



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE

February 19, 2009

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Center Point, Iowa.

The City's receipts totaled \$1,914,082 for the year ended June 30, 2008, an 8.2 percent increase over 2007. The receipts included \$537,351 in property tax, \$100,648 from tax increment financing, \$512,800 from charges for service, \$330,649 from operating grants, contributions and restricted interest, \$243,898 from capital grants, contributions and restricted assets, \$153,311 from loan proceeds, \$15,658 from unrestricted interest on investments and \$19,767 from other general receipts.

Disbursements for the year totaled \$2,294,573, a 31 percent increase over the prior year, and included \$980,373 for capital projects, \$224,952 for public works, \$220,442 for public safety and \$189,355 for culture and recreation. Also, disbursements for business type activities totaled \$376,485.

The significant increase in disbursements is due primarily to an increase in capital project activity during fiscal year 2008.

A copy of the report is available for review in the City Clerk's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**CITY OF CENTER POINT**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2008**

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**City of Center Point  
Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2008)</b>		
Paula Freeman-Brown	Mayor	Jan 2008
John Stuelke	Mayor Pro tem	Jan 2008
Brent Schlotfeldt	Council Member	Jan 2008
Mona Barz	Council Member	Jan 2010
Ted Callahan	Council Member	Jan 2010
Connie Robinson	Council Member	Jan 2010
Christy Dyer	City Clerk/Treasurer	Indefinite
LeAnn Kramer	Deputy City Clerk	Indefinite
Anne Loomis	Attorney	Indefinite
<b>(After January 2008)</b>		
Paula Freeman-Brown	Mayor	Jan 2010
John Stuelke	Mayor Pro tem	Jan 2012
Mona Barz	Council Member	Jan 2010
Ted Callahan	Council Member	Jan 2010
Connie Robinson	Council Member	Jan 2010
Brent Schlotfeldt	Council Member	Jan 2012
Steve Winger	City Administrator	(Effective Aug 2008) Indefinite
Christy Dyer	City Clerk/Treasurer	Indefinite
LeAnn Kramer	Deputy City Clerk	Indefinite
Anne Loomis	Attorney	Indefinite

**City of Center Point**



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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Center Point, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Center Point's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

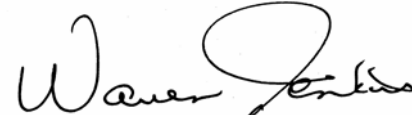
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Center Point as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2009 on our consideration of the City of Center Point's internal control over financial reporting and 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 compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 26 through 28 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Center Point's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 21, 2009



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Center Point 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, 2008. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 1.4%, or approximately \$20,000, in fiscal year 2008 over fiscal year 2007. The City received \$153,311 in loan proceeds during fiscal year 2008.
- Disbursements increased 31%, or approximately \$457,000, in fiscal 2008 over fiscal 2007. Public safety and capital projects disbursements increased approximately \$57,000 and \$545,000, respectively. Public works disbursements decreased approximately \$119,000. The decrease was primarily due to the City reclassifying the solid waste activity as an enterprise fund.
- The City's total cash basis net assets decreased 13.3%, or approximately \$380,000, from June 30, 2007 to June 30, 2008. Of this amount, the assets of the governmental activities decreased approximately \$504,000 and the assets of the business type activities increased approximately \$124,000.

### 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 Statement of Activities and Net Assets. 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 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.

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

## **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.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

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

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

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, 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 waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Urban Renewal Tax Increment and Fross Park, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and solid waste funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

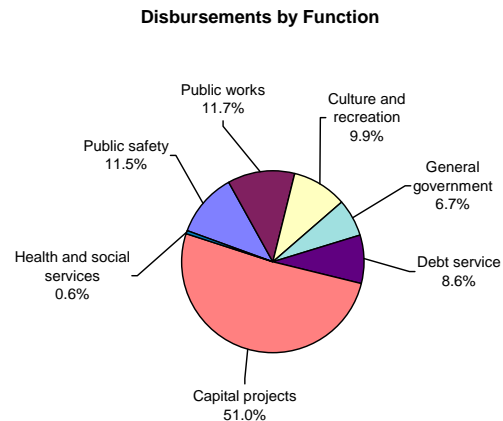
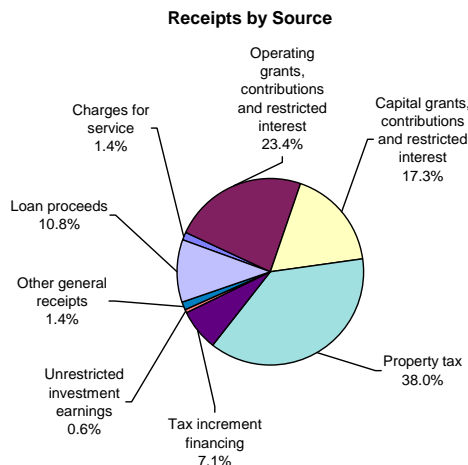
3) The Fiduciary Fund accounts for resources held for others. The Fiduciary Fund consists of an Agency, Tri-Fire Group Fund.

The required financial statement for the Fiduciary Fund is a statement of changes in fiduciary assets and liabilities.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from \$2,051,606 to \$1,546,864. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2008	2007
Receipts:		
Program receipts:		
Charges for service	\$ 20	140
Operating grants, contributions and restricted interest	331	581
Capital grants, contributions and restricted interest	244	7
General receipts:		
Property tax	537	576
Tax increment financing	101	70
Unrestricted investment earnings	8	9
Loan proceeds	153	-
Other general receipts	20	11
Total receipts	1,414	1,394
Disbursements:		
Public safety	220	163
Public works	225	344
Health and social services	11	-
Culture and recreation	189	215
General government	129	165
Debt service	164	139
Capital projects	980	435
Total disbursements	1,918	1,461
Change in cash basis net assets before transfers	(504)	(67)
Transfers, net	-	245
Change in cash basis net assets	(504)	178
Cash basis net assets beginning of year	2,051	1,873
Cash basis net assets end of year	\$ 1,547	2,051



The City's total receipts for governmental activities increased 1.4%, or approximately \$20,000. The total cost of all programs and services increased approximately \$457,000, or 31.3%, due primarily to capital projects activity. The slight increase in receipts was due to loan proceeds of \$153,311 used for the purchase of a fire truck and the decrease of approximately \$120,000 in charges for service relating to the reclassification of the solid waste activity to an Enterprise Fund.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2008	2007
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 203	200
Sewer	181	167
Solid waste	109	-
General receipts:		
Unrestricted interest on investments	8	8
Total receipts	<u>501</u>	<u>375</u>
Disbursements:		
Water	152	170
Sewer	110	122
Solid Waste	115	-
Total disbursements	<u>377</u>	<u>292</u>
Change in cash basis net assets before transfers	124	83
Transfers, net	<u>-</u>	<u>(245)</u>
Change in cash basis net assets	124	(162)
Cash basis net assets beginning of year	<u>798</u>	<u>960</u>
Cash basis net assets end of year	<u>\$ 922</u>	<u>798</u>

Total business type activities receipts for the fiscal year were \$500,736 compared to \$375,204 last year. The increase is primarily due to the City reclassifying the solid waste activity to an Enterprise Fund from the General Fund. The cash balance increased approximately \$124,000 over the prior year because no transfers were made to the Capital Projects Fund in fiscal year 2008. Total disbursements for the fiscal year increased 29% to a total of \$376,485, also primarily due to the reclassification of the solid waste activity.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Center Point completed the year, its governmental funds reported a combined fund balance of \$1,546,864, a decrease of more than \$504,000 from last year's total of \$2,051,606. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$31,201 over the prior year to \$256,718. The increase is primarily due to loan proceeds of \$153,311 for the purchase of a fire truck. In addition, disbursements in the public works, culture and recreation and general government functions decreased \$128,780, \$10,631 and \$31,464, respectively, due to a decrease in spending during fiscal 2008 and the reclassification of the solid waste activity from the public works function to an Enterprise Fund. The solid waste reclassification was also the reason for the decrease in charges for service of \$103,743. The public safety function also increased \$57,347. The City did not make any transfers out during fiscal year 2008.
- The Special Revenue, Road Use Tax Fund cash balance increased \$69,260 to \$87,758 during the fiscal year. This increase was primarily attributable to the City not making transfers to the Capital Projects Fund during fiscal year 2008.

- The Special Revenue, Urban Renewal Tax Increment Fund was established to account for a major urban renewal project within the City's business district. At the end of the fiscal year, the cash balance was \$206,566, an increase of \$100,648 over the previous year. The increase was due to the City not transferring funds to the Debt Service Fund in fiscal year 2008 to pay principal and interest for land purchased in a prior fiscal year.
- The Special Revenue, Fross Park Fund cash balance increased \$73,110 to \$1,794,331. This increase was due to donations and interest received in fiscal year 2008.
- The Debt Service Fund cash balance decreased \$51,321 to a deficit of \$125,802 at the end of the fiscal year. The decrease was due to the payment of principal and interest on the new fire truck loan totaling \$19,629 and the Special Revenue, Urban Renewal Tax Increment Fund not transferring funds to the Debt Service Fund for the payment of TIF debt.
- The Capital Projects Fund is a combination of several accounts, including the lagoon, water and well projects. The fiscal year 2008 total cash balance for the Capital Projects Fund was a deficit of \$974,782, a decrease of \$735,625 from the prior year. The main contributing factor to this decrease was an increase in capital project disbursements associated with Fross Park and other ongoing projects.

#### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance increased \$58,400 to \$496,788. The increase was due a decrease in spending and no transfers made to the Capital Projects Fund during fiscal year 2008.
- The Sewer Fund cash balance increased \$71,368 to \$431,218, due primarily to a slight increase in receipts and a decrease in spending during fiscal 2008. Additionally, the City made no transfers to the Capital Projects Fund for sewer projects.
- The Solid Waste Fund cash balance decreased \$5,517 to a deficit of \$5,517. The Solid Waste Fund was a new fund for fiscal 2008. In the past this activity had been a part of the General Fund. However, in fiscal year 2008 the City reported the activity as an Enterprise Fund.

#### **BUDGETARY HIGHLIGHTS**

During the year ended June 30, 2008, the City did not amend its budget. The City's receipts were \$481,105 less than budgeted. This was primarily due to the intergovernmental receipts being under budget by \$477,803 due to the City requesting less Vision Iowa funds during fiscal year 2008 than expected.

Total disbursements were \$3,181,419 less than budgeted. This was primarily due to the capital projects function being under budget by \$3,037,327. The City was expecting more activity on the Fross Park project and other various projects during the fiscal year. In addition, the general government function was under budget by \$108,603, due primarily to \$72,860 budgeted for employee benefits entirely to general government rather than the functions actually charged.

The City exceeded the amounts budgeted in the public safety and health and social services functions. The public safety function went over budget as a result of the City purchasing a fire truck not budgeted. The health and social services function went over budget due to various disaster related disbursements.

## DEBT ADMINISTRATION

At June 30, 2008, the City had \$617,980 in notes and other long-term debt outstanding, compared to \$590,000 last year, as shown below.

	Outstanding Debt at Year-End	
	Year ended June 30,	
	2008	2007
General obligation notes - sewer	\$ 65,000	125,000
General obligation notes - water	415,000	465,000
General obligation loan - fire truck	137,980	-
Total	\$ 617,980	590,000

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$617,980 is significantly below its constitutional debt limit of approximately \$5 million.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Center Point's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The City's total assessed valuation has increased 8.5%.

Property tax is expected to increase in fiscal year 2009 as compared to fiscal year 2008. The assessed valuation increased and the total property tax levy increased for fiscal year 2009.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$1,055,000 by the close of 2009 due to budgeted capital projects activity.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve Winger, City Administrator, 200 Franklin Street, Center Point, Iowa 52213.

## **Basic Financial Statements**

City of Center Point

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2008

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 220,442	12,401	-	-
Public works	224,952	-	202,580	-
Health and social services	10,554	-	-	-
Culture and recreation	189,355	3,671	116,875	-
General government	128,985	4,088	11,194	-
Debt service	163,427	-	-	-
Capital projects	980,373	-	-	243,898
Total governmental activities	1,918,088	20,160	330,649	243,898
Business type activities:				
Water	151,488	202,992	-	-
Sewer	110,366	180,534	-	-
Solid waste	114,631	109,114	-	-
Total business type activities	376,485	492,640	-	-
Total	\$ 2,294,573	512,800	330,649	243,898

**General Receipts:**

- Property tax levied for:
  - General purposes
  - Debt service
  - Tax increment financing
- Unrestricted interest on investments
- Loan proceeds
- Miscellaneous

Total general receipts

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

**Cash Basis Net Assets**

Restricted:

- Streets
- Urban renewal purposes
- Debt service
- Fross Park
- Other purposes
- Cemetery perpetual care
- Meter deposits

Unrestricted

**Total cash basis net assets**

See notes to financial statements.



Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(208,041)	-	(208,041)
(22,372)	-	(22,372)
(10,554)	-	(10,554)
(68,809)	-	(68,809)
(113,703)	-	(113,703)
(163,427)	-	(163,427)
(736,475)	-	(736,475)
(1,323,381)	-	(1,323,381)
-	51,504	51,504
-	70,168	70,168
-	(5,517)	(5,517)
-	116,155	116,155
(1,323,381)	116,155	(1,207,226)
425,245	-	425,245
112,106	-	112,106
100,648	-	100,648
7,562	8,096	15,658
153,311	-	153,311
19,767	-	19,767
818,639	8,096	826,735
(504,742)	124,251	(380,491)
2,051,606	798,238	2,849,844
\$ 1,546,864	922,489	2,469,353
\$ 87,758	-	87,758
206,566	-	206,566
-	141,433	141,433
1,794,331	-	1,794,331
258,765	-	258,765
43,310	-	43,310
-	38,863	38,863
(843,866)	742,193	(101,673)
\$ 1,546,864	922,489	2,469,353

City of Center Point

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2008

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Fross Park
<b>Receipts:</b>				
Property tax	\$ 351,527	-	-	-
Tax increment financing	-	-	100,648	-
Other city tax	16,981	-	-	-
Licenses and permits	15,862	-	-	-
Use of money and property	7,562	-	-	57,854
Intergovernmental	49,916	192,533	-	-
Charges for service	3,671	-	-	-
Miscellaneous	23,704	-	-	15,494
Total receipts	469,223	192,533	100,648	73,348
<b>Disbursements:</b>				
Operating:				
Public safety	220,442	-	-	-
Public works	86,177	123,273	-	-
Health and social services	10,554	-	-	-
Culture and recreation	153,258	-	-	238
General government	120,902	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	591,333	123,273	-	238
Excess (deficiency) of receipts over (under) disbursements	(122,110)	69,260	100,648	73,110
<b>Other financing sources:</b>				
Loan proceeds	153,311	-	-	-
Net change in cash balances	31,201	69,260	100,648	73,110
Cash balances beginning of year	225,517	18,498	105,918	1,721,221
Cash balances end of year	\$ 256,718	87,758	206,566	1,794,331
<b>Cash Basis Fund Balances</b>				
Reserved for cemetery care	\$ -	-	-	-
Unreserved:				
General fund	256,718	-	-	-
Special revenue funds	-	87,758	206,566	1,794,331
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
Total cash basis fund balances	\$ 256,718	87,758	206,566	1,794,331

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
109,143	-	61,848	522,518
-	-	-	100,648
2,963	-	1,787	21,731
-	-	-	15,862
-	-	1,387	66,803
-	244,748	-	487,197
-	-	-	3,671
-	-	2,407	41,605
112,106	244,748	67,429	1,260,035
-	-	-	220,442
-	-	15,502	224,952
-	-	-	10,554
-	-	35,859	189,355
-	-	8,083	128,985
163,427	-	-	163,427
-	980,373	-	980,373
163,427	980,373	59,444	1,918,088
(51,321)	(735,625)	7,985	(658,053)
-	-	-	153,311
(51,321)	(735,625)	7,985	(504,742)
(74,481)	(239,157)	294,090	2,051,606
(125,802)	(974,782)	302,075	1,546,864
-	-	43,310	43,310
-	-	-	256,718
-	-	258,765	2,347,420
(125,802)	-	-	(125,802)
-	(974,782)	-	(974,782)
(125,802)	(974,782)	302,075	1,546,864

## City of Center Point

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2008

	Enterprise			Total
	Water	Sewer	Solid Waste	
Operating receipts:				
Charges for service	\$ 201,998	179,853	109,114	490,965
Miscellaneous	994	681	-	1,675
Total operating receipts	202,992	180,534	109,114	492,640
Operating disbursements:				
Business type activities	151,488	110,366	114,631	376,485
Excess (deficiency) of operating receipts over (under) operating disbursements	51,504	70,168	(5,517)	116,155
Non-operating receipts:				
Interest on investments	6,896	1,200	-	8,096
Net change in cash balances	58,400	71,368	(5,517)	124,251
Cash balances beginning of year	438,388	359,850	-	798,238
Cash balances end of year	\$ 496,788	431,218	(5,517)	922,489
<b>Cash Basis Fund Balances</b>				
Reserved for:				
Debt service	\$ 82,289	59,144	-	141,433
Meter deposits	38,863	-	-	38,863
Unreserved	375,636	372,074	(5,517)	742,193
Total cash basis fund balances	\$ 496,788	431,218	(5,517)	922,489

See notes to financial statements.

## City of Center Point

Statement of Changes in Fiduciary Assets and Liabilities  
Fiduciary Fund

Year ended June 30, 2008

	<u>Agency Tri-Fire Group</u>
Additions:	
Donations	\$ 500
Deductions:	
Refunds	<u>-</u>
Net change in cash balance	500
Cash balance beginning of year	<u>135</u>
Cash balance end of year	<u><u>\$ 635</u></u>

See notes to financial statements.

City of Center Point

Notes to Financial Statements

June 30, 2008

**(1) Summary of Significant Accounting Policies**

The City of Center Point is a political subdivision of the State of Iowa located in Linn County. It was first incorporated in 1875 and 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, sewer and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Center Point 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 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: Linn County Assessor's Conference Board, Linn County Emergency Management Commission and Linn County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets 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.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining 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 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 Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing proceeds and principal and interest on debt incurred for urban renewal projects.

The Fross Park Fund is used to account for activity related to Fross Park.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Solid Waste Fund accounts for the operation of the City's solid waste disposal system.

Additionally, the City reports an Agency Fund to account for assets held by the City as an agent for the Tri-Fire Group.

C. Measurement Focus and Basis of Accounting

The City of Center Point 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.

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 assets 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.

Proprietary funds distinguish operating receipts and disbursements from non-operating 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. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the public safety and health and social services functions.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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



At June 30, 2008, the City had the following investments:

Type	Amortized Cost
Edward Jones Money Market Fund	\$ 1,759,893

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk – The City’s investment in the Edward Jones Money Market Fund is rated AAA by Standard & Poor’s.

**(3) Long-Term Debt**

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

Year Ending June 30,	General Obligation Notes		General Obligation Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2009	\$ 115,000	27,127	15,331	6,692	130,331
2010	55,000	20,870	15,331	5,948	70,331	26,818
2011	55,000	17,900	15,331	5,205	70,331	23,105
2012	60,000	14,875	15,331	4,474	75,331	19,349
2013	60,000	11,485	15,331	3,718	75,331	15,203
2014-2017	135,000	12,235	61,325	7,440	196,325	19,675
Total	\$ 480,000	104,492	137,980	33,477	617,980	137,969

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City’s contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$17,543, \$16,373 and \$14,786, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours 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 payable to employees at June 30, 2008, primarily relating to the General Fund, is \$18,000. This liability has been computed based on rates of pay in effect at June 30, 2008.

**(6) Risk Management**

The City 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.

**(7) Development and Rebate Agreement**

During the year ended June 30, 2006, the City entered into a development and rebate agreement, not to exceed \$75,000, to assist in an urban renewal project. The City agreed to rebate incremental taxes paid by the developer in exchange for infrastructure improvements and development of a commercial facility constructed by the developer as set forth in the urban renewal plan and the individual development and rebate agreement. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated during a ten year period ending June 1, 2017. The City did not rebate any funds during fiscal year 2008. The outstanding balance of the agreement at June 30, 2008 was \$50,000.

**(8) Deficit Balances**

The Debt Service Fund had a deficit balance of \$125,802 at June 30, 2008. The deficit will be reduced by transferring urban renewal tax increment financing collections from the Special Revenue, Urban Renewal Tax Increment Fund. Additionally, the deficit will be reduced by the issuance of long term financing.

The Capital Projects Fund had a deficit balance of \$974,782 at June 30, 2008. The deficit balance will be eliminated through the issuance of long term financing as projects near completion.

The Solid Waste Fund had a deficit balance of \$5,517 at June 30, 2008. The deficit balance will be eliminated by raising the rates for solid waste collection.

**(9) Construction Commitments**

The City entered into various construction contracts during the year. Unpaid contract commitments as of June 30, 2008 totaled \$1,893,703, which will be paid as work on the projects progresses.

**(10) Subsequent Event**

In November 2008, the City approved and authorized the sale and issuance of \$1,720,000 of general obligation corporate purpose notes, series 2008. The note proceeds will be used to finance various capital improvements within the City.

**Required Supplementary Information**

City of Center Point  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements and Changes in Balances -  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total
<b>Receipts:</b>			
Property tax	\$ 522,518	-	522,518
Tax increment financing	100,648	-	100,648
Other city tax	21,731	-	21,731
Licenses and permits	15,862	-	15,862
Use of money and property	66,803	8,096	74,899
Intergovernmental	487,197	-	487,197
Charges for service	3,671	490,965	494,636
Miscellaneous	41,605	1,675	43,280
Total receipts	1,260,035	500,736	1,760,771
<b>Disbursements:</b>			
Public safety	220,442	-	220,442
Public works	224,952	-	224,952
Health and social services	10,554	-	10,554
Culture and recreation	189,355	-	189,355
General government	128,985	-	128,985
Debt service	163,427	-	163,427
Capital projects	980,373	-	980,373
Business type activities	-	376,485	376,485
Total disbursements	1,918,088	376,485	2,294,573
Excess (deficiency) of receipts over (under) disbursements	(658,053)	124,251	(533,802)
Other financing sources	153,311	-	153,311
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(504,742)	124,251	(380,491)
Balances beginning of year	2,051,606	798,238	2,849,844
Balances end of year	\$ 1,546,864	922,489	2,469,353

See accompanying independent auditor's report.

Original and Final Budget	Final to Total Variance
529,232	(6,714)
103,000	(2,352)
9,469	12,262
21,675	(5,813)
14,700	60,199
965,000	(477,803)
498,800	(4,164)
100,000	(56,720)
<u>2,241,876</u>	<u>(481,105)</u>
66,216	(154,226)
325,240	100,288
7,200	(3,354)
191,349	1,994
237,588	108,603
205,735	42,308
4,017,700	3,037,327
424,964	48,479
<u>5,475,992</u>	<u>3,181,419</u>
(3,234,116)	2,700,314
<u>1,984,700</u>	<u>(1,831,389)</u>
(1,249,416)	868,925
<u>1,882,436</u>	<u>967,408</u>
<u>633,020</u>	<u>1,836,333</u>

City of Center Point

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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 Fiduciary 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 Fund, the Capital Projects Fund, 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, the City did not amend the budget.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the public safety and health and social services functions.

**Other Supplementary Information**

City of Center Point

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2008

	Special Revenue		
	Employee Benefits	Library Capital Equipment	Cemetery Stone Repair
Receipts:			
Property tax	\$ 61,848	-	-
Other city tax	1,787	-	-
Use of money and property	-	1,387	-
Miscellaneous	961	-	25
Total receipts	64,596	1,387	25
Disbursements:			
Operating:			
Public works	15,502	-	-
Culture and recreation	35,859	-	-
General government	8,083	-	-
Total disbursements	59,444	-	-
Net change in cash balances	5,152	1,387	25
Cash balances beginning of year	93,198	71,746	430
Cash balances end of year	\$ 98,350	73,133	455
<b>Cash Basis Fund Balances</b>			
Reserved for cemetery care	\$ -	-	-
Unreserved:			
Special revenue funds	98,350	73,133	455
Total cash basis fund balances	\$ 98,350	73,133	455

See accompanying independent auditor's report.



<u>Capital</u>		<u>Permanent</u>	
<u>Equipment</u>	<u>Sidewalk</u>	<u>Cemetery</u>	
<u>Replacement</u>	<u>Revolving</u>	<u>Perpetual</u>	<u>Total</u>
		<u>Care</u>	
-	-	-	61,848
-	-	-	1,787
-	-	-	1,387
-	-	1,421	2,407
-	-	1,421	67,429
-	-	-	15,502
-	-	-	35,859
-	-	-	8,083
-	-	-	59,444
-	-	1,421	7,985
39,871	46,956	41,889	294,090
39,871	46,956	43,310	302,075
-	-	43,310	43,310
39,871	46,956	-	258,765
39,871	46,956	43,310	302,075

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City of Center Point  
Schedule of Indebtedness  
Year ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Sewer improvements	Sep 01, 1996	4.40-5.55%	\$ 620,000
Water improvements	Sep 15, 2005	4.85-6.00	540,000
Total			
General obligation loan:			
Fire truck	Jun 21, 2007	4.85%	\$ 153,311

See accompanying independent auditor's report.

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Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
125,000	-	60,000	65,000	6,878
465,000	-	50,000	415,000	26,120
\$ 590,000	-	110,000	480,000	32,998
-	153,311	15,331	137,980	4,298

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**Schedule 3**

## City of Center Point

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Six Years

	2008	2007	2006	2005	2004	2003
Receipts:						
Property tax	\$ 522,518	557,574	506,908	459,136	421,080	385,358
Tax increment financing	100,648	69,611	125,097	25,832	23,478	23,692
Other city tax	21,731	26,075	22,175	20,332	24,751	194,641
Licenses and permits	15,862	31,590	26,377	40,134	37,569	20,894
Use of money and property	66,803	82,118	50,801	9,229	6,306	5,797
Intergovernmental	487,197	238,506	225,070	212,934	267,500	414,282
Charges for service	3,671	107,414	109,295	174,998	85,289	82,807
Special assessments	-	-	398	431	863	662
Miscellaneous	41,605	280,492	1,060,160	733,613	24,243	23,947
Total	\$ 1,260,035	1,393,380	2,126,281	1,676,639	891,079	1,152,080
Disbursements:						
Operating:						
Public safety	\$ 220,442	163,095	60,847	60,281	66,848	58,820
Public works	224,952	344,176	373,250	340,356	282,499	312,660
Health and social services	10,554	-	-	-	-	-
Culture and recreation	189,355	215,213	438,354	237,317	242,168	126,442
Community and economic development	-	-	2,185	-	-	-
General government	128,985	164,526	143,741	158,133	132,257	104,684
Debt service	163,427	139,035	121,048	65,682	130,700	80,311
Capital projects	980,373	434,561	264,861	432,576	230,168	428,945
Total	\$ 1,918,088	1,460,606	1,404,286	1,294,345	1,084,640	1,111,862

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

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

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Center Point, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 21, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Center Point's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Center Point's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Center Point's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Center Point's ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Center Point's financial statements that is more than inconsequential will not be prevented or detected by the City of Center Point's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Center Point's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A) and (B) are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Center Point's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

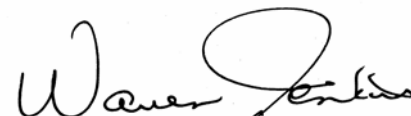
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Center Point's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Center Point's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Center Point and other parties to whom the City of Center Point may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Center Point 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.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 21, 2009

City of Center Point  
Schedule of Findings  
Year ended June 30, 2008

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:
- (1) Accounting system – performing all general accounting functions and having custody of assets.
  - (2) Cash – preparing bank account reconciliations, initiating cash receipts and disbursement functions and handling petty cash and recording cash.
  - (3) Investments – detailed record keeping, custody of investments and reconciling earnings.
  - (4) Receipts – collecting, depositing, journalizing and posting.
  - (5) Utility receipts – billing, collecting, depositing, posting and reconciling.
  - (6) Disbursements – purchasing, check signing, recording and reconciling.
  - (7) Payroll – preparing and distributing.
  - (8) Information system (computer usage) – performing all general accounting functions and controlling all data input and output.
  - (9) Financial reporting – Preparing, reconciling and distributing.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – The addition of a City Administrator and an office assistant will be instrumental in rectifying problems with “segregation of duties”. The City Administrator will be responsible for implementing internal control procedures.

Conclusion – Response accepted.

City of Center Point  
Schedule of Findings  
Year ended June 30, 2008

- (B) Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquent accounts were not reconciled.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies each month. The Council should review the reconciliation and monitor delinquencies each month.

Response – The City will be going to monthly billing, which may help with the reconciliation process. The City Council will be informed of reconciliation matters and monitor delinquencies each month.

Conclusion – Response accepted.

- (C) City Council – One check was written and held at year end.

Recommendation - Checks should not be written and held since this can weaken the control the City Council has over disbursements.

Response – Checks will not be held, procedures will be put in place to make sure checks are not being held.

Conclusion – Response accepted.

- (D) Disbursements – Certain invoices were not properly marked paid to help prevent duplicate payment of invoices.

Recommendation – All paid invoices should be marked or stamped paid with the date of payment to help prevent duplicate payment of invoices.

Response – All invoices will be marked or stamped paid. Procedures will be implemented to ensure invoices are date stamped.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



City of Center Point  
 Schedule of Findings  
 Year ended June 30, 2008

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amounts budgeted in the public safety and health and social services functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – Budget amendment(s) will be made in accordance with Chapter 384.18 of the Iowa Code.

Conclusion – Response accepted.

- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Albert Brown, husband of Mayor Paula Freeman-Brown, owner of Port-o-Jonny	Portable toilet rental	\$ 238

This transaction does not represent a conflict of interest in accordance with Chapter 362.5(10) of the Code of Iowa because the cumulative total during the fiscal year was less than \$1,500.

- (5) 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.
- (6) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

City of Center Point

Schedule of Findings

Year ended June 30, 2008

- (8) Financial Condition – The Debt Service Fund, the Capital Projects Fund and the Enterprise, Solid Waste Fund had deficit balances at June 30, 2008 of \$125,802, \$974,782 and \$5,517, respectively.

Recommendation – The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response – The City will complete a \$1.72 million bond sale, which will be used to pay for most of the outstanding capital improvement projects. The solid waste disposal rates will be adjusted to bring the Enterprise, Solid Waste Fund out of the deficit position.

Conclusion – Response accepted.

- (9) Development and Rebate Agreement – During the year ended June 30, 2006, the City entered into a development and rebate agreement, not to exceed \$75,000, to assist in an urban renewal project. The City rebated \$25,000 during fiscal year 2007 from the Capital Projects Fund rather than from the TIF Fund. The City did not make a corrective transfer during fiscal year 2008.

Recommendation – The City should make a corrective transfer for \$25,000 from the Special Revenue, Urban Renewal Tax Increment Fund to the Capital Projects Fund, Street Project - Palo Road account to reimburse the account for the development and rebate agreement.

Response – The City will transfer \$25,000 from Special Revenue, Urban Renewal Tax Increment Fund to the Capital Projects Fund, Street Project – Palo Road Account to cover the Development and Rebate Agreement.

Conclusion – Response accepted.

- (10) Tax Increment Financing Receipts – Fiscal year 2008 tax increment financing receipts were properly recorded to the Special Revenue, Urban Renewal Tax Increment Fund. However, the receipts were not used to repay applicable tax increment debt paid from the Debt Service Fund.

Recommendation – The City should transfer the tax increment financing receipts to the Debt Service Fund to repay the portion of TIF debt originally paid from the Debt Service Fund.

Response – TIF collections will be used to repay the Debt Service Fund to eliminate the deficit balance.

Conclusion – Response accepted.

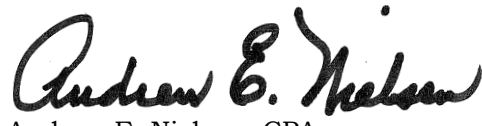
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City of Center Point

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Daniel L. Grady, Senior Auditor  
Robert N. Hanna, Audit Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive, flowing style.

Andrew E. Nielsen, CPA  
Deputy Auditor of State