



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

FOR RELEASE

February 19, 2010

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 \$3,706,335 for the year ended June 30, 2009, a 94 percent increase over 2008. The receipts included \$783,338 in property tax, \$105,842 from tax increment financing, \$507,853 from charges for service, \$282,658 from operating grants, contributions and restricted interest, \$291,533 from capital grants, contributions and restricted assets, \$1,706,240 from note proceeds, \$12,522 from unrestricted interest on investments and \$16,349 from other general receipts.

Disbursements for the year totaled \$3,574,641, a 56 percent increase over the prior year, and included \$2,214,227 for capital projects, \$224,548 for public works, \$224,528 for general government and \$199,992 for culture and recreation. Also, disbursements for business type activities totaled \$432,680.

The significant increase in receipts is due primarily to note proceeds used to fund capital project activity during fiscal year 2009.

The significant increase in disbursements is due primarily to an increase in capital project activity during fiscal year 2009.

A copy of the audit 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/index.html>.

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

JUNE 30, 2009

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**City of Center Point
Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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 (Effective Aug 2008)	City Administrator	Indefinite
Christy Dyer	City Clerk/Treasurer	(Resigned April 2009)
Melissa Atkinson (Appointed July 2009)	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, 2009, 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.

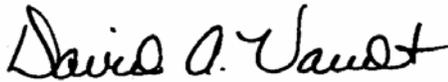
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2009, and the respective changes in its 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 19, 2010 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 six years ended June 30, 2008 (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 19, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 127%, or approximately \$1,800,000, in fiscal year 2009 over fiscal year 2008. The City received \$1,706,240 in note proceeds during fiscal year 2009.
- Disbursements increased 64%, or approximately \$1,224,000, in fiscal 2009 over fiscal 2008. General government and capital projects disbursements increased approximately \$96,000 and \$1,234,000, respectively. Public safety disbursements decreased approximately \$149,000. The decrease was primarily due to the City purchasing a fire truck in fiscal year 2008.
- The City's total cash basis net assets increased 5%, or approximately \$131,700, from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased approximately \$71,300 and the assets of the business type activities increased approximately \$60,400.

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.

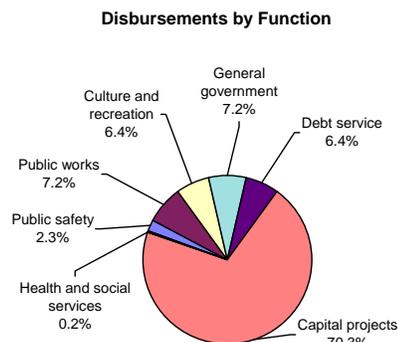
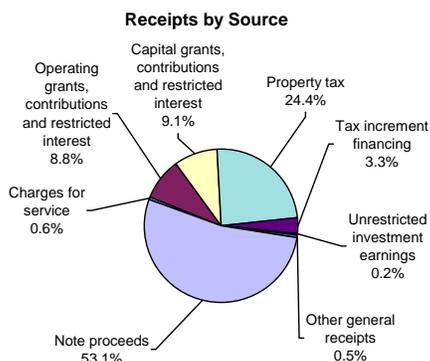
3) The Fiduciary Fund accounts for resources held for others. The Fiduciary Fund consists of an Agency, Tri-Fire Group Fund.

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 increased from a year ago, from \$1,546,864 to \$1,618,168. 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,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service	\$ 19	20
Operating grants, contributions and restricted interest	283	331
Capital grants, contributions and restricted interest	292	244
General receipts:		
Property tax	783	537
Tax increment financing	106	101
Unrestricted investment earnings	8	8
Note proceeds	1,706	153
Other general receipts	16	20
Total receipts	<u>3,213</u>	<u>1,414</u>
Disbursements:		
Public safety	71	220
Public works	225	225
Health and social services	7	11
Culture and recreation	200	189
General government	225	129
Debt service	200	164
Capital projects	2,214	980
Total disbursements	<u>3,142</u>	<u>1,918</u>
Change in cash basis net assets	71	(504)
Cash basis net assets beginning of year	1,547	2,051
Cash basis net assets end of year	<u>\$ 1,618</u>	<u>1,547</u>



The City's total receipts for governmental activities increased 127%, or approximately \$1,800,000. The total cost of all programs and services increased approximately \$1,224,000, or 64%, due primarily to capital projects activity. The increase in receipts was due to note proceeds of \$1,706,240 used to fund capital project activity and the increase in disbursements was due to an increase in capital project activity.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 194	203
Sewer	175	181
Solid waste	119	109
General receipts:		
Unrestricted interest on investments	5	8
Total receipts	<u>493</u>	<u>501</u>
Disbursements:		
Water	175	152
Sewer	155	110
Solid waste	103	115
Total disbursements	<u>433</u>	<u>377</u>
Change in cash basis net assets	60	124
Cash basis net assets beginning of year	<u>922</u>	<u>798</u>
Cash basis net assets end of year	<u>\$ 982</u>	<u>922</u>

Total business type activities receipts for the fiscal year were \$493,070 compared to \$500,736 last year. The cash balance increased approximately \$60,000 over the prior year because there was an increase in the solid waste and recycling rates in fiscal year 2009. Total disbursements for the fiscal year increased 15% to a total of \$432,680, primarily due to an increase in insurance rates, the purchase of new software and a tractor, and a couple of water main repairs.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Center Point completed the year, its governmental funds reported a combined fund balance of \$1,618,168, a increase of more than \$71,000 from last year's total of \$1,546,864. 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 \$133,890 over the prior year to \$390,608. The increase is primarily due to an increase in property tax rates which resulted in an increase of property tax receipts of approximately \$154,000. In addition, disbursements in the public safety function decreased \$149,540, due to the purchase of a fire truck during fiscal 2008, and disbursements in the general government function increased \$71,964, due primarily to hiring a City Administrator in fiscal year 2009 and an increase in legal expenses associated with the issuing the general obligation notes.
- The Special Revenue, Road Use Tax Fund cash balance increased \$71,834 to \$159,592 during the fiscal year. This increase was primarily attributable to the City not making transfers to the Capital Projects Fund during fiscal year 2009.

- 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 \$168,800, a decrease of \$37,766 from the previous year. The decrease was due to the City transferring funds to the Debt Service Fund in fiscal year 2009 to pay principal and interest on the outstanding debt issues. Similar transfers were not made in fiscal year 2008.
- The Special Revenue, Fross Park Fund cash balance increased \$6,814 to \$1,801,145. This increase was due to donations and interest received in fiscal year 2009. In the future, this fund will be used to pay the balance on the Fross Park Capital Project.
- The Debt Service Fund cash balance increased \$84,422 to a deficit of \$41,380 at the end of the fiscal year. The increase was due to an increase in property tax rates during fiscal 2009 and a transfer from the Special Revenue, Urban Renewal Tax Increment Fund for the payment of principal and interest on debt issues.
- The Capital Projects Fund is a combination of several accounts, including the lagoon, water and well projects. The fiscal year 2009 total cash balance for the Capital Projects Fund was a deficit of \$1,162,612, a decrease of \$187,830 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 \$23,407 to \$520,195. The increase was due to no transfers made to the Capital Projects Fund during fiscal year 2009.
- The Sewer Fund cash balance increased \$21,400 to \$452,618, due primarily to no transfers to the Capital Projects Fund for sewer projects.
- The Solid Waste Fund cash balance increased \$15,583 to \$10,066, due primarily to an increase in solid waste and recycling rates during fiscal year 2009.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2009, the City did not amend its budget. The City's receipts were \$247,121 more than budgeted. This was primarily due to the intergovernmental receipts being over budget by \$322,166 due to the City receiving Vision Iowa funds of \$291,533 during fiscal year 2009.

Total disbursements were \$1,860,658 less than budgeted. This was primarily due to the capital projects function being under budget by \$1,598,433. The City was expecting more activity on the Water Tower and North Waste Water projects and other various projects during the fiscal year. In addition, the general government function was under budget by \$99,920, due primarily to wages being under budget for the Clerk/Treasurer and City Administrator by about \$34,000. The remainder was due to less maintenance and repair on City Hall than expected.

The City exceeded the amount budgeted in the culture and recreation function.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$2,207,649 in notes and other long-term debt outstanding, compared to \$617,980 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2009	2008
General obligation notes - sewer	\$ -	65,000
General obligation notes - water	365,000	415,000
General obligation notes - city	1,720,000	-
General obligation loan - fire truck	122,649	137,980
Total	\$ 2,207,649	617,980

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 \$2,207,649 is significantly below its constitutional debt limit of approximately \$5.8 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 2010 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 2.7%.

Property tax is expected to increase in fiscal year 2010 as compared to fiscal year 2009. The assessed valuation increased and the total property tax levy increased.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$335,153 by the close of 2010 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, 2009

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 70,902	9,297	-	-
Public works	224,548	-	205,338	-
Health and social services	7,656	-	-	-
Culture and recreation	199,992	4,820	71,859	-
General government	224,528	5,255	5,461	-
Debt service	200,108	-	-	-
Capital projects	2,214,227	-	-	291,533
Total governmental activities	3,141,961	19,372	282,658	291,533
Business type activities:				
Water	174,912	194,437	-	-
Sewer	154,778	175,471	-	-
Solid waste	102,990	118,573	-	-
Total business type activities	432,680	488,481	-	-
Total	\$ 3,574,641	507,853	282,658	291,533
General Receipts:				
Property tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Unrestricted interest on investments				
Note proceeds, net of \$13,760 discount				
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:				
Nonexpendable:				
Permanent fund				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Fross Park				
Other purposes				
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
(61,605)	-	(61,605)
(19,210)	-	(19,210)
(7,656)	-	(7,656)
(123,313)	-	(123,313)
(213,812)	-	(213,812)
(200,108)	-	(200,108)
(1,922,694)	-	(1,922,694)
(2,548,398)	-	(2,548,398)
-	19,525	19,525
-	20,693	20,693
-	15,583	15,583
-	55,801	55,801
(2,548,398)	55,801	(2,492,597)
617,416	-	617,416
165,922	-	165,922
105,842	-	105,842
7,933	4,589	12,522
1,706,240	-	1,706,240
16,349	-	16,349
2,619,702	4,589	2,624,291
71,304	60,390	131,694
1,546,864	922,489	2,469,353
\$ 1,618,168	982,879	2,601,047
\$ 44,516	-	44,516
159,592	-	159,592
168,800	-	168,800
-	154,122	154,122
1,801,145	-	1,801,145
257,499	-	257,499
-	40,072	40,072
(813,384)	788,685	(24,699)
\$ 1,618,168	982,879	2,601,047

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, 2009

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Fross Park
Receipts:				
Property tax	\$ 505,546	-	-	-
Tax increment financing	-	-	105,842	-
Other city tax	21,343	-	-	-
Licenses and permits	13,480	-	-	-
Use of money and property	8,968	-	-	5,852
Intergovernmental	66,369	186,264	-	-
Charges for service	4,225	-	-	-
Miscellaneous	15,062	-	-	977
Total receipts	634,993	186,264	105,842	6,829
Disbursements:				
Operating:				
Public safety	70,902	-	-	-
Public works	95,340	114,430	-	-
Health and social services	7,656	-	-	-
Culture and recreation	153,850	-	-	15
General government	192,866	-	-	-
Debt service	-	-	50,000	-
Capital projects	-	-	-	-
Total disbursements	520,614	114,430	50,000	15
Excess (deficiency) of receipts over (under) disbursements	114,379	71,834	55,842	6,814
Other financing sources (uses):				
Note proceeds, net of \$13,760 of discount	19,511	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(93,608)	-
Total other financing sources (uses)	19,511	-	(93,608)	-
Net change in cash balances	133,890	71,834	(37,766)	6,814
Cash balances beginning of year	256,718	87,758	206,566	1,794,331
Cash balances end of year	\$ 390,608	159,592	168,800	1,801,145
Cash Basis Fund Balances				
Reserved for cemetery care	\$ -	-	-	-
Unreserved:				
General fund	390,608	-	-	-
Special revenue funds	-	159,592	168,800	1,801,145
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
Total cash basis fund balances	\$ 390,608	159,592	168,800	1,801,145

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
161,504	-	87,804	754,854
-	-	-	105,842
4,418	-	2,723	28,484
-	-	-	13,480
-	-	697	15,517
-	291,533	-	544,166
-	-	-	4,225
-	23,135	1,283	40,457
165,922	314,668	92,507	1,507,025
-	-	-	70,902
-	-	14,778	224,548
-	-	-	7,656
-	-	46,127	199,992
-	-	31,662	224,528
150,108	-	-	200,108
-	2,214,227	-	2,214,227
150,108	2,214,227	92,567	3,141,961
15,814	(1,899,559)	(60)	(1,634,936)
-	1,686,729	-	1,706,240
68,608	25,000	-	93,608
-	-	-	(93,608)
68,608	1,711,729	-	1,706,240
84,422	(187,830)	(60)	71,304
(125,802)	(974,782)	302,075	1,546,864
(41,380)	(1,162,612)	302,015	1,618,168
-	-	44,516	44,516
-	-	-	390,608
-	-	257,499	2,387,036
(41,380)	-	-	(41,380)
-	(1,162,612)	-	(1,162,612)
(41,380)	(1,162,612)	302,015	1,618,168

Exhibit C

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, 2009

	Enterprise			Total
	Water	Sewer	Solid Waste	
Operating receipts:				
Charges for service	\$ 193,943	171,956	118,573	484,472
Miscellaneous	494	3,515	-	4,009
Total operating receipts	194,437	175,471	118,573	488,481
Operating disbursements:				
Business type activities	174,912	154,778	102,990	432,680
Excess of operating receipts over operating disbursements	19,525	20,693	15,583	55,801
Non-operating receipts:				
Interest on investments	3,882	707	-	4,589
Net change in cash balances	23,407	21,400	15,583	60,390
Cash balances beginning of year	496,788	431,218	(5,517)	922,489
Cash balances end of year	\$ 520,195	452,618	10,066	982,879
Cash Basis Fund Balances				
Reserved for:				
Debt service	\$ 89,020	65,102	-	154,122
Meter deposits	40,072	-	-	40,072
Unreserved	391,103	387,516	10,066	788,685
Total cash basis fund balances	\$ 520,195	452,618	10,066	982,879

See notes to financial statements.

City of Center Point

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund

As of and for the year ended June 30, 2009

	<u>Tri-Fire Group</u>
Additions:	
Donations	\$ -
Deductions:	
Donation to Fire Association	<u>635</u>
Net change in cash balance	(635)
Cash balance beginning of year	<u>635</u>
Cash balance end of year	<u><u>\$ -</u></u>

See notes to financial statements.

City of Center Point

Notes to Financial Statements

June 30, 2009

(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 three categories:

Restricted Net Assets:

Nonexpendable – Nonexpendable net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City’s Permanent Fund.

Expendable – 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 – Net assets not meeting the definitions of the preceding categories. 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 collections and the repayment of tax increment financing indebtedness.

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 wastewater 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 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, 2009, disbursements exceeded the amount budgeted in the culture and recreation function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 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.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(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 Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2010	\$ 120,000	134,265	30,662	9,266	150,662
2011	155,000	91,633	15,331	5,205	170,331	96,838
2012	165,000	85,107	15,331	4,474	180,331	89,581
2013	170,000	77,832	15,331	3,718	185,331	81,550
2014	175,000	70,093	15,331	2,974	190,331	73,067
2015-2019	695,000	240,938	45,994	4,465	740,994	245,403
2020-2023	605,000	76,990	-	-	605,000	76,990
Total	\$2,085,000	776,858	137,980	30,102	2,222,980	806,960

In December 2008, the City issued \$1,720,000 of general obligation corporate purpose notes with interest rates ranging from 3.30% to 5.05% per annum and a maturity date in 2023. The City used \$1,706,240 of the proceeds to pay the costs of street, storm sewer, sidewalk, waterworks system and city park improvements.

The June 30, 2009 payment on the general obligation loan was not made until July 31, 2009.

(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 4.10% of their annual covered salary and the City is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$20,619, \$17,543 and \$16,373, 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, 2009, primarily relating to the General Fund, is \$18,000. This liability has been computed based on rates of pay in effect at June 30, 2009.

(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) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
	Special Revenue:	
Debt Service	Urban Renewal Tax Increment	\$ 68,608
Capital Projects	Urban Renewal Tax Increment	25,000
Total		<u>\$ 93,608</u>

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

(8) 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 tax 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 tax 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. During fiscal year 2009, the City paid the remaining balance of \$50,000 on the development and rebate agreement.

(9) Deficit Balances

The Debt Service Fund had a deficit balance of \$41,380 at June 30, 2009. 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 \$1,162,612 at June 30, 2009. The deficit balance will be eliminated through the issuance of long term financing as projects near completion.

(10) Construction Commitments

The City entered into various construction contracts during the year. Unpaid contract commitments as of June 30, 2009 totaled \$131,714, which will be paid as work on the projects progresses.

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, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 754,854	-	754,854
Tax increment financing	105,842	-	105,842
Other city tax	28,484	-	28,484
Licenses and permits	13,480	-	13,480
Use of money and property	15,517	4,589	20,106
Intergovernmental	544,166	-	544,166
Charges for service	4,225	484,472	488,697
Miscellaneous	40,457	4,009	44,466
Total receipts	1,507,025	493,070	2,000,095
Disbursements:			
Public safety	70,902	-	70,902
Public works	224,548	-	224,548
Health and social services	7,656	-	7,656
Culture and recreation	199,992	-	199,992
Community and economic development	-	-	-
General government	224,528	-	224,528
Debt service	200,108	-	200,108
Capital projects	2,214,227	-	2,214,227
Business type activities	-	432,680	432,680
Total disbursements	3,141,961	432,680	3,574,641
Excess (deficiency) of receipts over (under) disbursements	(1,634,936)	60,390	(1,574,546)
Other financing sources, net	1,706,240	-	1,706,240
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	71,304	60,390	131,694
Balances beginning of year	1,546,864	922,489	2,469,353
Balances end of year	\$ 1,618,168	982,879	2,601,047

See accompanying independent auditor's report.

Original and Final Budget	Final to Total Variance
758,958	(4,104)
68,075	37,767
17,061	11,423
14,225	(745)
46,100	(25,994)
222,000	322,166
531,650	(42,953)
94,905	(50,439)
<u>1,752,974</u>	<u>247,121</u>
71,017	115
250,833	26,285
8,000	344
191,034	(8,958)
25,000	25,000
324,448	99,920
208,025	7,917
3,812,660	1,598,433
544,282	111,602
<u>5,435,299</u>	<u>1,860,658</u>
(3,682,325)	2,107,779
<u>2,627,000</u>	<u>(920,760)</u>
(1,055,325)	1,187,019
<u>3,008,845</u>	<u>(539,492)</u>
<u>1,953,520</u>	<u>647,527</u>

City of Center Point

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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, 2009, disbursements exceeded the amount budgeted in the culture and recreation function.

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, 2009

	Special Revenue				
	Employee Benefits	Library Capital Equipment	Cemetery Stone Repair	Capital Equipment Replacement	Sidewalk Revolving
Receipts:					
Property tax	\$ 87,804	-	-	-	-
Other city tax	2,723	-	-	-	-
Use of money and property	-	697	-	-	-
Miscellaneous	2	-	75	-	-
Total receipts	90,529	697	75	-	-
Disbursements:					
Operating:					
Public works	12,986	-	-	-	1,792
Culture and recreation	41,138	4,989	-	-	-
General government	31,662	-	-	-	-
Total disbursements	85,786	4,989	-	-	1,792
Net change in cash balances	4,743	(4,292)	75	-	(1,792)
Cash balances beginning of year	98,350	73,133	455	39,871	46,956
Cash balances end of year	\$ 103,093	68,841	530	39,871	45,164
Cash Basis Fund Balances					
Reserved for cemetery care	\$ -	-	-	-	-
Unreserved:					
Special revenue funds	103,093	68,841	530	39,871	45,164
Total cash basis fund balances	\$ 103,093	68,841	530	39,871	45,164

See accompanying independent auditor's report.

Permanent Cemetery Perpetual Care	Total
-	87,804
-	2,723
-	697
1,206	1,283
1,206	92,507
-	14,778
-	46,127
-	31,662
-	92,567
1,206	(60)
43,310	302,075
44,516	302,015
44,516	44,516
-	257,499
44,516	302,015

City of Center Point
Schedule of Indebtedness
Year ended June 30, 2009

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
City improvements	Nov 12, 2008	3.30-5.05	1,720,000
Total			
General obligation loan:			
Fire truck	Jun 21, 2007	4.85%	\$ 153,311

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
65,000	-	65,000	-	3,608
415,000	-	50,000	365,000	23,520
-	1,720,000	-	1,720,000	-
<u>\$ 480,000</u>	<u>1,720,000</u>	<u>115,000</u>	<u>2,085,000</u>	<u>27,128</u>
<u>137,980</u>	<u>-</u>	<u>-</u>	<u>137,980</u>	<u>7,080</u>

Schedule 3

City of Center Point

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

For the Last Seven Years

	2009	2008	2007	2006	2005	2004	2003
Receipts:							
Property tax	\$ 754,854	522,518	557,574	506,908	459,136	421,080	385,358
Tax increment financing	105,842	100,648	69,611	125,097	25,832	23,478	23,692
Other city tax	28,484	21,731	26,075	22,175	20,332	24,751	194,641
Licenses and permits	13,480	15,862	31,590	26,377	40,134	37,569	20,894
Use of money and property	15,517	66,803	82,118	50,801	9,229	6,306	5,797
Intergovernmental	544,166	487,197	238,506	225,070	212,934	267,500	414,282
Charges for service	4,225	3,671	107,414	109,295	174,998	85,289	82,807
Special assessments	-	-	-	398	431	863	662
Miscellaneous	40,457	41,605	280,492	1,060,160	733,613	24,243	23,947
Total	<u>\$ 1,507,025</u>	<u>1,260,035</u>	<u>1,393,380</u>	<u>2,126,281</u>	<u>1,676,639</u>	<u>891,079</u>	<u>1,152,080</u>
Disbursements:							
Operating:							
Public safety	\$ 70,902	220,442	163,095	60,847	60,281	66,848	58,820
Public works	224,548	224,952	344,176	373,250	340,356	282,499	312,660
Health and social services	7,656	10,554	-	-	-	-	-
Culture and recreation	199,992	189,355	215,213	438,354	237,317	242,168	126,442
Community and economic development	-	-	-	2,185	-	-	-
General government	224,528	128,985	164,526	143,741	158,133	132,257	104,684
Debt service	200,108	163,427	139,035	121,048	65,682	130,700	80,311
Capital projects	2,214,227	980,373	434,561	264,861	432,576	230,168	428,945
Total	<u>\$ 3,141,961</u>	<u>1,918,088</u>	<u>1,460,606</u>	<u>1,404,286</u>	<u>1,294,345</u>	<u>1,084,640</u>	<u>1,111,862</u>

See accompanying independent auditor's report.



**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

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, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 19, 2010. 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), (B) and (C) 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, 2009 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 19, 2010

City of Center Point
Schedule of Findings
Year ended June 30, 2009

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 receipt and disbursement functions and handling petty cash and recording cash.
 - (3) Investments – detailed record keeping 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 – Review of control procedures will be conducted. The City will work to maximize internal control with staff.

Conclusion – Response accepted.

City of Center Point

Schedule of Findings

Year ended June 30, 2009

- (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 – Procedures will be established to reconcile utility billings, collections and delinquencies each month. The Council will review any reconciliation and monitor delinquencies each month.

Conclusion – Response accepted.

- (C) Bank Reconciliation – City fund balances did not reconcile to the bank balances at June 30, 2009.

Recommendation – City fund balances should be reconciled to the bank balances monthly. Any variances should be investigated and corrected in a timely manner.

Response – The City will reconcile balances with bank balances monthly. Variances will be investigated and corrected. The City Council will be informed of any variances.

Conclusion – Response accepted.

- (D) Payment of Debt Commitments – Certain payments on debt obligations were not coded to the proper account in the financial records under the debt service function.

Recommendation – The City should ensure all debt obligations are coded in the proper account in the debt service function.

Response – The City will ensure payments for debt obligations are coded properly.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Center Point
Schedule of Findings
Year ended June 30, 2009

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the culture and recreation function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City will amend the budget in accordance with Chapter 384.18 of the Code of Iowa.

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 - No business transactions between the City and City officials or employees were noted.
- (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.

Although minutes of Council proceedings were published, the minutes did not always include total disbursements from each fund and did not have a summary of all receipts as required by Chapter 372.13(6) of the Code of Iowa.

Although a list of claims paid by the City was published, the publication did not include an explanation of the claim in accordance with an Attorney General’s opinion dated April 12, 1978. Also, a complete list of claims was not available for all months.

Recommendation – The City should comply with Chapter 372.13(6) of the Code of Iowa and include an explanation for each claim.

Response – The City will comply with Chapter 372.13(6) of the Code of Iowa and include an explanation for each claim. The City will complete a list of claims and publish in an approved newspaper of general circulation.

Conclusion – Response accepted.

City of Center Point

Schedule of Findings

Year ended June 30, 2009

(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.

(8) Financial Condition – The Debt Service Fund and the Capital Projects Fund had deficit balances at June 30, 2009 of \$41,380 and \$1,162,162, respectively.

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

Response – The City will investigate alternatives to eliminate deficits in the Debt Service Fund and Capital Projects Fund.

Conclusion – Response accepted.

(9) Transfers – The City periodically transferred money to and from various funds and accounts. However, these transfers were not always approved by the Council prior to the actual transfer.

Recommendation – The City should approve all fund/account transfers prior to the actual transfer and document approval and amount(s) as part of the minutes record.

Response – Staff will ensure the City Council approves fund/account transfers prior to the actual transfer and document the approval and amounts in the minutes.

Conclusion – Response accepted.

City of Center Point

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Daniel L. Grady, Senior Auditor
Gabriel M. Stafford, CPA, Assistant Auditor
Christina M. Renze, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State