



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

August 20, 2015

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515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Center Point, Iowa.

The City's receipts totaled \$3,900,758 for the year ended June 30, 2014, a 38.2% increase from the prior year. The receipts included \$1,054,302 in property tax, \$184,233 from tax increment financing, \$299,680 from local option sales tax, \$814,250 from charges for service, \$438,476 from operating grants, contributions and restricted interest, \$1,075,932 from capital grants, contributions and restricted interest, \$8,819 from unrestricted interest on investments, \$5,000 from bond proceeds and \$20,066 from other general receipts.

Disbursements for the year ended June 30, 2014 totaled \$2,477,087, a 5.0% increase from the prior year, and included \$590,757 for culture and recreation, \$496,958 for debt service and \$325,899 for public works. Also, disbursements for business type activities totaled \$671,900.

The significant increase in receipts is due primarily to an increase in donations received for the City's library expansion project.

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/1420-0540-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, 2014

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City of Center Point
Officials
(Before January 2014)

<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
Chelsea Huisman(Began Sept 2013)	City Administrator	Indefinite
Melissa Atkinson	City Clerk/Treasurer	Indefinite
Kristine Applegate	Deputy Clerk	(Ended Sept 2013)
Carol Boggs (Began Oct 2013)	Deputy Clerk	Indefinite
Anne Loomis	Attorney	Indefinite

(After January 2014)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Paula Freeman-Brown	Mayor	Jan 2018
John Stuelke	Mayor Pro tem	Jan 2018
Matt Brunner	Council Member	Jan 2016
Paul Mann	Council Member	Jan 2016
Michael Stanton	Council Member	(Resigned Aug 2014)
Adam Reece	Council Member	Jan 2018
Chelsea Huisman	City Administrator	Indefinite
Melissa Atkinson	City Clerk/Treasurer	Indefinite
Carol Boggs	Deputy Clerk	(Ended April 2014)
Sarah Tritle (Began May 2014)	Deputy 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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Center Point, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Center Point as of June 30, 2014, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information


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 third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. 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.

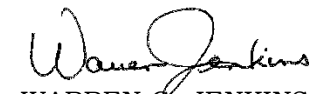
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 12 and 28 through 30, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2015 on our consideration of the City of Center Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 in considering the City of Center Point's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 9, 2015

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, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 53.8%, or approximately \$1,113,000, in fiscal year 2014 from fiscal year 2013. The significant increase in receipts is due primarily to donations received for the City's planned library expansion project.
- Governmental activities disbursements increased 2.6%, or approximately \$46,000, in fiscal year 2014 from fiscal year 2013.
- The City's total cash basis net position increased 39.8%, or approximately \$1,424,000, from June 30, 2013 to June 30, 2014. Of this amount, the cash basis net position of the governmental activities increased approximately \$1,357,000 and the cash basis net position of the business type activities increased approximately \$67,000. The significant increase in cash basis net position of governmental activities is due primarily to increased donations received for the library expansion project, set to begin in fiscal year 2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

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

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

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 Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

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

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, 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 Library Capital Improvement, 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.

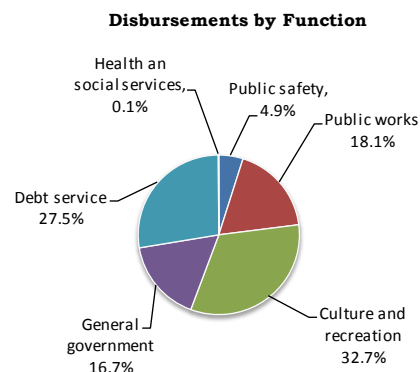
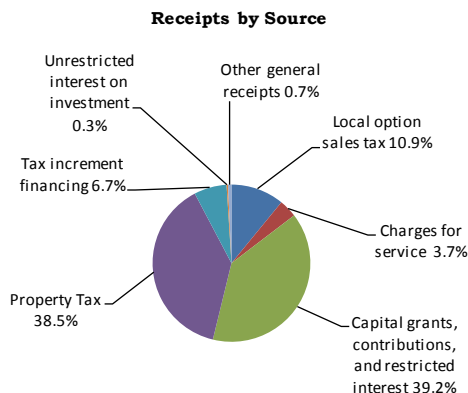
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer and Solid Waste Funds, considered to be major funds of the City.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position 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, increasing from approximately \$3.1 million to approximately \$4.5 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2014	2013
Receipts:		
Program receipts:		
Charges for service	\$ 101	40
Operating grants, contributions and restricted interest	438	386
Capital grants, contributions, and restricted interest	1,076	-
General receipts:		
Property tax	1,055	1,121
Tax increment financing	184	200
Local option sales tax	300	283
Unrestricted interest on investments	7	8
Other general receipts	20	30
Total receipts	<u>3,181</u>	<u>2,068</u>
Disbursements:		
Public safety	88	115
Public works	326	369
Health and social services	2	10
Culture and recreation	591	502
General government	301	254
Debt service	497	505
Capital projects	-	4
Total disbursements	<u>1,805</u>	<u>1,759</u>
Change in cash basis net position before transfers	1,376	309
Transfers, net	(19)	690
Change in cash basis net position	1,357	999
Cash basis net position beginning of year	3,148	2,149
Cash basis net position end of year	<u>\$ 4,505</u>	<u>3,148</u>



The City's total receipts for governmental activities increased 53.8%, or approximately \$1,113,000, due to the fundraising campaign for the planned library expansion project. The total cost of all programs and services increased approximately \$46,000, or 2.6%.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2014	2013
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 370	388
Sewer	205	215
Solid waste	138	146
General receipts:		
Bond proceeds	5	5
Unrestricted interest on investments	2	1
Total receipts	<u>720</u>	<u>755</u>
Disbursements:		
Water	282	308
Sewer	250	170
Solid waste	140	123
Total disbursements	<u>672</u>	<u>601</u>
Change in cash basis net position before transfers	48	154
Transfers, net	19	(690)
Change in cash basis net position	67	(536)
Cash basis net position beginning of year	432	968
Cash basis net position end of year	<u>\$ 499</u>	<u>432</u>

Total business type activities receipts for the fiscal year were approximately \$720,000 compared to approximately \$755,000 last year. The cash balance increased approximately \$67,000 from the prior year. Total disbursements for the fiscal year increased 11.8% to approximately \$672,000.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Center Point completed the year, its governmental funds reported a combined fund balance of \$4,504,705, an increase of \$1,356,808 from last year's total of \$3,147,897. 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 decreased \$59,526 from the prior year to \$1,787,303. The decrease is primarily due to increased transfers out to other funds for capital equipment purchases and the library expansion project.
- The Special Revenue, Road Use Tax Fund cash balance increased \$56,363 to \$302,965 as road use tax collected exceeded disbursements for street repair and maintenance.
- 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 (\$6,460), a decrease of \$266,533 from the previous fiscal year. The decrease was the result of transfers 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 \$998,412, an increase of \$246,754 from the previous fiscal year. The increase is primarily due to the City collecting \$299,680 in local option sales tax receipts with no disbursements and two transfers out totaling \$54,000. The City is planning to use the balance to fund future street construction or sewer plant improvement projects.
- The Special Revenue, Library Capital Equipment Fund was established to account for donations for the library expansion project. The cash balance increased to \$1,053,229, an increase of \$1,015,883 from the previous year's balance of \$37,346. The increase was due to significant contributions to the City's library expansion project.
- The Debt Service Fund cash balance increased \$343,220 to a deficit balance of (\$10,488). The increase was primarily due to transfers in from the Special Revenue, Urban Renewal Tax Increment Fund to pay tax increment debt.
- The Capital Projects Fund traditionally is a combination of several accounts, but at June 30, 2014 contained only one account, established for the upcoming library expansion project. The total cash balance for the Capital Projects Fund at the end of fiscal year 2014 was \$147,645, the result of a transfer from the General Fund.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$119,018 to a balance of \$39,559. The increase was due to the City incurring less costs related to the construction, improvement and extension of the City's water system.
- The Enterprise, Sewer Fund cash balance decreased \$44,937 to \$392,240, due primarily to increased repair and maintenance costs related to the City's sanitary sewer system, specifically the replacement of an aerator at the City's lagoon.
- The Enterprise, Solid Waste Fund cash balance decreased \$7,218 to \$67,253, due primarily to a slight decrease in operating receipts.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2014, the City amended its budget twice. The first amendment was approved on May 13, 2014 and resulted in an increase in culture and recreation disbursements of \$100,000 for upgrades to the Splash Pad, as well as an increase of \$200,000 in business type/enterprise disbursements for upgrades to the City's sewer system. Transfers out were also increased prior to the City's end of year Transfer Resolution. The second amendment was approved on May 27, 2014 and resulted in an increase of \$300,000 in transfers out to account for increased transfers from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund to pay tax increment debt incurred in prior fiscal years.

The City's receipts were \$1,050,217 more than budgeted. This was primarily due to the City not budgeting for substantial donations from fundraising for the City's library expansion project.

Total disbursements were \$1,560,915 less than budgeted. This was primarily due to the City budgeting \$1,190,801 in the capital projects function for the library expansion project. However, no capital projects disbursements were incurred in fiscal year 2014 as the project is set to begin in the upcoming fiscal year.

The City exceeded the amounts budgeted in the culture and recreation and debt service functions, primarily due to increased costs associated with Splash Pad improvements and library expansion project management and consulting fees which were higher than budgeted.

DEBT ADMINISTRATION

At June 30, 2014, the City had approximately \$5,362,000 of notes and other long-term debt outstanding, compared to approximately \$5,747,000 last year, as shown below.

	Outstanding Debt at Year-End	
	(Expressed in Thousands)	
	June 30,	
	2014	2013
General obligation notes	\$ 3,975	4,290
Revenue bonds	1,347	1,402
General obligation loan note - Fire Truck	40	55
Total	\$ 5,362	5,747

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 approximately \$4,015,000 is significantly below its constitutional debt limit of approximately \$6.7 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 2015 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 2015 compared to fiscal year 2014 due to an increase in assessed valuation.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are approximately \$1.105 million, an increase of 6.0% over the final fiscal year 2014 budget. Budgeted disbursements are expected to increase approximately \$4.297 million due to a substantial increase in budgeted capital projects disbursements. The City budgeted \$5.7 million in capital projects disbursements for fiscal year 2015, which corresponds with budgeted debt proceeds of \$5.7 million.

If these estimates are realized, the City's budgeted cash balance is expected to increase approximately \$1,398,000 by the close of fiscal year 2015.

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 Chelsea Huisman, City Administrator, 200 Franklin Street, Center Point, Iowa 52213.

Basic Financial Statements

City of Center Point

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2014

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 88,374	22,985	1,964	-
Public works	325,899	-	246,928	74,343
Health and social services	2,072	-	-	-
Culture and recreation	590,757	73,215	188,193	1,001,589
General government	301,127	4,955	1,391	-
Debt service	496,958	-	-	-
Total governmental activities	1,805,187	101,155	438,476	1,075,932
Business type activities:				
Water	281,587	370,454	-	-
Sewer	250,284	204,830	-	-
Solid waste	140,029	137,811	-	-
Total business type activities	671,900	713,095	-	-
Total	\$ 2,477,087	814,250	438,476	1,075,932
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				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Cemetary perpetual care				
Expendable:				
Streets				
Local option sales tax				
Library expansion project				
Debt service				
Other purposes				
Meter deposits				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

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

Governmental Activities	Business Type Activities	Total
(63,425)	-	(63,425)
(4,628)	-	(4,628)
(2,072)	-	(2,072)
672,240	-	672,240
(294,781)	-	(294,781)
(496,958)	-	(496,958)
(189,624)	-	(189,624)
-	88,867	88,867
-	(45,454)	(45,454)
-	(2,218)	(2,218)
-	41,195	41,195
(189,624)	41,195	(148,429)
754,190	-	754,190
300,112	-	300,112
184,233	-	184,233
299,680	-	299,680
7,151	1,668	8,819
-	5,000	5,000
20,066	-	20,066
(19,000)	19,000	-
1,546,432	25,668	1,572,100
1,356,808	66,863	1,423,671
3,147,897	432,189	3,580,086
\$ 4,504,705	499,052	5,003,757

\$ 52,812	-	52,812
302,965	-	302,965
998,412	-	998,412
1,200,874	-	1,200,874
-	161,440	161,440
273,296	-	273,296
-	40,977	40,977
1,676,346	296,635	1,972,981
\$ 4,504,705	499,052	5,003,757

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, 2014

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Local Option Sales and Services Tax
Receipts:				
Property tax	\$ 640,968	-	-	-
Tax increment financing	-	-	184,233	-
Other city tax	13,970	-	-	299,680
Licenses and permits	26,139	-	-	-
Use of money and property	11,709	95	352	1,074
Intergovernmental	75,213	244,026	-	-
Charges for service	40,631	-	-	-
Special assessments	-	-	-	-
Miscellaneous	48,761	2,902	-	-
Total receipts	857,391	247,023	184,585	300,754
Disbursements:				
Operating:				
Public safety	88,374	-	-	-
Public works	53,577	160,660	-	-
Health and social services	2,072	-	-	-
Culture and recreation	292,578	-	-	-
General government	280,778	-	-	-
Debt service	-	-	-	-
Total disbursements	717,379	160,660	-	-
Excess (deficiency) of receipts over (under) disbursements	140,012	86,363	184,585	300,754
Other financing sources (uses):				
Transfers in	65,000	-	14,605	-
Transfers out	(264,538)	(30,000)	(465,723)	(54,000)
Total other financing sources (uses)	(199,538)	(30,000)	(451,118)	(54,000)
Change in cash balances	(59,526)	56,363	(266,533)	246,754
Cash balances beginning of year	1,846,829	246,602	260,073	751,658
Cash balances end of year	\$ 1,787,303	302,965	(6,460)	998,412
Cash Basis Fund Balances				
Nonspendable - Cemetary perpetual care	\$ -	-	-	-
Restricted for:				
Streets	-	302,965	-	-
Local option sales tax	-	-	-	998,412
Library expansion project	-	-	-	-
Other purposes	-	-	-	-
Assigned for capital equipment	73,810	-	-	-
Unassigned	1,713,493	-	(6,460)	-
Total cash basis fund balances	\$ 1,787,303	302,965	(6,460)	998,412

See notes to financial statements.

Library Capital Equipment	Debt Service	Capital Projects	Nonmajor	Total
-	298,175	-	98,586	1,037,729
-	-	-	-	184,233
-	1,937	-	666	316,253
-	-	-	50	26,189
-	-	-	1,325	14,555
-	-	-	-	319,239
-	-	-	-	40,631
-	74,343	-	-	74,343
1,001,589	-	-	114,571	1,167,823
1,001,589	374,455	-	215,198	3,180,995
-	-	-	-	88,374
-	-	-	111,662	325,899
-	-	-	-	2,072
97,994	-	-	200,185	590,757
-	-	-	20,349	301,127
-	496,958	-	-	496,958
97,994	496,958	-	332,196	1,805,187
903,595	(122,503)	-	(116,998)	1,375,808
112,288	465,723	147,645	-	805,261
-	-	-	(10,000)	(824,261)
112,288	465,723	147,645	(10,000)	(19,000)
1,015,883	343,220	147,645	(126,998)	1,356,808
37,346	(353,708)	-	359,097	3,147,897
1,053,229	(10,488)	147,645	232,099	4,504,705
-	-	-	52,812	52,812
-	-	-	-	302,965
-	-	-	-	998,412
1,053,229	-	147,645	-	1,200,874
-	-	-	273,296	273,296
-	-	-	-	73,810
-	(10,488)	-	(94,009)	1,602,536
1,053,229	(10,488)	147,645	232,099	4,504,705

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, 2014

	Enterprise			Total
	Water	Sewer	Solid Waste	
Operating receipts:				
Charges for service	\$ 368,371	204,830	137,811	711,012
Miscellaneous	2,083	-	-	2,083
Total operating receipts	370,454	204,830	137,811	713,095
Operating disbursements:				
Business type activities	193,109	233,069	140,029	566,207
Excess (deficiency) of operating receipts over (under) operating disbursements	177,345	(28,239)	(2,218)	146,888
Non-operating receipts (disbursements):				
Interest on investments	1,151	517	-	1,668
Bond proceeds	5,000	-	-	5,000
Debt service	(88,478)	(17,215)	-	(105,693)
Net non-operating receipts (disbursements)	(82,327)	(16,698)	-	(99,025)
Excess (deficiency) of receipts over (under) disbursements	95,018	(44,937)	(2,218)	47,863
Transfers in	29,000	-	-	29,000
Transfers out	(5,000)	-	(5,000)	(10,000)
Change in cash balances	119,018	(44,937)	(7,218)	66,863
Cash balances beginning of year	(79,459)	437,177	74,471	432,189
Cash balances end of year	\$ 39,559	392,240	67,253	499,052
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 92,076	69,364	-	161,440
Meter deposits	40,977	-	-	40,977
Unrestricted	(93,494)	322,876	67,253	296,635
Total cash basis fund balances	\$ 39,559	392,240	67,253	499,052

See notes to financial statements.

City of Center Point

Notes to Financial Statements

June 30, 2014

(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 Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definitions of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

The 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 receipts from the local option sales and services tax. The receipts are to be used for property tax relief and infrastructure.

The Library Capital Equipment Fund is used to account for donations to be used for the library expansion project.

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 position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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 are imposed by law through constitutional provisions or enabling legislation.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the culture and recreation and debt service functions.

(2) Cash and Pooled Investments

The City’s deposits in banks at June 30, 2014 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 the general obligation notes, the water and sewer revenue bonds and the general obligation loan note are as follows:

Year Ending June 30,	General Obligation Notes		Water/Sewer Revenue Bonds		General Obligation Loan Note		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 325,000	150,775	60,000	40,410	15,331	2,231	400,331	193,416	593,747
2016	270,000	138,653	66,000	38,610	15,331	1,491	351,331	178,754	530,085
2017	275,000	130,118	66,000	36,630	9,258	743	350,258	167,491	517,749
2018	285,000	121,243	66,000	34,650	-	-	351,000	155,893	506,893
2019	300,000	111,775	72,000	32,670	-	-	372,000	144,445	516,445
2020-2024	1,415,000	309,150	389,000	129,960	-	-	1,804,000	439,110	2,243,110
2025-2029	900,000	151,624	446,000	73,290	-	-	1,346,000	224,914	1,570,914
2030-2031	205,000	8,200	182,000	3,060	-	-	387,000	11,260	398,260
Total	\$ 3,975,000	1,121,538	1,347,000	389,280	39,920	4,465	5,361,920	1,515,283	6,877,203

Sewer Revenue Bonds

On December 17, 2010, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of sewer revenue bonds 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 bonds were 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 paid principal of \$10,000 and interest of \$6,660 during fiscal year 2014.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the sewer revenue bonds. The bonds are payable solely from sewer customer net receipts and are payable through December 2029. The total principal and interest remaining to be paid on the bonds is \$270,530. For the current year, principal and interest paid and total customer net receipts were \$16,660 and (\$28,239), respectively.

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

- (1) The bonds will be only redeemed from the future earnings of the enterprise activity and the bond holders hold 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 receipts at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

The City has not made the required transfers to the sinking account and did not maintain net receipts of at least 110% of the amount of principal and interest on the bonds falling due in the same year.

Water Revenue Bonds

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 water revenue bonds 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 bonds were 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, 2014, the City had drawn down \$1,285,000 of the authorized amount, including an initiation fee of \$12,850 (1% of the authorized borrowing) charged by the Iowa Finance Authority which was withheld from the first proceeds of the water revenue bonds. The City paid principal of \$50,000 and interest of \$35,516 during fiscal year 2014.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the water revenue bonds. The bonds are payable solely from water customer net receipts and are payable through June 2031. The total principal and interest remaining to be paid on the bonds is \$1,465,750. Annual principal and interest payments on the bonds are expected to require approximately 48% of net receipts. For the current year, principal and interest paid and total customer net receipts were \$85,516 and \$177,345 respectively.

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

- (1) The bonds will be only redeemed from the future earnings of the enterprise activity and the bonds holder hold a lien on the future earning of the funds.
- (2) Sufficient monthly transfers shall be made to a separate water 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 receipts at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

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

(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 5.95% of their annual covered salary and the City is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$32,730, \$33,105 and \$27,116, 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 18 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 \$368 for single coverage and \$919 for family coverage. For the year ended June 30, 2014, the City contributed \$49,533 and plan members eligible for benefits contributed \$7,076 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, 2014, primarily relating to the General Fund, is \$32,600. This liability has been computed based on rates of pay in effect at June 30, 2014.

(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, 2014 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 30,000
	Local Option Sales and Services Tax	25,000
	Enterprise:	
	Water	5,000
	Solid Waste	5,000
		<u>65,000</u>
Special Revenue:	General	<u>14,605</u>
Urban Renewal Tax Increment		
Library Capital Equipment	General	102,288
	Special Revenue:	
	Friends of the Center Point Public Library	10,000
		<u>112,288</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	465,723
Capital Projects	General	147,645
Enterprise:	Special Revenue:	
Water	Local Option Sales and Services Tax	29,000
Total		<u>\$ 834,261</u>

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 Debt Service Fund and the Special Revenue, Urban Renewal Tax Increment, Park and Recreation and Sidewalk Revolving Funds had deficit balances of \$10,488, \$6,460, \$38,980 and \$76,045, respectively, at June 30, 2014. The deficit balances were a result of the City recording disbursements and corresponding receipts in separate funds. The deficit balances will be eliminated upon review of available resources and transfers from the other funds.

The Enterprise, Water Fund had a deficit unrestricted balance of \$93,494 at June 30, 2014. The deficit balance will be eliminated upon review of available resources and transfers from other funds.

(10) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No 68, Accounting and Financial Reporting for Pensions – an amendment of GASB No 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and other information.

(11) Subsequent Event

On February 16, 2015, the City entered into a contract with Larson Construction Co., Inc. for \$1,824,276 for the City's Library expansion project.

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, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required To be Budgeted
Receipts:			
Property tax	\$ 1,037,729	-	-
Tax increment financing	184,899	-	-
Other city tax	315,637	-	-
Licenses and permits	26,139	-	-
Use of money and property	14,555	1,668	925
Intergovernmental	319,239	-	-
Charges for service	40,631	711,012	-
Special assessments	74,343	-	-
Miscellaneous	1,167,823	2,083	107,756
Total receipts	3,180,995	714,763	108,681
Disbursements:			
Public safety	88,374	-	-
Public works	325,899	-	-
Health and social services	2,072	-	-
Culture and recreation	590,757	-	6,477
General government	301,127	-	-
Debt service	496,958	-	-
Capital projects	-	-	-
Business type activities	-	671,900	-
Total disbursements	1,805,187	671,900	6,477
Excess (deficiency) of receipts over (under) disbursements	1,375,808	42,863	102,204
Other financing sources (uses), net	(19,000)	24,000	(10,000)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,356,808	66,863	92,204
Balances beginning of year	3,147,897	432,189	37,386
Balances end of year	\$ 4,504,705	499,052	129,590

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,037,729	1,041,745	1,041,745	4,016
184,899	190,801	190,801	5,902
315,637	271,849	271,849	(43,788)
26,139	5,195	5,195	(20,944)
15,298	9,435	9,435	(5,863)
319,239	317,327	317,327	(1,912)
751,643	778,410	778,410	26,767
74,343	74,348	74,348	5
1,062,150	47,750	47,750	(1,014,400)
3,787,077	2,736,860	2,736,860	(1,050,217)
88,374	89,447	89,447	1,073
325,899	338,765	338,765	12,866
2,072	5,000	5,000	2,928
584,280	453,611	553,611	(30,669)
301,127	361,371	361,371	60,244
496,958	496,927	496,927	(31)
-	1,190,801	1,190,801	1,190,801
671,900	795,603	995,603	323,703
2,470,610	3,731,525	4,031,525	1,560,915
1,316,467	(994,665)	(1,294,665)	(2,611,132)
15,000	1,060,050	257,114	(242,114)
1,331,467	65,385	(1,037,551)	2,369,018
3,542,700	3,211,366	3,211,366	331,334
4,874,167	3,276,751	2,173,815	2,700,352

City of Center Point

Notes to Other Information – Budgetary Reporting

June 30, 2014

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 two budget amendments increased budgeted disbursements by \$300,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the culture and recreation and the debt service 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, 2014

	Special Revenue			
	Employee Benefits	Fross Park Trust	Park and Recreation	Sidewalk Revolving
Receipts:				
Property tax	\$ 98,586	-	-	-
Other city tax	666	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	-	203	-	-
Miscellaneous	-	-	4,101	1,964
Total receipts	99,252	203	4,101	1,964
Disbursements:				
Operating:				
Public works	12,010	-	-	99,652
Culture and recreation	56,412	-	137,296	-
General government	20,349	-	-	-
Total disbursements	88,771	-	137,296	99,652
Excess (deficiency) of receipts over (under) disbursements	10,481	203	(133,195)	(97,688)
Other financing uses:				
Transfers out	-	-	-	-
Change in cash balances	10,481	203	(133,195)	(97,688)
Cash balances beginning of year	10,535	143,503	94,215	21,643
Cash balances end of year	\$ 21,016	143,706	(38,980)	(76,045)
Cash Basis Fund Balances				
Nonspendable - Cemetary perpetual care	\$ -	-	-	-
Restricted for other purposes	-	143,706	-	-
Unassigned	21,016	-	(38,980)	(76,045)
Total cash basis fund balances	\$ 21,016	143,706	(38,980)	(76,045)

See accompanying independent auditor's report.

Friends of the Center Point Public Library	Permanent Cemetery Perpetual Care	Total
-	-	98,586
-	-	666
-	50	50
925	197	1,325
107,756	750	114,571
108,681	997	215,198
-	-	111,662
6,477	-	200,185
-	-	20,349
6,477	-	332,196
102,204	997	(116,998)
(10,000)	-	(10,000)
92,204	997	(126,998)
37,386	51,815	359,097
129,590	52,812	232,099
-	52,812	52,812
129,590	-	273,296
-	-	(94,009)
129,590	52,812	232,099

City of Center Point
Schedule of Indebtedness
Year ended June 30, 2014

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			
Revenue bonds:			
Sewer	Dec 17, 2010	3.00 % *	\$ 250,000
Water	Jul 15, 2011	3.00 *	1,285,000
Total			
General obligation loan note:			
Fire truck	Jun 21, 2007	4.85 %	\$ 153,311

* 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
135,000	-	65,000	70,000	8,035
1,340,000	-	110,000	1,230,000	62,058
2,815,000	-	140,000	2,675,000	92,068
<u>\$ 4,290,000</u>	<u>-</u>	<u>315,000</u>	<u>3,975,000</u>	<u>162,161</u>
222,000	-	10,000	212,000	6,660
1,180,000	5,000	50,000	1,135,000	35,516
<u>\$ 1,402,000</u>	<u>5,000</u>	<u>60,000</u>	<u>1,347,000</u>	<u>42,176</u>
<u>55,251</u>	<u>-</u>	<u>15,331</u>	<u>39,920</u>	<u>2,967</u>

Schedule 3

City of Center Point

Bond and Note Maturities

June 30, 2014

Year Ending June 30,	General Obligation Notes							Total
	Water Improvements		City Improvements		City Improvements			
	Issued Sep 15, 2005		Issued Nov 12, 2008		Issued Jul 15, 2011			
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount		
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	2.25	165,000	300,000	
2020		-	4.80	140,000	2.45	170,000	310,000	
2021		-	4.90	150,000	2.65	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		-		-	3.65	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		<u>\$ 70,000</u>		<u>\$ 1,230,000</u>		<u>\$ 2,675,000</u>	<u>3,975,000</u>	

Year Ending June 30,	Revenue Bonds					General Obligation Loan Note Fire Truck	
	Sewer		Water		Total	Issued Jun 21, 2007	
	Issued Dec 17, 2010		Issued Jul 15, 2011			Interest	
	Interest Rates	Amount	Interest Rates	Amount		Rates	Amount
2015	3.00%	\$ 10,000	3.00%	\$ 50,000	60,000	4.85%	\$ 15,331
2016	3.00	11,000	3.00	55,000	66,000	4.85	15,331
2017	3.00	11,000	3.00	55,000	66,000	4.85	9,258
2018	3.00	11,000	3.00	55,000	66,000	Total	<u>\$ 39,920</u>
2019	3.00	12,000	3.00	60,000	72,000		
2020	3.00	12,000	3.00	60,000	72,000		
2021	3.00	12,000	3.00	65,000	77,000		
2022	3.00	13,000	3.00	65,000	78,000		
2023	3.00	13,000	3.00	65,000	78,000		
2024	3.00	14,000	3.00	70,000	84,000		
2025	3.00	14,000	3.00	70,000	84,000		
2026	3.00	15,000	3.00	70,000	85,000		
2027	3.00	15,000	3.00	75,000	90,000		
2028	3.00	16,000	3.00	75,000	91,000		
2029	3.00	16,000	3.00	80,000	96,000		
2030	3.00	17,000	3.00	80,000	97,000		
2031		-	3.00	85,000	85,000		
Total		<u>\$ 212,000</u>		<u>\$ 1,135,000</u>	<u>1,347,000</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

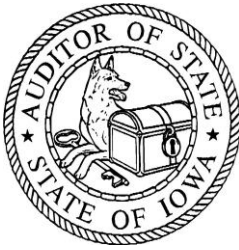
For the Last Ten Years

	2014	2013	2012	2011
Receipts:				
Property tax	\$ 1,037,729	1,113,991	1,025,939	838,546
Tax increment financing	184,233	199,426	75,496	69,035
Other city tax	316,253	290,610	315,699	272,322
Licenses and permits	26,189	14,131	38,254	26,191
Use of money and property	14,555	11,890	14,381	9,463
Intergovernmental	319,239	316,782	497,147	287,989
Charges for service	40,631	17,764	7,818	19,366
Special assessments	74,343	-	-	-
Miscellaneous	1,167,823	103,648	140,264	149,781
Total	<u>\$ 3,180,995</u>	<u>2,068,242</u>	<u>2,114,998</u>	<u>1,672,693</u>
Disbursements:				
Operating:				
Public safety	\$ 88,374	115,319	79,505	80,123
Public works	325,899	368,899	248,952	244,272
Health and social services	2,072	9,785	11,591	8,281
Culture and recreation	590,757	502,089	536,192	344,606
Community and economic development	-	-	-	-
General government	301,127	254,262	229,226	230,058
Debt service	496,958	504,772	362,304	286,460
Capital projects	-	4,427	2,724,192	1,873,331
Total	<u>\$ 1,805,187</u>	<u>1,759,553</u>	<u>4,191,962</u>	<u>3,067,131</u>

See accompanying independent auditor's report.

2010	2009	2008	2007	2006	2005
883,763	754,854	522,518	557,574	506,908	459,136
78,477	105,842	100,648	69,611	125,097	25,832
232,907	28,484	21,731	26,075	22,175	20,332
50,104	13,480	15,862	31,590	26,377	40,134
8,385	15,517	66,803	82,118	50,801	9,229
466,618	544,166	487,197	238,506	225,070	212,934
200	4,225	3,671	107,414	109,295	174,998
-	-	-	-	398	431
75,453	40,457	41,605	280,492	1,060,160	733,613
1,795,907	1,507,025	1,260,035	1,393,380	2,126,281	1,676,639
75,264	70,902	220,442	163,095	60,847	60,281
333,763	224,548	224,952	344,176	373,250	340,356
15,664	7,656	10,554	-	-	-
276,385	199,992	189,355	215,213	438,354	237,317
-	-	-	-	2,185	-
247,842	224,528	128,985	164,526	143,741	158,133
288,807	200,108	163,427	139,035	121,048	65,682
403,332	2,214,227	980,373	434,561	264,861	432,576
1,641,057	3,141,961	1,918,088	1,460,606	1,404,286	1,294,345

City of Center Point



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Mary Mosiman, CPA
Auditor of State

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 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, the 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, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Center Point's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Center Point's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Center Point's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and 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 in internal control 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 (H) 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, 2014 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 the Findings


The City of Center Point's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Center Point's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 9, 2015

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 the review of reconciliations should be documented by the signature or initials of the independent reviewer and the date of the review.

Response – With a small staff it is challenging to create a proper segregation of duties. We will review the internal controls and address the lack of segregation wherever we can.

Conclusion – Response accepted.

City of Center Point

Schedule of Findings

Year ended June 30, 2014

- (B) Financial Reporting – During the audit, we identified material amounts of receipts, disbursements and adjustments which were not posted correctly. 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, disbursements and adjustments are properly recorded in the City’s accounting records and financial statements.

Response – The City has already addressed the auditor’s concerns with this and has taken steps to ensure it will not happen again.

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, document the review by the signature or initials of the reviewer and the date of the review and monitor delinquent accounts each month.

Response – The City is working on a policy/procedure to address this concern and will implement as soon as ready.

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, 2014. In addition, the City maintains twelve bank accounts. 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. The City should consider reducing the number of bank accounts maintained to simplify the reconciling process.

Response – The Clerk/Treasurer has created a monthly report which is reviewed by the City Council monthly which includes all bank reconciliations for all City funds. The City will consider consolidating accounts when possible.

Conclusion – Response accepted.

City of Center Point
Schedule of Findings
Year ended June 30, 2014

- (E) Journal Entries – Journal entries were not reviewed and approved by an independent person.

Recommendation – To strengthen controls, journal entries should be reviewed and approved by an independent person.

Response – Journal entries are now included in with the monthly bank reconciliations for the City Administrator/Mayor to review and any non-budgeted transfers are approved by the City Council.

Conclusion – Response accepted.

- (F) Uniform Chart of Accounts – Certain items was 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 Administrator and the City Clerk have corrected the coding issues within the chart of accounts and continue to review and make corrections when an issue is identified.

Conclusion – Response accepted.

- (G) 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 – The City has started a manual and will have some significant progress with it by the end of fiscal year 2015.

Conclusion – Response accepted.

City of Center Point

Schedule of Findings

Year ended June 30, 2014

- (H) 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 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.
- (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 location(s).
- (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 copy of all user documentation and policy and procedures manuals is 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 has begun taking the steps to protect the integrity of our data by implementing new policies regarding passwords and how our information is backed up. We now use an off-site service.

Conclusion - Response accepted.

City of Center Point
 Schedule of Findings
 Year ended June 30, 2014

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the culture and recreation and debt service 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 – We will start completing budget amendments prior to the disbursements being made.

Conclusion – Response accepted.

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

Name, Title and Business Connection	Transaction Description	Amount
Michael Stanton, Council Member, owner of the Corner Store gas station	Propane purchases for concession stands	\$ 111

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 \$1,500.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Meeting Minutes – Except as noted below, no transactions were found which we believe should have been approved in the minutes but were not.

The City Council went into closed session on September 2, 2013. The minutes record did not document the reason for the closed session by reference to a specific Code of Iowa exemption as required by Chapter 21.5 of the Code of Iowa. In addition, the minutes were not signed.

City of Center Point

Schedule of Findings

Year ended June 30, 2014

Recommendation – The City should document the information required by Chapter 21 of the Code of Iowa for closed sessions and ensure minutes are signed.

Response – This has been discussed with the City Attorney. She provides language to place on the agenda which describes the reason for a closed session and the code section referenced. The City will make sure minutes are signed as soon as approved and added to the official minute book.

Conclusion – Response accepted.

- (7) Deposits and Investments – Except as noted below, 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.

Amounts deposited at one financial institution exceeded the maximum amount approved in the City’s Depository Resolution.

Recommendation – The City should ensure amounts deposited at any financial institution do not exceed the maximum allowable per the City’s Depository Resolution.

Response – The City Council has approved the transfer of funds to another financial institute to be in compliance with our depository.

Conclusion – Response accepted.

- (8) Revenue Bonds – Section 7 of the sewer revenue bond agreement requires sewer rates to be established which are sufficient “to produce and maintain Net Revenues at a level not less than 110% of the amount of principal and interest on the Revenue Bond and any other obligations secured by a pledge of the Net Revenues falling due in the same year.” During fiscal year 2014, net receipts in the Enterprise, Sewer Fund were (\$28,239) while principal and interest payments were \$17,215. In addition, the City has not made the required monthly transfers to the sinking fund

Recommendation – The City should ensure net operating receipts for the Enterprise, Sewer Fund are sufficient to make required debt service payments and comply with the sewer revenue bond resolution. In addition, the City should make the required monthly transfers to the sinking fund.

Response – In fiscal year 2014 the City experienced several unique maintenance failures which were not planned for and the costs to cover these items were not budgeted for. The City will ensure future net operating receipts are sufficient to comply with the sewer revenue bond resolution. In addition, the City will make monthly transfers to the sinking fund.

Conclusion – Response accepted.

- (9) Urban Renewal Annual Report – The Urban Renewal Annual Report was approved and certified to the Iowa Department of Management on or before December 1. However, the City overstated the amount reported as TIF debt outstanding on the Levy Authority Summary by \$194,160. This was due to the City reporting its certified TIF obligations outstanding as of the end of the period covered by the report instead of the amount outstanding at the beginning of the period covered by the report.

City of Center Point

Schedule of Findings

Year ended June 30, 2014

Recommendation – The City should ensure the TIF debt outstanding reported agrees with the City’s records. This includes certified TIF obligations outstanding as of July 1 of the period covered by the urban renewal report.

Response – The City worked with the State to correct the TIF report and resubmitted it.

Conclusion – Response accepted.

- (10) 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 – The City has reported the unclaimed property for fiscal year 2014 and is working on a policy to ensure it is done annually as required.

Conclusion – Response accepted.

- (11) Annual Financial Report (AFR) – The City completed and filed its AFR by December 1 as required by Chapter 384.22 of the Code of Iowa. However, the receipts, disbursements and cash basis fund balances were materially misstated.

Recommendation – The City should develop procedures to ensure the Annual Financial Report reconciles to the City’s general ledger.

Response – The City has corrected the general ledger coding issue which will help in completing the AFR accurately. we will make sure it balances in the future.

Conclusion – Response accepted.

- (12) Financial Condition – At June 30, 2014, the City had deficit balances in the following funds:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Urban Renewal Tax Increment	\$ (6,460)
Debt Service	(10,488)
Park and Recreation	(38,980)
Sidewalk Revolving	(76,045)
Enterprise:	
Water (unrestricted)	(93,494)

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

Response – The City will review available resources and transfers from other funds where allowable to return these funds to a sound financial position.


Conclusion – Response accepted.

City of Center Point

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Brandon J. Vogel, Senior Auditor
Zack D. Kubik, Staff Auditor
Jenna M. Paysen, Assistant Auditor


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Deputy Auditor of State