



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

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**NEWS RELEASE**

FOR RELEASE June 26, 2006

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 \$2,048,364 for the year ended June 30, 2005, a 61 percent increase over 2004. The receipts included \$474,620 in property tax, \$25,832 from tax increment financing, \$502,726 from charges for service, \$934,535 from operating grants, contributions and restricted interest, \$85,640 from capital grants, contributions and restricted interest, \$12,023 from unrestricted interest on investments and \$12,988 from other general receipts.

Disbursements for the year totaled \$1,562,636, a 16 percent increase over the prior year, and included \$432,576 for capital projects, \$340,356 for public works and \$237,317 for culture and recreation. Also, disbursements for business type activities totaled \$268,290.

The significant increase in receipts is due primarily to receiving a large donation from an individual in 2005. The significant increase in disbursements is due primarily to water improvement projects in 2005.

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

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

**JUNE 30, 2005**

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**City of Center Point**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Paula Freeman-Brown	Mayor	Jan 2006
Dennis Hundley	Mayor Pro tem	Jan 2006
Annette Slifka	Council Member	Jan 2006
Ted Callahan	Council Member	Jan 2008
Brent Schlofeldt	Council Member	Jan 2008
John Stuelke	Council Member	Jan 2008
Christy Dyer (Appointed)	Finance Director	Indefinite
LeAnn Kramer	Deputy City Clerk	Indefinite
Anne Loomis	Attorney	Indefinite

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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, 2005, 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.

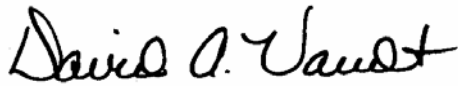
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

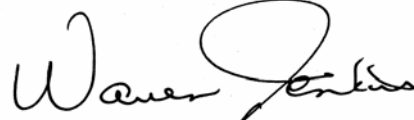
In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2005 on our consideration of the City of Center Point's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was performed 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 two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 5, 2005

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City of Center Point provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2004 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 88%, or approximately \$786,000, from fiscal 2004 to fiscal 2005. Property tax increased approximately \$36,000. The City received donations for Fross Park totaling approximately \$624,000 and donations to the library building trust totaled approximately \$87,000.
- Disbursements increased 19%, or approximately \$210,000, in fiscal 2005 over fiscal 2004 as a result of water improvement projects started in fiscal 2005.
- The City's total cash basis net assets increased 50%, or approximately \$486,000, from June 30, 2004 to June 30, 2005. Of this amount, the assets of the governmental activities increased approximately \$382,000 and the assets of the business type activities increased by approximately \$103,000.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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



## **BASIS OF ACCOUNTING**

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

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

### *Government-wide Financial Statement*

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

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

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

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has 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 Fross Park, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

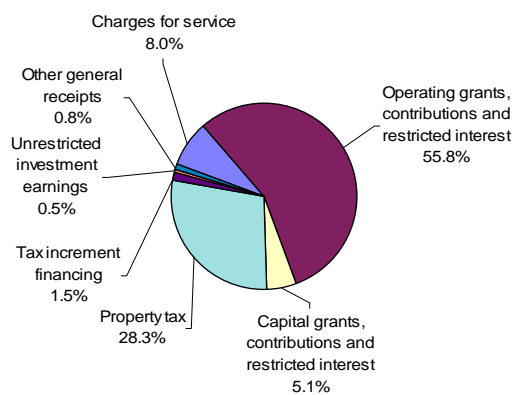
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

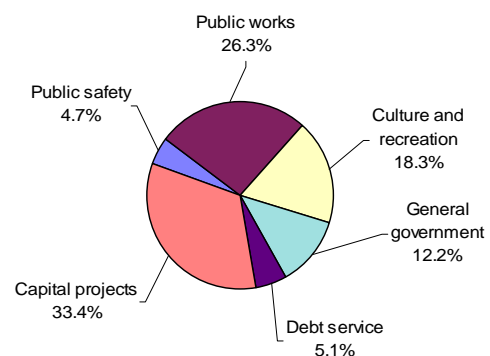
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$224,952 to \$607,245. The analysis that follows focuses on the changes in cash balances of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year ended June 30,	
	2005	2004
Receipts:		
Program receipts:		
Charges for service	\$ 134,814	128,264
Operating grants, contributions and restricted interest	934,535	222,350
Capital grants, contributions and restricted interest	85,640	62,146
General receipts:		
Property tax	474,620	438,007
Local option sales tax	-	462
Tax increment financing	25,832	23,478
Unrestricted investment earnings	8,210	5,004
Other general receipts	12,988	11,368
Total receipts	<u>1,676,639</u>	<u>891,079</u>
Disbursements:		
Public safety	60,281	66,848
Public works	340,356	282,499
Culture and recreation	237,317	242,168
General government	158,133	132,257
Debt service	65,683	130,700
Capital projects	432,576	230,168
Total disbursements	<u>1,294,346</u>	<u>1,084,640</u>
Increase (decrease) in cash basis net assets	382,293	(193,561)
Cash basis net assets beginning of year	224,952	418,513
Cash basis net assets end of year	<u>\$ 607,245</u>	<u>224,952</u>

**Receipts by Source**



**Disbursements by Function**



The City's total receipts for governmental activities increased by 88%, or \$785,560. The total cost of all programs and services increased by \$209,706, or 19%, with the addition of water improvement projects. The significant increase in receipts was primarily the result of receiving donations for Fross Park and the library building trust.

The cost of all governmental activities this year was \$1,294,346 compared to \$1,084,640 last year. However, as shown in the Statement of Activities and Net Assets on pages 14-15, the amount taxpayers ultimately financed for these activities was only \$139,356 because some of the cost was paid by those directly benefited from the programs (\$134,814) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$1,020,175). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, increased in 2005 from approximately \$891,000 to approximately \$1,676,000, principally due to receiving donations for Fross Park totaling approximately \$624,000 and donations to the library building trust totaling approximately \$87,000. The City paid for the remaining "public benefit" portion of governmental activities with approximately \$500,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2005	2005
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 200,332	198,773
Sewer	167,580	178,083
General receipts:		
Unrestricted interest on investments	3,813	2,775
Total receipts	371,725	379,631
Disbursements:		
Water	159,490	143,479
Sewer	108,800	116,534
Total disbursements	268,290	260,013
Increase in cash basis net assets	103,435	119,618
Cash basis net assets beginning of year	748,894	629,276
Cash basis net assets end of year	\$ 852,329	748,894

Total business type activities receipts for the fiscal year were \$371,725 compared to \$379,631 last year. The cash balance increased by approximately \$103,000 over the prior year because no major projects occurred in 2005. Total disbursements for the fiscal year increased by 3% to a total of \$268,290.

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

As the City of Center Point completed the year, its governmental funds reported a combined fund balance of \$607,245, an increase of more than \$382,000 from last year's total of \$224,952. 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 \$28,332 from the prior year to \$513,954. Approximately \$12,540 of this increase was due to an increase in miscellaneous receipts and an increase in property tax in order to build cash reserves in 2005.
- The Road Use Tax Fund cash balance increased by \$46,567 to \$182,405 during the fiscal year. This increase was primarily attributable to the decrease in wages paid in 2005.
- The Urban Renewal Tax Increment Fund (TIF) 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 \$101,485, an increase of \$26,299 from the previous year. The increase was the result of tax increment financing of \$25,832 received before the related debt was paid. These proceeds will be used to pay off debt and fund projects within the urban renewal district. The principal and interest will be redeemed with incremental property tax generated from the increased taxable valuation in the district.
- The Fross Park Fund cash balance increased by \$624,267 to \$631,379. This increase was due to donations received in fiscal 2005. No disbursements were made during the year.
- The Debt Service Fund cash balance decreased by \$40,092 to a deficit of \$131,926 during the fiscal year. A transfer of TIF funds is planned for fiscal 2006 that will eliminate this deficit.
- The Capital Projects Fund is a combination of several accounts, including the Lagoon, Water and Well Projects. The fiscal year 2005 total cash balance for the Capital Projects Fund was a deficit of \$811,289, a decrease of \$347,367 from the prior year. The main contributing factor to this significant decrease is the fact the majority of the 2005 capital projects disbursements were for the Well Project which will be funded through future debt issuance.

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

- The Water Fund cash balance increased by \$43,936 to \$478,210, due primarily to an increase in the sale of water and reductions in debt service payments from prior years.
- The Sewer Fund cash balance increased by \$59,499 to \$374,119, due primarily to no major projects occurring in 2005.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City did not amend its budget. However, the City exceeded its budgeted disbursements in the culture and recreation, general government, debt service and capital projects functions. The City had sufficient cash balances to absorb these additional costs.

#### **DEBT ADMINISTRATION**

At June 30, 2005, the City had \$279,668 in notes and other long-term debt outstanding, compared to \$349,775 last year, as shown below.

	Outstanding Debt at Year-End	
	Year ended June 30,	
	2005	2004
General obligation notes	\$ 235,000	285,000
Lease-purchase agreement	44,668	64,775
Total	\$ 279,668	349,775

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 \$349,775 is significantly below its constitutional debt limit of approximately \$4 million.

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

The City of Center Point's elected and appointed officials and citizens considered many factors when setting the fiscal year 2006 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The City's total assessed valuations have increased by 3.8%. However, funding from the State has decreased due to the State's budget constraints.

Property tax is expected to increase in FY 2006 as compared to FY 2005 due to an increase in debt service and employee benefits levies. The General Fund balance is expected to increase slightly by the close of FY 2006.

If these estimates are realized, the City's budgeted cash balance is expected to increase by \$100,000 by the close of 2006.

## **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 Christy Dyer, City Clerk, 200 Franklin Street, City of 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, 2005

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 60,281	36,931	-	-
Public works	340,356	-	193,181	-
Culture and recreation	237,317	4,468	741,354	-
General government	158,133	93,415	-	-
Debt service	65,683	-	-	431
Capital projects	432,576	-	-	85,209
Total governmental activities	1,294,346	134,814	934,535	85,640
Business type activities:				
Water	159,490	200,332	-	-
Sewer	108,800	167,580	-	-
Total business type activities	268,290	367,912	-	-
Total	\$ 1,562,636	502,726	934,535	85,640

**General Receipts:**

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

Total general receipts

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

**Cash Basis Net Assets**

Restricted:

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

Unrestricted

**Total cash basis net assets**

See notes to financial statements.

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

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Governmental Activities	Business Type Activities	Total
(23,350)	-	(23,350)
(147,175)	-	(147,175)
508,505	-	508,505
(64,718)	-	(64,718)
(65,252)	-	(65,252)
(347,367)	-	(347,367)
(139,357)	-	(139,357)
-	40,842	40,842
-	58,780	58,780
-	99,622	99,622
(139,357)	99,622	(39,735)
449,460	-	449,460
25,160	-	25,160
25,832	-	25,832
8,210	3,813	12,023
12,988	-	12,988
521,650	3,813	525,463
382,293	103,435	485,728
224,952	748,894	973,846
\$ 607,245	852,329	1,459,574
\$ 182,405	-	182,405
101,485	-	101,485
631,379	-	631,379
82,984	-	82,984
40,864	-	40,864
-	30,996	30,996
(431,872)	821,333	389,461
\$ 607,245	852,329	1,459,574



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, 2005

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Fross Park
Receipts:				
Property tax	\$ 374,788	-	-	-
Tax increment financing	-	-	25,832	-
Other city tax	17,487	-	-	-
Licenses and permits	40,134	-	-	-
Use of money and property	7,744	-	-	-
Intergovernmental	25,246	186,463	467	-
Charges for service	89,789	-	-	-
Special assessments	-	-	-	-
Miscellaneous	18,953	-	-	624,267
Total receipts	574,141	186,463	26,299	624,267
Disbursements:				
Operating:				
Public safety	60,281	-	-	-
Public works	189,741	139,896	-	-
Culture and recreation	144,867	-	-	-
General government	150,920	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	545,809	139,896	-	-
Net change in cash balances	28,332	46,567	26,299	624,267
Cash balances beginning of year	485,622	135,838	75,186	7,112
Cash balances end of year	\$ 513,954	182,405	101,485	631,379
<b>Cash Basis Fund Balances</b>				
Reserved:				
Permanent fund	\$ -	-	-	-
Local option sales tax	221,956	-	-	-
Unreserved:				
General fund	291,998	-	-	-
Special revenue funds	-	182,405	101,485	631,379
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
Total cash basis fund balances	\$ 513,954	182,405	101,485	631,379

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
24,356	-	59,992	459,136
-	-	-	25,832
804	-	2,041	20,332
-	-	-	40,134
-	-	1,485	9,229
-	-	758	212,934
-	85,209	-	174,998
431	-	-	431
-	-	90,393	733,613
25,591	85,209	154,669	1,676,639
-	-	-	60,281
-	-	10,719	340,356
-	-	92,450	237,317
-	-	7,213	158,133
65,683	-	-	65,683
-	432,576	-	432,576
65,683	432,576	110,382	1,294,346
(40,092)	(347,367)	44,287	382,293
(91,834)	(463,922)	76,950	224,952
(131,926)	(811,289)	121,237	607,245
-	-	40,864	40,864
-	-	-	221,956
-	-	-	291,998
-	-	80,373	995,642
(131,926)	-	-	(131,926)
-	(811,289)	-	(811,289)
(131,926)	(811,289)	121,237	607,245

**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, 2005

	Enterprise Funds		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 200,332	167,580	367,912
Operating disbursements:			
Business type activities	159,490	108,800	268,290
Excess of operating receipts over operating disbursements	40,842	58,780	99,622
Non-operating receipts:			
Interest on investments	3,094	719	3,813
Net change in cash balances	43,936	59,499	103,435
Cash balances beginning of year	434,274	314,620	748,894
Cash balances end of year	\$ 478,210	374,119	852,329
<b>Cash Basis Fund Balances</b>			
Reserved for meter deposits	\$ 30,996	-	30,996
Unreserved	447,214	374,119	821,333
Total cash basis fund balances	\$ 478,210	374,119	852,329

See notes to financial statements.

City of Center Point

Notes to Financial Statements

June 30, 2005

**(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 and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Center Point has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Linn County Assessor's Conference Board, Linn County Emergency Management Commission and Linn County Joint E911 Service Board.

B. Basis of Presentation

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Fross Park Fund is used to account for donations to Fross Park.

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

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

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

The City of Center Point maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are incurred, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the culture and recreation, general government, debt service and capital projects functions.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2005, the City had the following investments:

Type	Carrying Amount	Fair Value
Money Market Taxable Government	\$ 622,323	622,323

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

Interest rate risk – The City’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Credit risk – The City’s investment in the Money Market Taxable Government funds is rated Aaa by Standard & Poor’s.

**(3) Long-Term Debt**

General Obligation Notes

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2006	5.25%	\$ 55,000	12,708	67,708
2007	5.35	55,000	9,820	64,820
2008	5.45	60,000	6,878	66,878
2009	5.55	65,000	3,608	68,608
Total		\$ 235,000	33,014	268,014

Lease-Purchase Agreement

On July 1, 1995, the City entered into an agreement to lease property to house city offices, a community room and the public works department under a non-cancelable capital lease. The total cost was \$195,586, plus 7.00% per annum interest, to be financed over a 12-year period. The following is a schedule of the future minimum lease payments and present value of the minimum lease payments under the agreement in effect at June 30, 2005:

Year Ending June 30,	Amount
2006	\$ 24,000
2007	24,000
Total minimum lease payments	48,000
Less amount representing interest	(3,332)
Present value of net minimum lease payments	\$ 44,668

During the year ended June 30, 2005, \$24,000 was paid under this agreement.

**(4) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. 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, 2005, 2004 and 2003 were \$12,754, \$12,474 and \$13,048, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate 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 maximum liability for unrecognized accrued employee benefits at June 30, 2005, primarily relating to the General Fund, is \$13,000. This liability has been computed based on rates of pay in effect at June 30, 2005.

**(6) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(7) Deficit Balances**

The Special Revenue, Park and Recreation Donations Fund had a deficit balance of \$2,611 at June 30, 2005. The deficit will be eliminated by future donations and transfer of local funds, as necessary.

The Debt Service Fund had a deficit balance of \$131,926 at June 30, 2005. The deficit will be eliminated by transferring urban renewal tax increment collections from the Special Revenue, Urban Renewal Tax Increment Fund.

The Capital Projects Fund had a deficit balance of \$811,289 at June 30, 2005. The deficit balance will be eliminated through the issuance of long term financing as the project nears completion.

**(8) Construction Contract/Commitment**

During the year ended June 30, 2005, the City entered into construction contracts totaling \$441,436 for a well house building project, Rydell main extension project, sewer capital project and an asphalt project. The City has paid \$332,848 on these contracts through June 30, 2005, leaving an unpaid balance of \$108,588 at June 30, 2005. The City will make payments as work on the projects progresses.



**(9) Subsequent Events**

In July 2005, the City approved the purchase of 14.31 acres for \$130,000 to expand Fross Park.

In September 2005, the City approved a loan agreement and provided for the issuance of \$540,000 of general obligation water improvement notes for a water tower project.

**Required Supplementary Information**

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

Required Supplementary Information

Year ended June 30, 2005

	Governmental	Proprietary	Total
	Funds	Funds	
	Actual	Actual	
<b>Receipts:</b>			
Property tax	\$ 459,136	-	459,136
Tax increment financing	25,832	-	25,832
Other city tax	20,332	-	20,332
Licenses and permits	40,134	-	40,134
Use of money and property	9,229	3,813	13,042
Intergovernmental	212,934	-	212,934
Charges for service	174,998	336,387	511,385
Special assessments	431	-	431
Miscellaneous	733,613	31,525	765,138
Total receipts	1,676,639	371,725	2,048,364
<b>Disbursements:</b>			
Public safety	60,281	-	60,281
Public works	340,356	-	340,356
Culture and recreation	237,317	-	237,317
General government	158,133	-	158,133
Debt service	65,683	-	65,683
Capital projects	432,576	-	432,576
Business type activities	-	268,290	268,290
Total disbursements	1,294,346	268,290	1,562,636
Excess of receipts over disbursements	382,293	103,435	485,728
Balances beginning of year	224,952	748,894	973,846
Balances end of year	\$ 607,245	852,329	1,459,574

See accompanying independent auditor's report.

Budgeted Amounts	Final to
Original and Final	Total Variance
464,034	(4,898)
-	25,832
11,255	9,077
12,100	28,034
4,000	9,042
444,089	(231,155)
533,950	(22,565)
-	431
4,500	760,638
<u>1,473,928</u>	<u>574,436</u>
80,741	20,460
396,287	55,931
164,290	(73,027)
156,288	(1,845)
65,283	(400)
250,000	(182,576)
317,886	49,596
<u>1,430,775</u>	<u>(131,861)</u>
43,153	442,575
<u>1,087,688</u>	<u>(113,842)</u>
<u>1,130,841</u>	<u>328,733</u>

City of Center Point

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. 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 Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. The City did not amend its budget during the year ended June 30, 2005.

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the culture and recreation, general government, debt service and capital projects functions.

**Other Supplementary Information**

City of Center Point

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

As of and for the year ended June 30, 2005

	Employee Benefits	Library Capital Equipment	Special Revenue	
			Library Building	Cemetery Stone Repair
Receipts:				
Property tax	\$ 59,992	-	-	-
Other city tax	2,041	-	-	-
Use of money and property	-	506	979	-
Intergovernmental	-	-	758	-
Miscellaneous	-	3,970	86,417	-
Total receipts	62,033	4,476	88,154	-
Disbursements:				
Operating:				
Public works	10,719	-	-	-
Culture and recreation	28,240	685	60,634	-
General government	7,213	-	-	-
Total disbursements	46,172	685	60,634	-
Net change in cash balances	15,861	3,791	27,520	-
Cash balances beginning of year	10,328	11,970	(26,787)	430
Cash balances end of year	\$ 26,189	15,761	733	430
<b>Cash Basis Fund Balances</b>				
Reserved for permanent fund	\$ -	-	-	-
Unreserved:				
Special revenue funds	26,189	15,761	733	430
Total cash basis fund balances	\$ 26,189	15,761	733	430

See accompanying independent auditor's report.

Municipal Building	Park and Recreation Donations	Capital Equipment Replacement	Permanent Cemetery Perpetual Care	Total
-	-	-	-	59,992
-	-	-	-	2,041
-	-	-	-	1,485
-	-	-	-	758
-	-	-	6	90,393
-	-	-	6	154,669
-	-	-	-	10,719
-	2,891	-	-	92,450
-	-	-	-	7,213
-	2,891	-	-	110,382
-	(2,891)	-	6	44,287
2,401	280	37,470	40,858	76,950
2,401	(2,611)	37,470	40,864	121,237
-	-	-	40,864	40,864
2,401	(2,611)	37,470	-	80,373
2,401	(2,611)	37,470	40,864	121,237



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City of Center Point  
Schedule of Indebtedness  
Year ended June 30, 2005

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes: Sewer improvements	Sep 01, 1996	5.15-5.55%	\$ 380,000
Lease-purchase agreement: City hall	Jul 01, 1995	7.00%	\$ 195,586

See accompanying independent auditor's report.

Balance Beginning of Year	Redeemed During Year	Balance End of Year	Interest Paid
285,000	50,000	235,000	15,283
64,775	20,107	44,668	3,893

**Schedule 3**

## City of Center Point

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

For the Last Three Years

	2005	2004	2003
Receipts:			
Property tax	\$ 459,136	421,080	385,358
Tax increment financing	25,832	23,478	23,692
Other city tax	20,332	24,751	194,641
Licenses and permits	40,134	37,569	20,894
Use of money and property	9,229	6,306	5,797
Intergovernmental	212,934	267,500	414,282
Charges for service	174,998	85,289	82,807
Special assessments	431	863	662
Miscellaneous	733,613	24,243	23,947
Total	\$ 1,676,639	891,079	1,152,080
Disbursements:			
Operating:			
Public safety	\$ 60,281	66,848	58,820
Public works	340,356	282,499	312,660
Culture and recreation	237,317	242,168	126,442
General government	158,133	132,257	104,684
Debt service	65,682	130,700	80,311
Capital projects	432,576	230,168	428,945
Total	\$ 1,294,345	1,084,640	1,111,862

See accompanying independent auditor's report.



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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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, 2005, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 5, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Center Point's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Center Point's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items (A) and (C) are material weaknesses.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Center Point's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

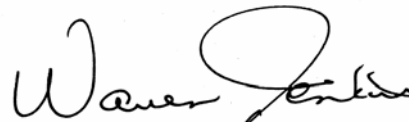
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions 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.

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

December 5, 2005

City of Center Point  
Schedule of Findings  
Year ended June 30, 2005

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:

- (1) Accounting system – performing all general accounting functions and having custody of assets.
- (2) Cash – preparing bank account reconciliations, initiating cash receipts and disbursement functions and handling and recording cash.
- (3) Investments – detailed record keeping, custody of investments and reconciling earnings.
- (4) Receipts – collecting, depositing, journalizing and posting.
- (5) Utility receipts – billing, collecting, depositing, posting and reconciling.
- (6) Disbursements – purchasing, check signing, recording and reconciling.
- (7) Payroll – preparing and distributing.
- (8) Information system (computer usage) – performing all general accounting functions and controlling all data input and output.
- (9) Financial reporting – Preparing, reconciling and distributing.

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

Response – The City will continue to review its procedures in order to improve on the segregation of duties and maximize the internal control of our finances.

Conclusion – Response accepted.

City of Center Point  
Schedule of Findings  
Year ended June 30, 2005

- (B) Information System – The following weaknesses in the City’s computer-based systems were noted:

The City does not have written policies for:

- use of the internet.
- requiring a disaster recovery plan.
- requiring computer users to change their passwords every 60 to 90 days.
- maintaining password privacy and confidentiality.

Recommendation – The City should develop written policies addressing the above items in order to improve the City’s control over its information system.

Response – Written policies will be developed for a disaster recovery plan, software and data file backup storage and password privacy and confidentiality.

Conclusion – Response accepted.

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

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

Response – Procedures have been put in place to assure reconciling of utility billings, collections and delinquencies each month.

Conclusion – Response accepted.

City of Center Point  
Schedule of Findings  
Year ended June 30, 2005

**Other Findings Related to Statutory Reporting:**

- (1) Official Depositories – A resolution naming the official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- (2) Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amounts budgeted in the culture and recreation, general government, debt service and capital projects 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 sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City will comply with Chapter 384.18 of the Code of Iowa in the future.

Conclusion – Response accepted.

- (3) 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 were noted.
- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions – No business transactions between the City and City officials or employees during the fiscal year ended June 30, 2005 were noted.
- (6) 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.
- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

The City minute publications did not include a recap of actual receipts as required.

Recommendation – The City should publish a recap of actual receipts as required by Chapter 372.13 of the Code of Iowa.

Response – The City will publish a recap of actual receipts with the Council Minutes in the future.

Conclusion – Response accepted.



City of Center Point

Schedule of Findings

Year ended June 30, 2005

- (8) 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.

Interest earned on invested funds for the Special Revenue, Road Use Tax Fund and the Permanent, Cemetery Perpetual Care Fund were directly credited to the respective funds for which the investments were held. Chapters 12C.7(2) and 566.16 of the Code of Iowa require the interest earned on these funds be credited to the General Fund.

Recommendation – The City should make corrective transfers to the General Fund from the Special Revenue, Road Use Tax Fund for \$82 and the Permanent, Cemetery Perpetual Care Fund for \$181 to correct these errors for the fiscal year ended June 30, 2004. Additionally, all interest earned on the above noted investments should be credited to the General Fund as required by the Code of Iowa.

Response – Interest earned on invested funds for the Special Revenue, Road Use Tax Fund and the Permanent, Cemetery Perpetual Care Fund are being posted directly to the General Fund.

Conclusion – Response acknowledged. The corrective transfers for FY04 should also be made.

- (9) Financial Condition – The Special Revenue, Park and Recreation Donations Fund had a deficit balance at June 30, 2005 of \$2,611. The Debt Service Fund had a deficit balance at June 30, 2005 of \$131,926. The Capital Projects Fund had deficit balance at June 30, 2005 of \$811,289.

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

Response – The City has sold bonds to eliminate the deficit in the Capital Projects Fund and certified TIF funds in an amount to cover past deficiencies. The Park and Recreation Donations Fund no longer has a deficit balance in FY06.

Conclusion – Response accepted.

- (10) Local Option Sales Tax – Local option sales tax collections in the fiscal years ended June 30, 2002, 2003, 2004 and 2005 were posted directly to the General Fund. On June 25, 2003, the City Council approved the allocation of these funds for Library (\$100,000), Streets (\$75,000), and Sidewalk revolving fund (\$25,000), leaving \$21,956 unallocated.

Recommendation – The City should ensure local option sales tax collections are disbursed in accordance with voter approval and City Resolution No. 4-7-01. Additionally, future local option sales tax collections should be recorded directly to a Special Revenue, Local Option Sales Tax Fund and then be transferred to the appropriate fund(s) as the City Council directs based on previous voter approval.

City of Center Point

Schedule of Findings

Year ended June 30, 2005

Response – The City will ensure that local option sales tax collections have and are disbursed in accordance with voter approval and Resolution 4-7-01 as well as make appropriate transfers of these funds.

Conclusion – Response accepted.

- (11) Tax Increment Financing Collections – Fiscal year 2003, 2004 and 2005 tax increment financing collections were properly posted to the Special Revenue, Urban Renewal Tax Increment Fund. However, the collections were not used to reduce applicable tax increment debt being paid from the Debt Service Fund.

Recommendation – The City should transfer the tax increment financing collections to the Debt Service Fund to repay the portion of TIF debt originally paid from the Debt Service Fund. This will also aid in eliminating the deficit balance in the Debt Service Fund as of June 30, 2005.

Response – Transfers will be made to the Debt Service Fund as recommended.

Conclusion – Response accepted.

- (12) Notice of Public Hearing for Street Improvements – The City did not publish notices of public hearings and bid lettings on the street seal coating project as required by Chapters 384.102 and 362.3 of the Code of Iowa.

Recommendation – Before entering into any contract for public improvements where the cost is \$35,000 or more, the Council should set a date for a public hearing and give notice at least four but not more than twenty days prior to the hearing as provided in Chapter 362.3 of the Code of Iowa.

Response – A public hearing will be held as required in the future.

Conclusion – Response accepted.

- (13) Annual Financial Report – The 2005 Annual Financial Report was not filed by December 1 as required by Chapter 384.22 of the Code of Iowa.

Recommendation – The Annual Financial Report should be completed and filed in accordance with Chapter 384.22 of the Code of Iowa.

Response – Although the Annual Financial Report was completed on time, publication deadlines could not be met. The City will comply with the requirements of Chapter 384.22 of the Code of Iowa in the future.

Conclusion – Response accepted.

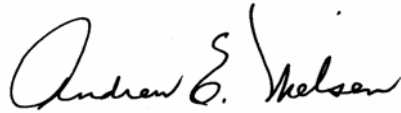
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City of Center Point

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
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Carrie L. Livingston, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State