



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 28, 2013

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 \$7,151,257 for the year ended June 30, 2012, a 195% increase over the prior year. The receipts included \$832,717 in property tax, \$276,045 from tax increment financing, \$308,372 from local option sales tax, \$806,356 from charges for service, \$532,071 from operating grants, contributions and restricted interest, \$95,000 from capital grants, contributions and restricted interest, \$10,578 from unrestricted interest on investments, \$4,199,922 from bond and note proceeds and \$90,196 from other general receipts.

Disbursements for the year totaled \$5,339,659, a 39% increase over the prior year, and included \$2,724,192 for capital projects, \$536,192 for culture and recreation and \$362,304 for debt service. Also, disbursements for business type activities totaled \$1,147,698.

The significant increase in receipts and disbursements is due primarily to the receipt of bond and note proceeds and increased capital project disbursements during the fiscal year.

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/1220-0540-B00F.pdf>.

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

JUNE 30, 2012

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**City of Center Point
Officials**

(Before January 2012)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Mona Barz	Mayor	Jan 2012
Connie Robinson	Mayor Pro-Tem	Jan 2014
Ted Callahan (Appointed)	Council Member	Nov 2012
Paul Mann (Appointed)	Council Member	Nov 2012
Robert Dillon	Council Member	Jan 2014
Michael Stanton	Council Member	Jan 2014
Steve Winger	City Administrator	Indefinite
Melissa Atkinson	Clerk/Treasurer	Indefinite
LeAnn Kramer	Deputy City Clerk	Indefinite
Anne Loomis	Attorney	Indefinite

(After January 2012)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mona Barz	Mayor	Jan 2014
Connie Robinson	Mayor Pro tem	Jan 2014
Robert Dillon	Council Member	Jan 2014
Michael Stanton	Council Member	Jan 2014
Matt Brunner	Council Member	Jan 2016
Paul Mann	Council Member	Jan 2016
Steve Winger	City Administrator	Indefinite
Melissa Atkinson	Clerk/Treasurer	Indefinite
LeAnn Kramer	Deputy City Clerk	(Ended Oct 2011)
Anna Wilson (Began March 2012)	Accounting 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, 2012, 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.

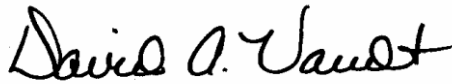
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Center Point as of June 30, 2012, 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 February 26, 2013 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 the internal control over financial reporting or on 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.

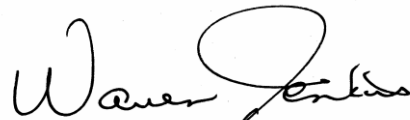
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Center Point's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (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. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part

of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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. Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 12 and 28 through 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 26, 2013

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, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 202%, or approximately \$3,375,000, in fiscal year 2012 from fiscal year 2011. The City issued approximately \$2,933,000 of general obligation notes to be used for capital projects.
- Governmental activities disbursements increased 37%, or approximately \$1,125,000, in fiscal year 2012 from fiscal year 2011. Capital projects and culture and recreation function disbursements increased approximately \$851,000 and \$191,000, respectively. The overall increase was primarily due to more capital project activity during the current year.
- The City's total cash basis net assets increased 139%, or approximately \$1,81,000, from June 30, 2011 to June 30, 2012. Of this amount, the assets of the governmental activities increased approximately \$1,617,000 and the assets of the business type activities increased approximately \$194,000.

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 financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

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

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

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, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sanitary sewer and solid waste systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two 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 Park and Recreation, 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.

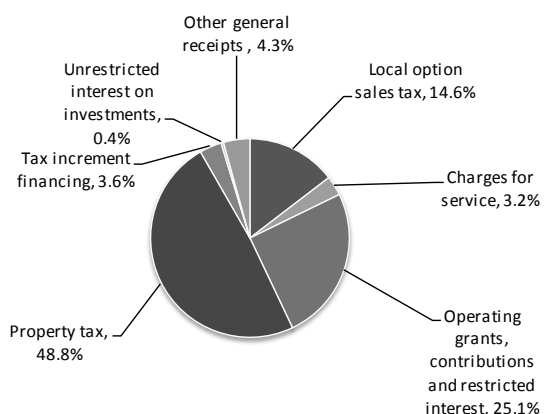
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

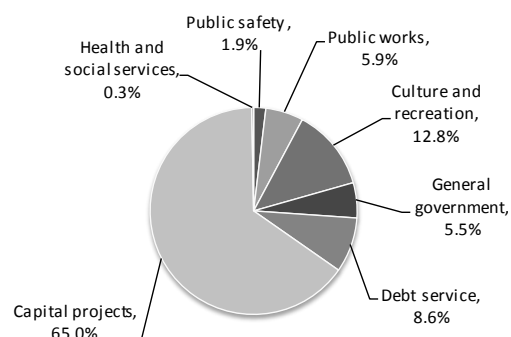
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased sharply from a year ago, from approximately \$0.5 million to approximately \$2.1 million. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service	\$ 67	60
Operating grants, contributions and restricted interest	532	297
General receipts:		
Property tax	1,033	845
Tax increment financing	76	69
Local option sales tax	308	266
Unrestricted interest on investments	9	6
Note proceeds	2,933	-
Other general receipts	90	130
Total receipts	5,048	1,673
Disbursements:		
Public safety	80	80
Public works	249	244
Health and social services	12	8
Culture and recreation	536	345
General government	229	230
Debt service	362	287
Capital projects	2,724	1,873
Total disbursements	4,192	3,067
Change in cash basis net assets before transfers	856	(1,394)
Transfers, net	761	56
Change in cash basis net assets	1,617	(1,338)
Cash basis net assets beginning of year	532	1,870
Cash basis net assets end of year	\$ 2,149	532

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities increased 202%, or approximately \$3,375,000. The total cost of all programs and services increased approximately \$1,125,000, or 37%, due primarily to more capital projects activity during the fiscal year. The increase in receipts was due primarily to the issuance of general obligation notes of approximately \$2,933,000.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 384	197
Sewer	220	178
Solid waste	135	133
General receipts:		
Unrestricted interest on investments	2	1
Grant proceeds	95	-
Revenue bond proceeds	1,267	243
Total receipts	2,103	752
Disbursements:		
Water	808	193
Sewer	221	460
Solid waste	118	117
Total disbursements	1,147	770
Change in cash basis net assets before transfers	956	(18)
Transfers, net	(762)	(56)
Change in cash basis net assets	194	(74)
Cash basis net assets beginning of year	774	848
Cash basis net assets end of year	\$ 968	774

Total business type activities receipts for the fiscal year were approximately \$2.1 million compared to approximately \$752,000 last year. The increase is due to the issuance of water revenue bonds of approximately \$1,267,000 and I-JOB grant proceeds of \$95,000 received in fiscal year 2012. The cash balance increased approximately \$194,000 from the prior year. Total disbursements for the fiscal year increased 49% to approximately \$1,147,000, primarily due to the City incurring costs related to the construction of improvements to the City's water system which were partially offset by the receipt of revenue bond proceeds.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Center Point completed the year, its governmental funds reported a combined fund balance of \$2,149,129, an increase of \$1,617,419 from last year's total of \$531,710. 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 \$389,068 from the prior year to \$1,092,108. The increase is primarily due to the City receiving a total of \$181,055 for the Wakema Park project from the County.
- The Special Revenue, Road Use Tax Fund cash balance increased \$104,930 to \$341,372. This increase is primarily due to the City receiving additional road use tax funding from the State.

- 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 \$60,647, a decrease of \$118,665 from the previous fiscal year. The decrease was the result of \$194,161 transferred to the Debt Service Fund to pay tax increment debt.
- The Special Revenue, Local Option Sales and Services Tax Fund was established to account for receipts and disbursements authorized by the referendum vote on May 5, 2009. At the end of the fiscal year, the cash balance was \$780,803, an increase of \$296,547 over the previous fiscal year. The increase is primarily due to limited transfers made from the fund for the fiscal year.
- The Special Revenue, Park and Recreation Fund was established during fiscal year 2010 to account for various activities, including a concession stand, mowing and maintenance, at Fross Park. The cash balance decreased \$100,666 to \$168,034. This decrease was primarily attributable to the purchase of playground equipment and resurfacing the playground.
- The Debt Service Fund cash balance increased \$107,902 to a balance of \$104,427. The increase was primarily due to an increase in the debt service property tax levy resulting in an increase in property tax receipts during fiscal year 2012. In addition, a transfer from the Special Revenue, Urban Renewal Tax Increment Fund was made to cover tax increment debt payments.
- The Capital Projects Fund is a combination of several accounts, including the lagoon, water and well projects accounts. The total cash balance for the Capital Projects Fund at the end of fiscal year 2012 was (\$735,066), an increase of \$982,015 over the prior year. The increase is primarily due to the receipt of general obligation bond proceeds which offset disbursements for projects.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$83,425 to \$519,049. The increase was due to the receipt of water revenue bond proceeds of \$1,267,150 offset by transfers to the Capital Projects Fund to reimburse project costs.
- The Enterprise, Sewer Fund cash balance increased \$94,343 to \$397,586, due primarily to the City incurring additional costs related to the construction, improvement and extension of the City's sanitary sewer system. These costs were offset by an increase in operating receipts and I-JOBs grant proceeds for the North Waste Water project.
- The Enterprise, Solid Waste Fund cash balance increased \$16,411 to \$51,709, due primarily to a slight increase in operating receipts.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2012, the City amended its budget one time. The amendment was approved on June 12, 2012 and resulted in an increase in operating disbursements related to a filing error in the original budget.

The City's receipts were \$471,972 less than budgeted. This was primarily due to the City not assessing the local school for projects. The assessment will be done in the following fiscal year.

Total disbursements were \$2,218,089 less than budgeted. This was primarily due to the capital projects function being under budget by \$753,058 and the business type activities function being under budget by \$837,782. The City was expecting the level of activity on various capital projects during the fiscal year to be higher.

The City exceeded the amount budgeted in the health and social services and culture and recreations functions, primarily due to the purchase of mosquito control chemicals totaling \$5,676 and items purchased for the park department of \$120,000.

DEBT ADMINISTRATION

At June 30, 2012, the City had approximately \$6,115,000 of notes and other long-term debt outstanding, compared to approximately \$2,131,000 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2012	2011
General obligation notes	\$ 4,600	1,810
General obligation loan note - Fire Truck	71	85
Revenue bonds	1,444	236
Total	\$ 6,115	2,131

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 \$4,671,000 is significantly below its constitutional debt limit of approximately \$6.5 million. Additional information about the City's long term debt is presented in Note 3 to the financial statements.

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 2013 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Property tax is expected to increase in fiscal year 2013 compared to fiscal year 2012 due to the increase in assessed valuation.

These indicators were taken into account when adopting the budget for fiscal year 2013. Amounts available for appropriation in the operating budget are approximately \$2.5 million, a decrease of 28% over the final fiscal year 2012 budget. Budgeted disbursements are expected to decrease approximately \$5.2 million. The decrease is primarily due to the completion of several capital projects during fiscal year 2012.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$1.0 million by the close of fiscal year 2013.

The City of Center Point completed several major upgrades to the City's infrastructure which affected the fiscal year 2012 budget. A new 500,000 gallon water tower was completed. The Lewis Access Road Reconstruction was completed in fiscal year 2012, improving traffic flow in and out of the City. The Iowa Street Reconstruction was completed in fiscal year 2012, providing a safe access for pedestrians and motorists.

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, 2012

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 79,505	22,056	-	-
Public works	248,952	-	253,306	-
Health and social services	11,591	-	275,004	-
Culture and recreation	536,192	40,000	3,761	-
General government	229,225	4,959	-	-
Debt service	362,304	-	-	-
Capital projects	2,724,192	-	-	-
Total governmental activities	4,191,961	67,015	532,071	-
Business type activities:				
Water	807,798	384,381	-	-
Sewer	221,502	220,151	-	95,000
Solid waste	118,398	134,809	-	-
Total business type activities	1,147,698	739,341	-	95,000
Total	\$ 5,339,659	806,356	532,071	95,000
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Bond proceeds, net of \$12,850 initiation fee				
Note proceeds, net of \$22,228 discount				
Miscellaneous				
Transfers				
Total general receipts and transfers				
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:				
Cemetery perpetual care				
Expendable:				
Streets				
Urban renewal purposes				
Local option sales tax				
Debt service				
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
----------------------------	-----------------------------	-------

(57,449)	-	(57,449)
4,354	-	4,354
263,413	-	263,413
(492,431)	-	(492,431)
(224,266)	-	(224,266)
(362,304)	-	(362,304)
(2,724,192)	-	(2,724,192)
(3,592,875)	-	(3,592,875)

-	(423,417)	(423,417)
-	93,649	93,649
-	16,411	16,411

-	(313,357)	(313,357)
(3,592,875)	(313,357)	(3,906,232)

757,221	-	757,221
276,045	-	276,045
75,496	-	75,496
308,372	-	308,372
8,582	1,996	10,578
-	1,267,150	1,267,150
2,932,772	-	2,932,772
90,196	-	90,196
761,610	(761,610)	-

5,210,294	507,536	5,717,830
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1,617,419	194,179	1,811,598
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531,710	774,165	1,305,875
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\$ 2,149,129	968,344	3,117,473
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\$ 50,495	-	50,495
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341,372	-	341,372
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60,647	-	60,647
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780,803	-	780,803
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104,427	156,990	261,417
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456,004	-	456,004
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	41,615	41,615
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355,381	769,739	1,125,120
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\$ 2,149,129	968,344	3,117,473
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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, 2012

		Special Revenue		
		Road	Urban	Local Option
	General	Use	Renewal Tax	Sales and
		Tax	Increment	Services Tax
Receipts:				
Property tax	\$ 629,790	-	-	-
Tax increment financing	-	-	75,496	-
Other city tax	4,317	-	-	308,372
Licenses and permits	38,174	-	-	-
Use of money and property	9,424	-	-	-
Intergovernmental	243,841	253,306	-	-
Charges for service	-	-	-	-
Miscellaneous	49,875	-	-	-
Total receipts	975,421	253,306	75,496	308,372
Disbursements:				
Operating:				
Public safety	79,505	-	-	-
Public works	85,250	148,376	-	-
Health and social services	11,591	-	-	-
Culture and recreation	215,038	-	-	-
General government	194,969	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	586,353	148,376	-	-
Excess (deficiency) of receipts over (under) disbursements	389,068	104,930	75,496	308,372
Other financing sources (uses):				
Bond proceeds, net of \$22,228 discount	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(194,161)	(11,825)
Total other financing sources (uses)	-	-	(194,161)	(11,825)
Change in cash balances	389,068	104,930	(118,665)	296,547
Cash balances beginning of year	703,040	236,442	179,312	484,256
Cash balances end of year	\$ 1,092,108	341,372	60,647	780,803
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	\$ -	-	-	-
Restricted for:				
Streets	-	341,372	-	-
Urban renewal purposes	-	-	60,647	-
Local option sales tax	-	-	-	780,803
Debt service	-	-	-	-
Other purposes	-	-	-	-
Assigned for capital equipment	39,909	-	-	-
Unassigned	1,052,199	-	-	-
Total cash basis fund balances	\$ 1,092,108	341,372	60,647	780,803

See notes to financial statements.

Park and Recreation	Debt Service	Capital Projects	Nonmajor	Total
-	274,053	-	122,096	1,025,939
-	-	-	-	75,496
-	1,992	-	1,018	315,699
-	-	-	80	38,254
1,715	-	-	3,242	14,381
-	-	-	-	497,147
7,818	-	-	-	7,818
56,268	-	-	34,121	140,264
65,801	276,045	-	160,557	2,114,998
-	-	-	-	79,505
-	-	-	15,326	248,952
-	-	-	-	11,591
166,467	-	-	154,687	536,192
-	-	-	34,256	229,225
-	362,304	-	-	362,304
-	-	2,724,192	-	2,724,192
166,467	362,304	2,724,192	204,269	4,191,961
(100,666)	(86,259)	(2,724,192)	(43,712)	(2,076,963)
-	-	2,932,772	-	2,932,772
-	194,161	773,435	-	967,596
-	-	-	-	(205,986)
-	194,161	3,706,207	-	3,694,382
(100,666)	107,902	982,015	(43,712)	1,617,419
268,700	(3,475)	(1,717,081)	380,516	531,710
168,034	104,427	(735,066)	336,804	2,149,129
-	-	-	50,495	50,495
-	-	-	-	341,372
-	-	-	-	60,647
-	-	-	-	780,803
-	104,427	-	-	104,427
168,034	-	-	287,970	456,004
-	-	-	-	39,909
-	-	(735,066)	(1,661)	315,472
168,034	104,427	(735,066)	336,804	2,149,129

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, 2012

	Enterprise			
	Water	Sewer	Solid Waste	Total
Operating receipts:				
Charges for service	\$ 379,135	210,207	134,799	724,141
Miscellaneous	5,246	9,944	10	15,200
Total operating receipts	384,381	220,151	134,809	739,341
Operating disbursements:				
Business type activities	214,095	182,379	118,398	514,872
Excess of operating receipts over operating disbursements	170,286	37,772	16,411	224,469
Non-operating receipts (disbursements):				
Interest on investments	1,302	694	-	1,996
Debt service	(88,163)	(13,165)	-	(101,328)
Capital outlay	(505,540)	(25,958)	-	(531,498)
I-JOBs grant	-	95,000	-	95,000
Revenue bond proceeds (net of \$12,850 initiation fee)	1,267,150	-	-	1,267,150
Net non-operating receipts	674,749	56,571	-	731,320
Excess of receipts over disbursements	845,035	94,343	16,411	955,789
Transfers out	(761,610)	-	-	(761,610)
Change in cash balances	83,425	94,343	16,411	194,179
Cash balances beginning of year	435,624	303,243	35,298	774,165
Cash balances end of year	\$ 519,049	397,586	51,709	968,344
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 91,301	65,689	-	156,990
Meter deposits	41,615	-	-	41,615
Unrestricted	386,133	331,897	51,709	769,739
Total cash basis fund balances	\$ 519,049	397,586	51,709	968,344

See notes to financial statements.

City of Center Point

Notes to Financial Statements

June 30, 2012

(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.

These financial statements include the City of Center Point (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Center Point Public Library is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the nonmajor governmental funds.

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 following categories/components:

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 consist of 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used 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 Local Option Sales and Services Tax Fund is used to account for local sales and services tax receipts to be used for property tax relief and infrastructure.

The Park and Recreation Fund is utilized to account for donations to be used for activity related to the City parks.

The Debt Service Fund is utilized to account for property tax and other revenues to be used 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 Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

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

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

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.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from 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. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the health and social services and the culture and recreation functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2012 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 the general obligation loan note are as follows:

Year Ending June 30,	General Obligation Notes		General Obligation Loan Note		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2013	\$ 310,000	173,050	15,331	3,718	325,331	176,768	502,099
2014	315,000	162,160	15,331	2,974	330,331	165,134	495,465
2015	325,000	150,775	15,331	2,231	340,331	153,006	493,337
2016	270,000	138,653	15,331	1,491	285,331	140,144	425,475
2017	275,000	130,118	9,258	743	284,258	130,861	415,119
2018-2022	1,525,000	500,993	-	-	1,525,000	500,993	2,025,993
2023-2027	990,000	224,685	-	-	990,000	224,685	1,214,685
2028-2030	590,000	47,800	-	-	590,000	47,800	637,800
Total	\$ 4,600,000	1,528,233	70,582	11,157	4,670,582	1,539,390	6,209,972

Sewer Revenue Bond, Series 2010

On December 17, 2010, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of a sewer revenue bond of up to \$250,000 with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal

balance. The bond was issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the sewage treatment facilities. The City will draw down funds from the DNR upon request to reimburse the City for costs as they are incurred. At June 30, 2012, the City had drawn down \$242,500 of the authorized amount, including an initiation fee of \$2,500 (1% of the authorized borrowing for the sewer revenue bond) charged by the Iowa Finance Authority which was withheld from the first proceeds of the sewer revenue bond. A final repayment schedule has not yet been adopted. However, the City paid principal of \$9,000 and interest of \$3,540 during fiscal year 2012 under a preliminary repayment schedule.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the sewer revenue bond. The percentage of net receipts required to pay annual principal and interest payments on the bonds and the total amount of principal and interest remaining to be paid on the bonds at June 30, 2012 are not available since the final repayment schedule has not been adopted for the bond. For the current year, principal and interest paid and total customer net receipts were \$12,540 and \$182,379, respectively.

The resolution providing for the issuance of the sewer revenue bond issued under a loan agreement between the City, the Iowa Finance Authority and the Iowa Department of Natural Resources includes the following provisions:

- (1) The bond will be only redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earning of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (3) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bond falling due in the same year.

The City has not made the required transfers to the sinking fund.

Water Revenue Bond, Series 2011

On July 15, 2011, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources (DNR) for the issuance of a water revenue bond of up to \$1,285,000 with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bond was issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the water tower. The City will draw down funds from the DNR upon request to reimburse the City for costs as they are incurred. At June 30, 2012, the City had drawn down \$1,280,000 of the authorized amount, including an initiation fee of \$12,850 (1% of the authorized borrowing for the water revenue bond) charged by the Iowa Finance Authority which was withheld from the first proceeds of the water revenue bond. The City paid principal of \$50,000 and interest of \$31,411 during fiscal year 2012 under a preliminary repayment schedule.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the water revenue bond. The percentage of net receipts required to pay annual principal and interest payments on the bonds and the total amount of principal and interest remaining to be paid on the bonds at June 30, 2012 are not available since the final repayment schedule has not been adopted for the bond. For the current year, principal and interest paid and total customer net receipts were \$81,411 and \$214,095, respectively.

The resolution providing for the issuance of the water revenue bond issued under a loan agreement between the City, the Iowa Finance Authority and the Iowa Department of Natural Resources includes the following provisions:

- (1) The bond will be only redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earning of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (3) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bond falling due in the same year.

The City has not made the required monthly transfers to the sinking fund.

(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 5.38% of their annual covered salary and the City is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$27,161, \$27,116 and \$24,898, respectively, equal to the required contributions for each year.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 21 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$501 for single coverage and \$1,253 for family coverage. For the year ended June 30, 2012, the City contributed \$103,709 and plan members eligible for benefits contributed \$10,854 to the plan.

(6) 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, 2012, primarily relating to the General Fund, is \$33,900. This liability has been computed based on rates of pay in effect at June 30, 2012.

(7) 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.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	\$ 194,161
Capital Projects	Special Revenue:	
	Local Option Sales Tax	11,825
	Enterprise:	
	Water	761,610
		773,435
Total		\$ 967,596

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

(9) Deficit Balances

The Special Revenue, Employee Benefits Fund had a deficit balance of \$1,661 at June 30, 2012. The deficit balance was a result of the City not levying sufficient property tax. The deficit balance will be eliminated upon receipt of increased property tax levies in future years.

The Capital Projects Fund had a deficit balance of \$735,066 at June 30, 2012. The City is currently in the process of making transfers and closing capital projects which have been completed to eliminate the deficit balance.

(10) Subsequent Events

In August 2012, the City accepted a bid for a Library project totaling \$58,000. In September 2012, the City accepted a bid for a Wakema Park project totaling \$42,000.

City of Center Point

Other 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

Other Information

Year ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required To be Budgeted
Receipts:			
Property tax	\$ 1,025,939	-	-
Tax increment financing	75,496	-	-
Other city tax	315,699	-	-
Licenses and permits	38,254	-	-
Use of money and property	14,381	1,996	216
Intergovernmental	497,147	95,000	-
Charges for service	7,818	724,141	-
Special assessments	-	-	-
Miscellaneous	140,264	15,200	6,174
Total receipts	2,114,998	836,337	6,390
Disbursements:			
Public safety	79,505	-	-
Public works	248,952	-	-
Health and social services	11,591	-	-
Culture and recreation	536,192	-	3,537
General government	229,225	-	-
Debt service	362,304	-	-
Capital projects	2,724,192	-	-
Business type activities	-	1,147,698	-
Total disbursements	4,191,961	1,147,698	3,537
Excess (deficiency) of receipts over (under) disbursements	(2,076,963)	(311,361)	2,853
Other financing sources (uses), net	3,694,382	505,540	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,617,419	194,179	2,853
Balances beginning of year	531,710	774,165	34,079
Balances end of year	\$ 2,149,129	968,344	36,932

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,025,939	1,017,915	1,017,915	8,024
75,496	68,000	68,000	7,496
315,699	263,402	263,402	52,297
38,254	13,725	28,725	9,529
16,161	7,770	7,770	8,391
592,147	293,074	293,074	299,073
731,959	713,031	878,031	(146,072)
-	800,000	800,000	(800,000)
149,290	14,000	60,000	89,290
2,944,945	3,190,917	3,416,917	(471,972)
79,505	114,854	114,854	35,349
248,952	527,391	527,391	278,439
11,591	8,875	10,875	(716)
532,655	378,220	478,220	(54,435)
229,225	273,844	273,844	44,619
362,304	686,297	686,297	323,993
2,724,192	3,477,250	3,477,250	753,058
1,147,698	1,985,480	1,985,480	837,782
5,336,122	7,452,211	7,554,211	2,218,089
(2,391,177)	(4,261,294)	(4,137,294)	1,746,117
4,199,922	-	3,000,000	1,199,922
1,808,745	(4,261,294)	(1,137,294)	2,946,039
1,271,796	1,926,382	1,926,382	(654,586)
3,080,541	(2,334,912)	789,088	2,291,453

City of Center Point

Notes to Other Information – Budgetary Reporting

June 30, 2012

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 blended component unit. 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, one budget amendment increased budgeted disbursements by \$102,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the health and social services and the culture and recreation functions.

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, 2012

	Special Revenue			
	Employee Benefits	Fross Park Trust	Library Capital Equipment	Sidewalk Revolving
Receipts:				
Property tax	\$ 122,096	-	-	-
Other city tax	1,018	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	-	613	2,413	-
Miscellaneous	-	-	26,280	-
Total receipts	123,114	613	28,693	-
Disbursements:				
Operating:				
Public works	12,838	-	-	2,488
Culture and recreation	62,555	-	88,595	-
General government	34,256	-	-	-
Total disbursements	109,649	-	88,595	2,488
Excess (deficiency) of receipts over (under) disbursements	13,465	613	(59,902)	(2,488)
Cash balances beginning of year	(15,126)	142,139	127,590	43,086
Cash balances end of year	\$ (1,661)	142,752	67,688	40,598
Cash Basis Fund Balances				
Nonspendable - Cemetary perpetual care	\$ -	-	-	-
Restricted for other purposes	-	142,752	67,688	40,598
Unassigned	(1,661)	-	-	-
Total cash basis fund balances	\$ (1,661)	142,752	67,688	40,598

See accompanying independent auditor's report.

Friends of the Center Point Public Library	Permanent	Total
	Cemetery Perpetual Care	
-	-	122,096
-	-	1,018
-	80	80
216	-	3,242
6,174	1,667	34,121
6,390	1,747	160,557
-	-	15,326
3,537	-	154,687
-	-	34,256
3,537	-	204,269
2,853	1,747	(43,712)
34,079	48,748	380,516
36,932	50,495	336,804
-	50,495	50,495
36,932	-	287,970
-	-	(1,661)
36,932	50,495	336,804

City of Center Point
Schedule of Indebtedness
Year ended June 30, 2012

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Water improvements	Sep 15, 2005	4.85-6.00 %	\$ 540,000
City improvements	Nov 12, 2008	3.30-5.05	1,720,000
City improvements	Jul 28, 2011	2.25-4.00	2,955,000
Total			
General obligation loan note:			
Fire truck	Jun 21, 2007	4.85 %	\$ 153,311
Revenue bonds:			
Sewer	Dec 17, 2010	3.00 % *	\$ 250,000
Water	Jul 15, 2011	3.00 *	1,285,000
Total			

* The agreement also requires the City to annually pay a .25% servicing fee on the outstanding balance.

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
255,000	-	60,000	195,000	14,875
1,555,000	-	105,000	1,450,000	70,233
-	2,955,000	-	2,955,000	80,141
\$ 1,810,000	2,955,000	165,000	4,600,000	165,249
85,913	-	15,331	70,582	4,474
236,000	-	9,000	227,000	3,540
-	1,267,150	50,000	1,217,150	31,411
\$ 236,000	1,267,150	59,000	1,444,150	34,951

Schedule 3

City of Center Point

Note Maturities

June 30, 2012

Year Ending June 30,	General Obligation Notes						
	Water Improvements		City Improvements		City Improvements		Total
	Issued Sep 15, 2005		Issued Nov 12, 2008		Issued Jul 15, 2011		
	Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount		
2013	5.75%	\$ 60,000	3.90%	\$ 110,000	2.25%	\$ 140,000	310,000
2014	5.90	65,000	4.00	110,000	2.25	140,000	315,000
2015	6.00	70,000	4.15	115,000	2.25	140,000	325,000
2016		-	4.30	120,000	2.25	150,000	270,000
2017		-	4.40	125,000	2.25	150,000	275,000
2018		-	4.60	130,000	2.25	155,000	285,000
2019		-	4.70	135,000	2.45	165,000	300,000
2020		-	4.80	140,000	2.65	170,000	310,000
2021		-	4.90	150,000	3.65	175,000	325,000
2022		-	5.00	155,000	3.65	150,000	305,000
2023		-	5.05	160,000	3.65	155,000	315,000
2024		-		-	3.65	160,000	160,000
2025		-		-	3.65	165,000	165,000
2026		-		-	4.00	170,000	170,000
2027		-		-	4.00	180,000	180,000
2028		-		-	4.00	190,000	190,000
2029		-		-	4.00	195,000	195,000
2030		-		-	4.00	205,000	205,000
Total		\$ 195,000		\$ 1,450,000		\$ 2,955,000	4,600,000

Year Ending June 30,	General Obligation	
	Loan Note	
	Fire Truck	
	Issued Jun 21, 2007	
	Interest	
	Rates	Amount
2013	4.85%	\$ 15,331
2014	4.85	15,331
2015	4.85	15,331
2016	4.85	15,331
2017	4.85	9,258
Total		<u>\$ 70,582</u>

See accompanying independent auditor's report.

City of Center Point

City of Center Point

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

For the Last Ten Years

	2012	2011	2010	2009
Receipts:				
Property tax	\$ 1,025,939	838,546	883,763	754,854
Tax increment financing	75,496	69,035	78,477	105,842
Other city tax	315,699	272,322	232,907	28,484
Licenses and permits	38,254	26,191	50,104	13,480
Use of money and property	14,381	9,463	8,385	15,517
Intergovernmental	497,147	287,989	466,618	544,166
Charges for service	7,818	19,366	200	4,225
Special assessments	-	-	-	-
Miscellaneous	140,264	149,781	75,453	40,457
Total	<u>\$ 2,114,998</u>	<u>1,672,693</u>	<u>1,795,907</u>	<u>1,507,025</u>
Disbursements:				
Operating:				
Public safety	\$ 79,505	80,123	75,264	70,902
Public works	248,952	244,272	333,763	224,548
Health and social services	11,591	8,281	15,664	7,656
Culture and recreation	536,192	344,606	276,385	199,992
Community and economic development	-	-	-	-
General government	229,226	230,058	247,842	224,528
Debt service	362,304	286,460	288,807	200,108
Capital projects	2,724,192	1,873,331	403,332	2,214,227
Total	<u>\$ 4,191,962</u>	<u>3,067,131</u>	<u>1,641,057</u>	<u>3,141,961</u>

See accompanying independent auditor's report.

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

City of Center Point



OFFICE OF 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, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated February 26, 2013. 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

Management of the City of Center Point is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Center Point's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) through (D) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (E) through (G) to be significant deficiencies.

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 which 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, 2012 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.

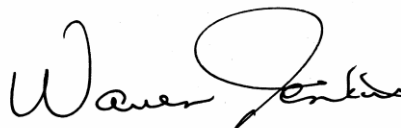
The City of Center Point's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Center Point's responses and, accordingly, we express no opinion on them.

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

February 26, 2013

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – One important element in designing internal control to safeguard assets and reasonably ensure the reliability of the accounting records is the concept of segregation of duties. 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) Cash – reconciling bank accounts, initiating cash receipt and disbursement transactions, handling petty cash and recording cash.
 - (2) Investments – detailed record keeping and reconciling earnings.
 - (3) Receipts – collecting, depositing, journalizing and posting.
 - (4) Utility receipts – billing, collecting, depositing, posting and reconciling.
 - (5) Disbursements – purchasing, check signing, recording and reconciling.
 - (6) Payroll – preparing and distributing.
 - (7) Transfers – recording and reconciling.
 - (8) Financial reporting – preparing, reconciling and distributing.
 - (9) Accounting system – performing all general accounting functions and having custody of City assets.
 - (10) Computer system – performing all general accounting functions and controlling all data input and output, including journal entries.

In addition, an initial listing of mail receipts is not prepared by the mail opener.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Evidence of review of reconciliations should be indicated by the signature or initials of the independent reviewer and the date of the review.

Response – Due to the limited number of full time staff in the office it is difficult to achieve the proper segregation of duties. The City will review and update its procedures to comply as best we can. Bank reconciliations are currently reviewed by the Mayor Pro-Tem. The Mayor Pro-Tem will be reminded he should initial and date when done to document his review. Going forward journal entries will be reviewed and initialed by the City Administrator.

Conclusion – Response accepted.

City of Center Point

Schedule of Findings

Year ended June 30, 2012

- (B) Financial Reporting – During the audit, we identified material amounts of receipts and disbursements recorded in incorrect funds in the City's financial records. Adjustments were subsequently made by the City to properly report the amounts in the City's financial statements.

Recommendation – The City should implement procedures to ensure receipts and disbursements are properly recorded in the City's accounting records and financial statements.

Response – All receipts and disbursements for fiscal year 2012 are balanced. The City is currently working with the software company to correct report parameters which do not allow all of the receipt and disbursement records to be pulled for reports. It is noted our water and sewer projects should have been in the enterprise fund rather than in the capital projects fund. This will be monitored more closely for future projects.

Conclusion – Response accepted.

- (C) Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled.

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

Response – The Council will be given the proper information so they can monitor the delinquencies each month. Utility billing information will be reconciled and provided to the Council.

Conclusion – Response accepted.

- (D) Monthly Bank Reconciliations – Although monthly bank reconciliations were prepared, the reconciliations included only the City's checking account and did not include investments, the Library checking account, money market accounts and other reconciling items necessary to reconcile with the monthly financial reports. Additionally, the City's fund balances did not reconcile to the bank at June 30, 2012. These items were properly adjusted for reporting purposes.

Recommendation – To provide better control over financial transactions and overall accountability, monthly bank reconciliations should include all checking accounts, investments, petty cash and reconciling items. The reconciliations should agree with the fund and account balances on the Clerk/Treasurer's monthly financial report.

Response – The monthly bank reconciliation only allows a user to balance the pooled cash account. An inquiry will be made with the software company to see if there is any way we can add the other investments to comply with this recommendation.

Conclusion – Response accepted.

City of Center Point

Schedule of Findings

Year ended June 30, 2012

- (E) Uniform Chart of Accounts – Certain items were not coded to the proper expense code in the financial records according to the Uniform Chart of Accounts.

Recommendation – The City should ensure all items are coded to the proper expense codes in the financial records according to the Uniform Chart of Accounts.

Response – The City will ensure use of the Uniform Chart of Accounts.

Conclusion – Response accepted.

- (F) Accounting Policies and Procedures Manual – The City does not have an accounting policies and procedures manual.

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits:

- 1) Aid in training additional or replacement personnel.
- 2) Help achieve uniformity in accounting and in the application of policies and procedures.
- 3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Response – A policy and procedure manual will be updated to include an accounting policy.

Conclusion – Response accepted.

- (G) Computer System – During our review of internal control, the existing control activities in the City's computer system were evaluated to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weakness in the City's computer system was noted:

The City does not have a written disaster recovery plan which addresses the following items:

- (1) Identification of critical applications.
- (2) Identification of staff responsibilities.
- (3) Identification of steps for recovery of any operating systems for City operations.
- (4) Identification of computer equipment needed for temporary processing.

City of Center Point

Schedule of Findings

Year ended June 30, 2012

- (5) Identification of business location(s) which could be used to process critical applications in the event of an emergency, including any applicable written agreements for the use of the locations.
- (6) A requirement to keep a copy of the disaster recovery plan off site.
- (7) A requirement to keep system backups current and off site.
- (8) An inventory of all hardware and components (e.g.: make, model numbers, serial numbers, etc.).
- (9) An inventory of all software applications (e.g.: operating system and software applications, release versions and vendor names).
- (10) A requirement copies of all user documentation and policy and procedures manuals be located off site.
- (11) A requirement extra stocks of paper supplies, such as checks, warrants, purchase orders, etc., be located off site.
- (12) Requirements outlining the frequency and guidelines for testing the disaster recovery plan to identify issues and document the results of testing.

Recommendation – A written disaster recovery plan should be developed and tested periodically.

Response – The City will work on developing a disaster recovery plan during the next fiscal year.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Center Point
Schedule of Findings
Year ended June 30, 2012

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amounts budgeted in the health and social services and the culture and recreation 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 – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

- (2) Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

The City is required to submit monthly reports to IPERS. The City incurred \$76 in late charges for submitting late reports.

According to the Attorney General’s opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between proper and an improper purpose is very thin.

Recommendation – The City should submit the monthly IPERS reports timely.

Response – The City’s current procedures should ensure the monthly IPERS reports are submitted timely.

Conclusion – Response accepted.

- (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
Michael Stanton, Council Member, owner of the Corner Store gas station	Fuel purchases for City vehicles	\$ 1,137

In accordance with Chapter 362.5 of the Code of Iowa, these transactions do not represent a conflict of interest since the total during the year was less than \$2,500.

City of Center Point

Schedule of Findings

Year ended June 30, 2012

- (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 which we believe should have been approved in the City 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.
- (8) Revenue Bonds – The City has not made the required transfers to sewer and water revenue bond sinking accounts as required by the sewer and water revenue bond resolutions.

Recommendation – The City should make the necessary transfers as required by the sewer and water bond resolutions.

Response – The City will start making the required transfers.

Conclusion – Response accepted.

- (9) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit obligations, including checks, outstanding for more than two years to the Office of Treasurer of State annually. The City did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Office of Treasurer of State as required.

Response – Unclaimed property will be properly handled going forward, a process has been started with reminders and form letters.

Conclusion – Response accepted.

- (10) Annual Financial Report (AFR) – The City did not complete and file its AFR by December 1 as required by Chapter 384.22 of the Code of Iowa.

Recommendation – The Annual Financial Report should be completed and filed as required by Chapter 384.22 of the Code of Iowa.

Response – The City will ensure the AFR is completed and filed by December 1 in the future.

Conclusion – Response accepted.

City of Center Point

Schedule of Findings

Year ended June 30, 2012

- (11) Financial Condition – At June 30, 2012, the City had deficit balances in the following funds:

Fund	Amount
Special Revenue:	
Employee Benefits	\$ 1,661
Capital Projects	735,066

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

Response – The City is currently in the process of making transfers and closing capital projects which have been completed to properly reflect funding sources.


Conclusion – Response accepted.

City of Center Point

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Melissa J. Knoll-Speer, Senior Auditor II
Lara K. VanWyk, Staff Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State