during fiscal year 2011, the Board should continue to carefully consider all feasible spending reductions and develop a plan, including specific steps which map out the future actions required to restore the District's financial stability over the next several years. The District's plan should address both spending reductions and revenue enhancements.

The District's plan will become a key factor in designing, implementing and monitoring annual improvements in the District's financial condition and FSR. Restoration of the District's financial condition and FSR are imperative. Until the District substantially improves its financial condition and related FSR, any unanticipated expenditures and/or any unanticipated declines in revenues will be very difficult for the District to respond to.

The current Superintendent represented the District implemented several cost-saving measures with the fiscal year 2013 budget. As the District proceeds with fiscal year 2013, the Board should continue to monitor the General Fund financial position and continue to identify and evaluate all options available to the District to stop further deterioration of the General Fund balance during fiscal year 2013.

Response – The Board of Education identifies, and accepts, the State Auditor's recommendation. The Board of Education believes that it has an obligation to balance the budget with a focus on both revenues and expenditures. Over the past several years, the Board of Education has had several discussions on the current condition of spending authority, unspent balances and solvency ratio.

The District has had three financial goals that have been ongoing. The District identifies that it has a healthy spending authority. The District identifies that expenditures need to reflect the revenues appropriately. To date, the following has occurred:

1. The Board of Education has discussed the need for reducing expenditures and the possibility of increasing revenues to build up a cash reserve.
2. The Board of Education has discussed the District options for revenues through cash reserve allocation, and has identified that increased revenues are an option via the annual budget authorization to increase the cash reserve allocation. Taxing options and limitations have been considered and will be an option for future decisions.
3. The Board of Education has discussed and addressed declining enrollment over the last several years. Decisions of reductions have been made on an annual basis. In planning for FY13, the Board of Education was presented options for reducing ongoing expenditures. Out of a list of 1.1 million dollars presented for reduction options, the Board of Education acted on reducing more than \$800,000 of the presented options of reoccurring expenditures. The actions also included the closing of two kdg-3rd grade school buildings to properly reflect the District's pupil enrollment patterns.
4. The Board of Education will continue to identify its fiscal health status on an ongoing basis, reflecting attentively on a positive solvency ratio.

It is the District's desire to condition the budget to allow the weathering of unanticipated expenditures and unanticipated declines in revenues. The State Auditor's recommendation is accepted.

Conclusion – Response accepted.

- (B) Morgan E. Cline Family Sports Complex – After several years and a series of communications between the District and the City of Centerville, a settlement agreement which specified the City of Centerville would pay the District \$50,000 cash was proposed by the City and accepted and approved by the District in September 2006. The settlement resulted from several years of Municipal Housing payments in lieu of taxes (PILOT) initially paid to and retained by the City of Centerville rather than being distributed to all taxing authorities in Appanoose County in accordance with Chapter 403A.27 of the Code of Iowa. After further exchange between the City and the District, the District received the \$50,000 payment from the City in March 2009 and appropriately recorded the PILOT revenue in the General Fund.

As part of the settlement agreement, the City agreed to build a road (Lakeview Access Road) “for the purpose of providing a secondary access for ingress and egress to Lakeview Elementary School” with the District providing the first \$25,000 of construction materials and the City providing the remainder of the construction materials, labor and equipment.

In June 2008, the District entered into a 28E agreement, included as **Exhibit 1**, with Appanoose All-Play, Inc., an Iowa nonprofit corporation, and the City of Centerville for the “Construction, Maintenance and Operation of Morgan E. Cline Family Sports Complex.” Pursuant to the 28E agreement dated June 2008, but not filed by the City until February 2009, the parties agreed “the School District will have priority use of the competitive soccer field during soccer seasons.”

In March 2009, the District approved an amendment to the 28E agreement, included as **Exhibit 2**, with Appanoose All-Play, Inc. and the City of Centerville. According to the March 10, 2009 Board minutes:

“Mr. Turner (former Superintendent) stated the 28E agreement with the three entities involves the construction, maintenance, and operation of the Morgan Cline Family Sports Complex. The first agreement was more of a general operation agreement. It was prepared very general in nature to get the grant approved, with more details to be included with amendments at a later time. The first amendment deals more with our previous agreements with the City on their commitment to build a road on our property at Lakeview School to the complex, which includes the competitive soccer field. It also again reaffirms the City’s commitment to pay us \$50,000 in case. Mr. Turner stated President Hoffman signed the amendment earlier based upon Board approval since there was a time line to get the paperwork done so that the owner could receive the funding.” According to the minutes, a motion was made and seconded to approve the 28E (amended) agreement, which carried unanimously.

In September 2009, the District approved an additional contribution of \$25,000 to Appanoose All-Play, Inc. According to the September 8, 2009 Board minutes:

“Mr. Turner (former Superintendent) stated we have discussed this issue many times in trying to work out an agreement with the City on the Morgan Cline Recreation Complex and Appanoose All-Play, Inc. During those discussions, we agreed to provide \$25,000 for the materials for the access road. Since those agreements were never approved, there is nothing formal with the Board saying the school district would provide the \$25,000 and that the money would be paid to Appanoose All-Play, Inc. Since the project is moving forward and the road is currently being built, All-Play, Inc. now needs our funds to purchase the needed materials.” According to the minutes, a motion was made and seconded to provide \$25,000 to Appanoose All-Play, Inc. for construction of the access road to the sports complex, which carried unanimously.

The District made contributions to Appanoose All-Play, Inc. from the Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund, as follows:

<u>Date</u>	<u>Amount</u>	<u>Purpose</u>
12/13/2007	\$50,000	Contribution for construction of competitive soccer complex
09/11/2009	25,000	Materials for construction of Lake View access road

The former Superintendent represented the Board was apparently approached by Appanoose All-Play, Inc. to pledge/contribute \$50,000 for the soccer field to assist Appanoose All-Play, Inc. in obtaining grants for the project. In exchange, the District would be able to use the soccer fields. The Board agreed to pledge/contribute \$50,000 since it was the same amount of PILOT revenue the District would receive from the City as part of the settlement agreement. However, since the PILOT revenue was appropriately recorded in the General Fund and the contribution to Appanoose All-Play, Inc. was paid from the PPEL Fund, the transactions did not result in a “zero” effect on District finances.

Recommendation – According to the March 10, 2009 Board minutes, the Board President signed the 28E agreement amendment prior to formal Board approval at the March 10, 2009 meeting. Chapter 291.1 of the Code of Iowa states, in part, “The president of the

board of directors shall preside at all of its meetings, **sign all contracts made by the board** (emphasis added) and appear on behalf of the corporation in all actions brought by or against it, unless individually a party, in which case this duty shall be performed by the secretary.” Except as expressly permitted or authorized, contracts should not be signed prior to Board approval.

The District paid a total of \$75,000 to Appanoose All-Play, Inc. for construction projects. Chapter 26 of the Code of Iowa, which pertains to “Public Construction Bidding,” was effective January 1, 2007 and applies to public improvement contracts entered into on or after that date. Because public funds were contributed towards the construction of this project, the requirements of Chapter 26 of the Code of Iowa should have been complied with.

Although a portion of the Morgan E. Cline Family Sports Complex and access road were completed, the soccer field was not completed and remains unfinished. It is unclear whether the District had statutory authority to contribute public funds to the nonprofit corporation. According to the September 8, 2009 Board minutes, the Board agreed “to provide \$25,000 to Appanoose All-Play, Inc. for construction of the access road to the sports complex.” However, it is unclear why the District paid \$25,000 to Appanoose All-Play, Inc. rather than the City of Centerville since the City constructed the road as part of the settlement agreement with the District.

In the future, the Board should exercise caution and consult legal counsel in regard to contributions of public funds and the mixed use of public and private funds for joint projects to ensure compliance with statutory requirements, including competitive bidding requirements of Chapter 26 of the Code of Iowa.

Response – The Board of Education identifies that the spending of public funds should directly reflect public benefit. The Board of Education also identifies that proper procedures should be followed during the authorization of spending school district funds.

The District accepts the State Auditor’s recommendation to exercise caution and to consult legal counsel in regard to future contributions of public funds and the mixed use of public and private funds for joint projects. The District will ensure compliance with statutory requirements, including competitive bidding requirements of Chapter 26 of the Code of Iowa.

Conclusion – Response accepted.

- (C) Federal Grants – The District receives various Federal grants through the Iowa Department of Education, including Iowa Demonstration Construction Grants (Harkin Grants). Under this Federal program, the District received a Construction Grant totaling \$107,239 awarded in March 2010 and a Fire Safety Grant of \$63,035 awarded in March 2011.

Construction grant reimbursement revenue of \$4,244 was recorded in the Capital Projects, Statewide Sales and Services Tax Fund rather than the Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund and a \$779 fire safety grant expenditure was paid on January 12, 2011 from the General Fund rather than the Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund. In addition, expenditures from both grants were not always coded to the proper source, function or project code.

Recommendation – The District should make corrective transfers to the appropriate funds for the \$4,244 grant revenue and \$779 grant expenditure. In the future, careful

attention should be given to proper coding of all grant revenue and related expenditures.

Response – The District will make corrective transfers to the appropriate funds, as recommended, and will attend to detail for future coding. The District accepts the State Auditor’s recommendation.

Conclusion – Response accepted.

Centerville Community School District

Joint Agreement for the Construction, Maintenance and Operation of
Morgan E. Cline Family Sports Complex – 28E Agreement



Michael A. Mauro
Secretary of State
State of Iowa

28E
Agreement

FOR OFFICE USE ONLY:

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PLEASE READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS FORM

Item 1. The full legal name, organization type and county of each participant to this agreement are:

	Full Legal Name	Organization Type	*County
Party 1	Appanoose All-Play, Inc.	Private or Nonprofit	Appanoose
Party 2	Centerville Community School District	School District	Appanoose
Party 3	City of Centerville	City	Appanoose
Party 4			
Party 5			

*Enter "Other" if
not in Iowa

Item 2. The type of Public Service included in this agreement is: 510 Parks and Recreation
(Enter only one Service Code and Description) Code Number Service Description

Item 3. The purpose of this agreement is: *(please be specific)*
agreement for the construction, maintenance and operation of Morgan E. Cline Family Sports Complex

Item 4. The duration of this agreement is: *(check one)* Agreement Expires _____ Indefinite Duration
[mm/dd/yyyy]

Item 5. Does this agreement amend or renew an existing agreement? *(check one)*
 NO
 YES Filing # of the agreement: _____
(Use the filing number of the most recent version filed for this agreement)
The filing number of the agreement may be found by searching the 28E database at: www.sos.state.ia.us/28E.

Item 6. Attach two copies of the agreement to this form if not filing online.

Item 7. The primary contact for further information regarding this agreement is: *(optional)*

LAST Name May FIRST Name Kristen
Title City Clerk Department City Clerk
Email krismay@sirisonline.com Phone 641-437-4339

Exhibit 1

Joint Agreement for the Construction, Maintenance and Operation of
Morgan E. Cline Family Sports Complex – 28E Agreement



Book 2009 Page 302

Document 2009 302 Type 06 001 Pages 4
Date 2/26/2009 Time 2:34 PM
Rec Amt \$22.00

Teddy Walker, Recorder
Appanoose Co. IOWA

ENTR ✓
COMP ✓
INDX ✓
SCAN ✓

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return
H. G.*

**JOINT AGREEMENT FOR THE CONSTRUCTION,
MAINTENANCE AND OPERATION OF MORGAN E. CLINE
FAMILY SPORTS COMPLEX
28E AGREEMENT**

Recorder's Cover Sheet

Preparer Information: (Name, address and phone number)

Griffing & George Law Firm, P.L.C.
121 North 13th Street
Centerville, IA 52544

Taxpayer Information: (Name and complete address)

N/A

Return Document To: (Name and complete address)

Griffing & George Law Firm
121 N. 13th St.
Centerville, IA 52544

Parties:

Appanoose All-Play, Inc.
Centerville Community School District
City of Centerville, Iowa

Joint Agreement for the Construction, Maintenance and Operation of
Morgan E. Cline Family Sports Complex – 28E Agreement

JOINT AGREEMENT FOR THE
CONSTRUCTION, MAINTENANCE AND OPERATION OF
MORGAN E. CLINE FAMILY SPORTS COMPLEX

THIS AGREEMENT made and executed as of the 10th day of June, 2008
by and between APPANOOSE ALL-PLAY, INC., an Iowa Nonprofit Corporation (the "Owner"), the
CENTERVILLE COMMUNITY SCHOOL DISTRICT (hereinafter referred to as the "School District")
and the CITY OF CENTERVILLE, IOWA, (hereinafter referred to as the "City").

WITNESSETH:

WHEREAS, the Owner has been designated as the recipient of a Community Attraction and
Tourism Program (CAT) Grant Agreement in the amount of One Hundred Ninety Thousand and no/100
Dollars (\$190,000.00) from the Vision Iowa Board for the construction of the Morgan E. Cline Family
Sports Complex ("the Project") located with city limits of the City of Centerville, Iowa; and

WHEREAS, the parties desire to enter into a joint agreement for the construction, maintenance
and operation of the Project as permitted by Chapter 28E, *Code of Iowa*, under the terms and conditions
set forth herein; and

WHEREAS, by Resolutions adopted by the parties hereto, the provisions of this agreement have
been approved by the Board of Directors of Appanoose All-Play, Inc., the City Council of the City of
Centerville, Iowa, and the Board of Directors of the Centerville Community School District, and the
execution of this agreement duly authorized,

NOW, THEREFORE, IT IS AGREED:

Section 1. PURPOSE. The purpose of this agreement is to set forth the terms and
conditions relating to the construction, maintenance and operation of the Project within the City limits
of the City of Centerville, Iowa.

Section 2. ADMINISTRATOR. No separate legal or administrative entity shall be
established in order to administer this agreement. Appanoose All-Play, Inc. is hereby designated as
administrator for the joint or cooperative undertaking as required by Chapter 28E, *Code of Iowa*.

Section 3. DURATION. This agreement shall become effective from and after the date on
which it is recorded with the Iowa Secretary of State and Appanoose County Recorder, and shall
continue in effect until terminated in the manner hereinafter provided.

Section 4. PROPERTY ACQUISITION. The Owner agrees to acquire all real estate as is
necessary to construct the Project and grant an easement to the School District and City for the
construction, use and maintenance of the access road.

Joint Agreement for the Construction, Maintenance and Operation of
Morgan E. Cline Family Sports Complex – 28E Agreement

Section 5. GRANT OBLIGATIONS. Subsequent to the execution of this agreement, the Owner shall proceed to obtain the grant funds necessary for the construction of the Project and further agrees to expend funds received in accordance with the terms and conditions of any such agreements and commitments.

Section 6. OPERATION AND MAINTENANCE OF PROJECT. The Owner shall permit the School District and the City to share the use of the Project under the following general guidelines:

- a. A committee consisting of a representative of each of the parties to this agreement shall determine the nature and extent of the activities, the schedule of activities and the fees charged for particular activities within the Project area. Subject to the rights of the School District as set forth in subparagraph (b), if a conflict regarding time and availability of use occurs, no one organization will have any greater right to the use of facilities than any other participating organization.
- b. The committee shall also determine a schedule for the use of the Project area for recreational activities. In doing so, the parties recognize the fact that the School District will have priority use of the competitive soccer field during soccer seasons. The Owner and the City are expected to use the facility for their various recreational programs. Each party shall be responsible for the supervision of its own activities.
- c. The committee shall also establish fees for the use of the facility.
- d. Additional funds required for the continued use, operation and maintenance of the facility shall be determined by mutual agreement of the parties to this agreement.

Section 7. CONTINGENCY. This agreement is contingent upon the Owner obtaining the funds necessary for the construction of the Project.

Section 8. TERMINATION. Each party shall have the right to terminate this agreement upon the giving of a thirty (30) days written notice to the other by personal delivery or by sending said notice by certified or registered mail, return receipt requested, to the address of the other party.

Section 9. NON LIABILITY OF COMMITTEE. No member of the Steering Committee shall be personally liable for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for acts or omissions which involve intentional misconduct or knowing violation of the law, or in a transaction from which the person draws an improper personal benefit. Provided, however, that nothing in this agreement shall be construed as constituting the waiver of any immunity from liability available to the parties, the Steering Committee members, or their officers, employees, agents, members or volunteers pursuant to any applicable provision of law.

Joint Agreement for the Construction, Maintenance and Operation of
Morgan E. Cline Family Sports Complex – 28E Agreement

Section 10. BINDING EFFECT. The terms and conditions of this agreement shall extend to and be binding upon the assignees or successors in interest of the parties hereto.

Section 11. SEVERABILITY. If any provision of this agreement shall be declared invalid, void or unenforceable, the remainder of the agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

APPANOOSE ALL-PLAY, INC.

CITY OF CENTERVILLE, IOWA

By *Rollie B. Reznicek*
Rollie Reznicek, Chairman

By *Marsha A. Mitchell*
Marsha A. Mitchell, Mayor

CENTERVILLE COMMUNITY SCHOOL DISTRICT

By *Kris Hoffman*
Kris Hoffman, Chairman

Exhibit 2

First Amendment to Joint Agreement for the Construction, Maintenance and Operation of Morgan E. Cline Family Sports Complex – 28E Agreement



*Michael A. Mauro
Secretary of State
State of Iowa*

**28E
Agreement**

FOR OFFICE USE ONLY:

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PLEASE READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS FORM

Item 1. The full legal name, organization type and county of each participant to this agreement are:

	Full Legal Name	Organization Type	*County
Party 1	Appanoose All-Play, Inc.	Private or Nonprofit	Appanoose
Party 2	Centerville Community School District	School District	Appanoose
Party 3	City of Centerville	City	Appanoose
Party 4			
Party 5			

**Enter "Other" if not in Iowa*

Item 2. The type of Public Service included in this agreement is: 510 Parks and Recreation
(Enter only one Service Code and Description) Code Number Service Description

Item 3. The purpose of this agreement is: *(please be specific)*
first amendment to agreement for the construction, maintenance and operation of the Morgan E. Cline Family Sports Complex

Item 4. The duration of this agreement is: *(check one)* Agreement Expires _____ Indefinite Duration
[mm/dd/yyyy]

Item 5. Does this agreement amend or renew an existing agreement? *(check one)*

NO

YES Filing # of the agreement: M502228

(Use the filing number of the most recent version filed for this agreement)

The filing number of the agreement may be found by searching the 28E database at: www.sos.state.ia.us/28E.

Item 6. Attach two copies of the agreement to this form if not filing online.

Item 7. The primary contact for further information regarding this agreement is: *(optional)*

LAST Name May FIRST Name Kristen

Title City Clerk Department City Clerk

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First Amendment to Joint Agreement for the Construction, Maintenance and Operation of Morgan E. Cline Family Sports Complex – 28E Agreement



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Teddy Walker - Recorder
Appanoose Co. IOWA

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**FIRST AMENDMENT TO JOINT AGREEMENT FOR THE
CONSTRUCTION, MAINTENANCE AND OPERATION OF THE
MORGAN E. CLINE FAMILY SPORTS COMPLEX
28E AGREEMENT**

Recorder's Cover Sheet

Preparer Information: (Name, address and phone number)

Griffing & George Law Firm, P.L.C.
121 North 13th Street
Centerville, IA 52544

Taxpayer Information: (Name and complete address)

N/A

Return Document To: (Name and complete address)

Griffing & George Law Firm
121 N. 13th St.
Centerville, IA 52544

Parties:

Appanoose All-Play, Inc.
Centerville Community School District
City of Centerville, Iowa

First Amendment to Joint Agreement for the Construction, Maintenance and Operation of Morgan E. Cline Family Sports Complex – 28E Agreement

FIRST AMENDMENT TO JOINT AGREEMENT FOR THE CONSTRUCTION, MAINTENANCE AND OPERATION OF THE MORGAN E. CLINE FAMILY SPORTS COMPLEX

THIS AGREEMENT made and executed as of the 26th day of February, 2009, by and between APPANOOOSE ALL-PLAY, INC., an Iowa Nonprofit Corporation (the "Owner"), the CENTERVILLE COMMUNITY SCHOOL DISTRICT (hereinafter referred to as the "School District") and the CITY OF CENTERVILLE, IOWA, (hereinafter referred to as the "City"), constitutes an amendment to the 28E Agreement dated June, 10, 2008 and filed of record at Book 2107, Page 302 on February, 26, 2009 in the records of the Appanoose County Recorder's Office.

Section 6. OPERATION AND MAINTANANCE OF PROJECT. (amended to add).

e. The City will bear no responsibility for the continued maintenance of roadways described below and does not by this agreement accept dedication of any portion of these roadways.

Section 12. CONSTRUCTION.

A. North-South roadway, Phase I.

- a. Work Provided. In so far as it remains able, the City will build the road, to wit: provide City employees labor and use of City machinery to spread and compact the granular surfacing material provided by Appanoose All-Play, Inc. upon the approximately 930 lineal feet of planned roadway commencing in the south west corner of the Lakeview Elementary School parking lot, owned and operated by the School District and running thence south parallel to the existing tree line. The roadway is planned to be twenty-four (24) feet in width with a twenty (20) foot wide granular surface covering. The tree line is planned to remain intact.
- b. Term of Construction. The City will commence work on the project, as weather permits, upon Owner's direction, after Owner has rough graded the south 500 feet of the Phase I roadway, ditches and School soccer field, stockpiled sufficient fill to provide bedding and fill for the pipe, and after the pipe has been placed by others, after Owner provides copies of all necessary easements and other pre-construction and construction permits and documents, and upon inspection of the site by Street Department superintendant, or his designee. Construction is intended to be completed in the 2009 construction season.

First Amendment to Joint Agreement for the Construction, Maintenance and Operation of Morgan E. Cline Family Sports Complex – 28E Agreement

- B. East -West roadway, Phase II.
 - a. Work Provided by City. In so far as it remains able, the City will build the road, to wit: provide City employees labor and use of City machinery to spread and compact the granular surfacing material provided by Appanoose All-Play, Inc. upon a roadway extension commencing at the intersection of Green Street and Main Street and heading approximately due west towards and intersecting with the planned Phase I roadway, except that a portion of the east-west roadway, approximately 300 linear feet of the 831 feet, over a ditch shall be fully constructed by Owner.
 - b. Term of Construction. The City will commence work on the project, as weather permits, upon Owner's direction, after Owner provides copies of all necessary easements and other pre-construction and construction permits and documents, and upon inspection of the site by Street Department superintendent, or his designee. Construction is intended to be completed in the 2010 construction season.
- C. Liability. The City bears the responsibility for its employees, equipment, and quality of its work and will provide insurance upon the same. Owner bears all other risk of liability and will provide insurance coverage upon the same, with proof of such insurance coverage to be provided annually to City, School District and any other property owner until construction has been completed.
- D. Scope of the Work. Upon current labor rates, the City is expected to use three of its machines, endloader, backhoe, and maintainer at \$90.00 hour, equipment and man-hour cost, for a total estimated time of 640 hours to complete both Phases. In addition, the City is expected to use three trucks at \$62.00 hour for a total of estimated time of 500 hours to complete both Phases. Finally the City is expected to use tractor and roller at \$51.00 hour for a total of 100 hours to complete both Phases. The total estimated cost is \$93,700,000. The City agrees, as it remains able, to complete the work described above, within this scope. Should the project exceed the estimation by 5% or more, the City will contact the Owner about the feasibility of additional assistance without compensation.
- E. Consideration. In consideration for the completion of this work, on School District property, and for the purpose of providing a secondary access for ingress and egress to Lakeview Elementary School, and upon payment of a sum of \$50,000.00 pledged by the City in Resolution of Intent 2007-2822, dated December 17, 2007 to the School District, the School District agrees to forever settle, release and satisfy any claims that it may have against the City of Centerville concerning non-payment of any sums that may have been due

Exhibit 2

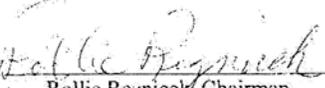
First Amendment to Joint Agreement for the Construction, Maintenance and Operation of Morgan E. Cline Family Sports Complex – 28E Agreement

to the School District from the City of Centerville, Municipal Housing for PILOT payments or any related claim, at any time past until the date of commencement of the work. That upon completion of the work the School District will prepare and execute a separate release and provide such to the City of Centerville within thirty days.

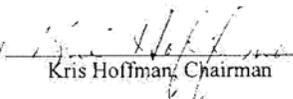
Section 13. CONTINUED AGREEMENT. In all other ways the previous agreement continues in effect.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the date and year first written above.

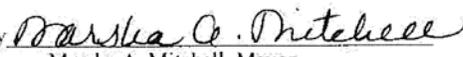
APPANOOSE ALL-PLAY, INC.

By 
Rollie Reznicek, Chairman

CENTERVILLE COMMUNITY SCHOOL DISTRICT

By 
Kris Hoffman, Chairman

CITY OF CENTERVILLE, IOWA

By 
Marsha A. Mitchell, Mayor

Centerville Community School District
Staff

This reaudit was performed by:

Susan D. Battani, CPA, Director
Karen J. Kibbe, Senior Auditor II

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA
Deputy Auditor of State