



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834 Facsimile (515) 281-6518

**NEWS RELEASE**

Contact: Ernest Ruben  
515/281-5834

FOR RELEASE

December 14, 2023

---

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

**FINANCIAL HIGHLIGHTS:**

The City's receipts totaled \$7,660,202 for the year ended June 30, 2023, a 29.5% decrease from the prior year. Disbursements for the year ended June 30, 2023 totaled \$6,998,062 a 43.7% decrease from the prior year. The significant decrease in receipts and disbursements is due primarily to prior year note proceeds received for the purpose of the wastewater treatment plant project.

**AUDIT FINDINGS:**

Sand reported six findings related to the receipt and disbursement of taxpayer funds. They are found on pages 50 through 54 of this report. The findings address issues such as the lack of segregation of duties over cash and the lack of reconciliations of utility billings, collections and delinquent accounts and disbursements exceeding budgeted amounts. Sand provided the City with recommendations to address each of the findings.

One of the six findings discussed above are repeated from the prior year. The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

###

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

**JUNE 30, 2023**

**City of Center Point**



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

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

November 20, 2023

Officials of the City of Center Point  
Center Point, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Center Point for the year ended June 30, 2023. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Center Point throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Cash Basis Statement of Activities and Net Position	A	10-11
Governmental Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	12-13
Proprietary Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	15
Notes to Financial Statements		16-30
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds		32-33
Notes to Other Information – Budgetary Reporting		35
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)		36-37
Schedule of City Contributions		38-39
Notes to Other Information – Pension Liability		40
Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	1	42-43
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances Nonmajor Proprietary Funds	2	45
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	3	46-47
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 <u>Government Auditing Standards</u>		48-49
Schedule of Findings		50-54
Staff		55

**City of Center Point**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Traer Morgan	Mayor	Jan 2024
John Stuelke	Mayor Pro tem	Jan 2026
Patric Engelken	Council Member	Jan 2024
Paul Mann	Council Member	Jan 2024
Melissa McLaughlin	Council Member	Jan 2026
Nathan Schnell	Council Member	Jan 2026
Joseph Taylor	City Administrator	Indefinite
Sarah Tritle	City Clerk/Treasurer	Indefinite
William Sueppel (Appointed Oct 2022)	Attorney	Indefinite

**City of Center Point**



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Center Point, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



### Responsibilities of Management 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, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Center Point's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Center Point's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Center Point's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Supplementary 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. The financial statements for the four years ended June 30, 2018 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements for the four years ended June 30, 2021, and the year ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The 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 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. The 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

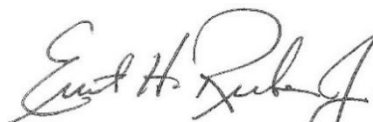
### Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 32 through 40 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2023 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 solely 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 effectiveness of the City's 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.

  
Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

November 20, 2023

**City of Center Point**

## **Basic Financial Statements**

City of Center Point

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2023

	Program Receipts			
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 152,309	15,466	-	18,816
Public works	396,968	6,459	356,103	206,105
Health and social services	85	-	-	-
Culture and recreation	600,058	80,646	111,689	-
Community and economic development	31,370	-	-	-
General government	448,541	119,203	-	-
Debt service	671,270	-	-	-
Capital projects	629,574	-	-	-
Total governmental activities	2,930,175	221,774	467,792	224,921
Business type activities:				
Water	500,207	448,887	-	-
Sewer	3,155,699	1,052,686	-	-
Garbage	163,946	181,417	-	-
Storm water	248,035	66,020	-	-
Total business type activities	4,067,887	1,749,010	-	-
Total	\$ 6,998,062	1,970,784	467,792	224,921
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
American Rescue Plan Act				
Miscellaneous				
Sale of capital assets				
Revenue note proceeds				
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				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Local option sales tax				
Capital projects				
Debt service				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				
See notes to financial statements.				

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

Governmental Activities	Business Type Activities	Total
(118,027)	-	(118,027)
171,699	-	171,699
(85)	-	(85)
(407,723)	-	(407,723)
(31,370)	-	(31,370)
(329,338)	-	(329,338)
(671,270)	-	(671,270)
(629,574)	-	(629,574)
(2,015,688)	-	(2,015,688)
-	(51,320)	(51,320)
-	(2,103,013)	(2,103,013)
-	17,471	17,471
-	(182,015)	(182,015)
-	(2,318,877)	(2,318,877)
(2,015,688)	(2,318,877)	(4,334,565)
1,073,494	-	1,073,494
426,254	-	426,254
227,338	-	227,338
426,259	-	426,259
20,834	-	20,834
26,575	91	26,666
-	312,916	312,916
29,967	-	29,967
4,283	-	4,283
-	2,448,694	2,448,694
27,650	(27,650)	-
2,262,654	2,734,051	4,996,705
246,966	415,174	662,140
5,959,560	2,280,222	8,239,782
\$ 6,206,526	2,695,396	8,901,922
64,593	-	64,593
682,339	-	682,339
984,296	-	984,296
605,181	473,525	1,078,706
314,216	56,433	370,649
741,391	27,010	768,401
2,814,510	2,138,428	4,952,938
\$ 6,206,526	2,695,396	8,901,922

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, 2023

	Special Revenue		
	General	Road Use Tax	Local Option Sales Tax
Receipts:			
Property tax	\$ 885,967	-	-
Tax increment financing	-	-	-
Local option sales tax	-	-	426,259
Other city tax	8,377	-	-
Licenses and permits	126,501	-	-
Use of money and property	24,427	-	-
Intergovernmental	112,039	354,899	-
Charges for service	50,674	-	-
Miscellaneous	78,455	979	-
Total receipts	1,286,440	355,878	426,259
Disbursements:			
Operating:			
Public safety	152,127	-	-
Public works	140,625	256,000	-
Health and social services	85	-	-
Culture and recreation	502,720	-	-
Community and economic development	4,379	-	-
General government	388,937	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	1,188,873	256,000	-
Excess (deficiency) of receipts over (under) disbursements	97,567	99,878	426,259
Other financing sources (uses):			
Sale of capital assets	4,283	-	-
Transfers in	321,038	-	189,639
Transfers out	-	(31,890)	(158,976)
Total other financing sources (uses)	325,321	(31,890)	30,663
Change in cash balances	422,888	67,988	456,922
Cash balances beginning of year	2,829,849	614,351	527,374
Cash balances end of year	\$ 3,252,737	682,339	984,296
<b>Cash Basis Fund Balances</b>			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Streets	-	682,339	-
Local option sales tax	-	-	984,296
Capital projects	-	-	-
Debt service	-	-	-
Other purposes	438,227	-	-
Assigned for fire station	221,966	-	-
Unassigned	2,592,544	-	-
Total cash basis fund balances	\$ 3,252,737	682,339	984,296

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
422,410	-	177,410	1,485,787
-	-	227,338	227,338
-	-	-	426,259
3,844	-	1,740	13,961
-	-	-	126,501
-	2,025	184	26,636
5,928	206,105	2,492	681,463
-	-	-	50,674
-	18,816	8,339	106,589
432,182	226,946	417,503	3,145,208
-	-	182	152,309
-	-	343	396,968
-	-	-	85
-	-	97,338	600,058
-	-	26,991	31,370
-	-	59,604	448,541
671,270	-	-	671,270
-	629,574	-	629,574
671,270	629,574	184,458	2,930,175
(239,088)	(402,628)	233,045	215,033
-	-	-	4,283
231,740	-	8,370	750,787
-	(189,639)	(342,632)	(723,137)
231,740	(189,639)	(334,262)	31,933
(7,348)	(592,267)	(101,217)	246,966
218,333	1,197,448	572,205	5,959,560
210,985	605,181	470,988	6,206,526
-	-	64,593	64,593
-	-	-	682,339
-	-	-	984,296
-	605,181	-	605,181
210,985	-	103,231	314,216
-	-	303,164	741,391
-	-	-	221,966
-	-	-	2,592,544
210,985	605,181	470,988	6,206,526



**City of Center Point**

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, 2023

	Enterprise			Total
	Water	Sewer	Nonmajor	
Operating receipts:				
Charges for service	\$ 442,862	1,052,686	247,437	1,742,985
Miscellaneous	6,025	-	-	6,025
Total operating receipts	448,887	1,052,686	247,437	1,749,010
Operating disbursements:				
Business type activities	271,795	300,386	224,872	797,053
Excess (deficiency) of operating receipts over (under) operating disbursements	177,092	752,300	22,565	951,957
Non-operating receipts (disbursements):				
Intergovernmental	121,900	191,016	-	312,916
Interest on investments	91	-	-	91
Revenue note proceeds	-	2,448,694	-	2,448,694
Debt service	(78,400)	(557,850)	-	(636,250)
Capital projects	(150,012)	(2,297,463)	(187,109)	(2,634,584)
Net non-operating disbursements	(106,421)	(215,603)	(187,109)	(509,133)
Excess (deficiency) of receipts over (under) disbursements	70,671	536,697	(164,544)	442,824
Transfers out	(24,050)	(3,420)	(180)	(27,650)
Change in cash balances	46,621	533,277	(164,724)	415,174
Cash balances beginning of year	561,851	1,271,965	446,406	2,280,222
Cash balances end of year	\$ 608,472	1,805,242	281,682	2,695,396
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Customer deposits	\$ 27,010	-	-	27,010
Debt service	6,533	49,900	-	56,433
Capital projects	-	473,525	-	473,525
Unrestricted	574,929	1,281,817	281,682	2,138,428
Total cash basis fund balances	\$ 608,472	1,805,242	281,682	2,695,396

See notes to financial statements.

City of Center Point

Notes to Financial Statements

June 30, 2023

**(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 present the City of Center Point (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 911 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 receipts 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 the following categories:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance 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.

Unrestricted net position consists of cash balances not meeting the definition 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 and enterprise 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 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 Local Option Sales Tax Fund is used to account for receipts from local option sales tax. The receipts are to be used for property tax relief, infrastructure and community projects.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, 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.

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. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects tax asking contained in the budget certified to the City Council in March 2022.

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, 2023, disbursements exceeded the amounts budgeted in the capital projects function prior to a budget amendment.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2023 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 ensure 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. 72.

**(3) Lessor Agreement**

The City owns a water tower. Effective June 1, 2020, the City entered into a three-year lease and renewed June 1, 2022, with a communications company for the placement of telecommunications equipment. The City is to receive \$10,800 paid annually, with the first payment made on June 1, 2020, increasing by 3% annually with an implicit rate of 2.00%. The lease may be extended at either party’s discretion for up to an additional three-year period.

The City owns approximately 6 acres of agricultural land adjacent to Fross Park that the City rents to an agricultural tenant. Effective March 15, 2022 the City entered into a 3-year lease with an initial payment on November 1, 2022. The City is to receive annual payments of \$1,854 with an estimated implicit interest rate of 2.00%.

Year Ending June 30,	Communication Equipment Water Tower			Fross Park Adjacent Land Rental		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 11,676	479	12,155	\$ 1,782	72	1,854
2025	12,275	245	12,520	1,817	37	1,854
<b>Total</b>	<b>\$ 23,951</b>	<b>724</b>	<b>24,675</b>	<b>\$ 3,599</b>	<b>109</b>	<b>3,708</b>

Year Ending June 30,	Total		
	Principal	Interest	Total
2024	\$ 13,458	551	14,009
2025	14,092	282	14,374
<b>Total</b>	<b>\$ 27,550</b>	<b>833</b>	<b>28,383</b>

**(4) Bonds and Notes Payable**

A summary of changes in bonds and notes payable for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,455,000	-	565,000	3,890,000	415,000
Lease agreement	-	25,139	4,400	20,739	3,985
Governmental activities total	<b>\$ 4,455,000</b>	<b>25,139</b>	<b>569,400</b>	<b>3,910,739</b>	<b>418,985</b>
Business-type activities - direct borrowings					
Water revenue notes	\$ 670,000	-	65,000	605,000	70,000
Sewer revenue notes	5,650,894	2,453,264	451,000	7,653,158	-
Business-type activities total	<b>\$ 6,320,894</b>	<b>2,453,264</b>	<b>516,000</b>	<b>8,258,158</b>	<b>70,000</b>

## General Obligation Bonds

A summary of the City's June 30, 2023 general obligation bonds payable is as follows:

Year Ending June 30,	City Hall Improvements and Refunding			Fire Station and Sewer Improvements		
	Issued May 8, 2018			Issued Jul 7, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.85%	\$ 70,000	11,070	2.00%	\$ 180,000	45,600
2025	2.85	75,000	9,075	2.00	190,000	42,000
2026	2.85	75,000	6,938	2.00	195,000	38,200
2027	2.85	80,000	4,800	2.00	195,000	34,300
2028	3.00	80,000	2,400	2.00	205,000	30,400
2029-2033		-	-	2.00	850,000	93,700
2034-2036		-	-	2.00	465,000	18,800
		<u>\$ 380,000</u>	<u>34,283</u>		<u>\$ 2,280,000</u>	<u>303,000</u>

Year Ending June 30,	City Improvements and Refunding			Total		
	Issued Nov 23, 2021					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2024	2.00%	\$ 165,000	24,600	\$ 415,000	81,270	496,270
2025	2.00	165,000	21,300	430,000	72,375	502,375
2026	2.00	170,000	18,000	440,000	63,138	503,138
2027	2.00	175,000	14,600	450,000	53,700	503,700
2028	2.00	180,000	11,100	465,000	43,900	508,900
2029-2033	2.00	375,000	11,300	1,225,000	105,000	1,330,000
2034-2036		-	-	465,000	18,800	483,800
		<u>\$ 1,230,000</u>	<u>100,900</u>	<u>\$ 3,890,000</u>	<u>438,183</u>	<u>4,328,183</u>

On May 8, 2018, the City issued \$1,475,000 of general obligation corporate purpose and refunding bonds with interest rates ranging from 1.90% to 3.00% per annum. The bonds were issued to refund general obligation bonds issued November 12, 2008 and to pay the costs of improvements to City Hall. During the fiscal year ended June 30, 2023, the City paid \$225,000 of principal and \$16,470 of interest on the bonds.

On July 7, 2020, the City issued \$2,700,000 of general obligation corporate purpose bonds with an interest rate of 2.00% per annum. The bonds were issued for the purpose of paying the cost of constructing, furnishing, and equipping a municipal fire station, and constructing street, water, sanitary sewer, storm water drainage and sidewalk improvements and acquiring and installing street lighting, signage and signals. During the fiscal year ended June 30, 2023, the City paid \$180,000 of principal and \$49,200 of interest on the bonds.

On November 23, 2021, the City issued \$1,540,000 of general obligation corporate purpose and refunding bonds with an interest rate of 2.00% per annum. The bonds were issued to refund general obligation bonds issued July 28, 2011. The City obtained an economic gain, difference between the present value of the debt service payments on the old and new debt, of \$115,097. During the fiscal year ended June 30, 2023, the City paid \$160,000 of principal and \$27,800 of interest on the bonds.



Water Revenue Notes – Direct Borrowing

A summary of the City’s June 30, 2023 revenue notes payable is as follows:

Year Ending June 30,	Water Issued Jul 15, 2011			
	Interest Rates	Principal	Interest	Total
2024	1.75%	\$ 70,000	10,588	80,588
2025	1.75	70,000	9,362	79,362
2026	1.75	70,000	8,138	78,138
2027	1.75	75,000	6,912	81,912
2028	1.75	75,000	5,600	80,600
2029-2031	1.75	245,000	8,663	253,663
		<u>\$ 605,000</u>	<u>49,263</u>	<u>654,263</u>

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,285,000 of water revenue notes issued in July 2011. Proceeds from the notes provided financing for improvements and extensions to the water tower. The notes are payable solely from water customer net receipts and are payable through June 2031. Effective December 1, 2021, the City received an interest rate adjustment from 3.00% per annum to 1.75% per annum. Annual principal and interest payments on the notes are expected to require 43% of net receipts. The total principal and interest remaining to be paid on the notes is \$654,363. For the current year, principal and interest paid and total customer net receipts were \$76,725 and \$177,092, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to water revenue note sinking account within the Enterprise Fund for the purpose of making the note principal and interest payments when due.
- (c) 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 notes falling due in the same year.

### Sewer Revenue Note – Direct Borrowing

On August 20, 2021, the City entered into a State Revolving Fund (SRF) loan and disbursement agreement with the Iowa Finance Authority (IFA) and the Iowa Department of Natural Resources for the issuance of up to \$9,955,000 with interest at 1.75% per annum. On April 14, 2023 an additional \$209,765 was authorized, bringing the total amount authorized to \$10,164,765 and the interest rate was reduced to 0.75% per annum, effective December 1, 2022. The note was issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the costs in connection with planning and designing improvements and extensions in the sanitary sewer system as well as to pay the \$755,000 balance of the January 10, 2020 sewer revenue anticipation project note. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. In the event of default, the issuer shall have the right to take any action authorized under the resolutions of the revenue note or the agreement and to take whatever other action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or enforce the performance and observance of any duty, covenant, obligation or agreement of the City under the agreement. During the year ended June 30, 2023, the City drew down \$2,453,264. At June 30, 2023 the City had drawn a total of \$8,104,158 of the authorized amount, leaving a balance of \$2,060,607 to be drawn. An initiation fee of \$49,775, 0.05% of the authorized borrowing for the sewer revenue note, was charged by the IFA and was withheld from the first proceeds of the sewer revenue note drawn. The agreement also requires the City to pay a 0.25% per annum servicing fee on the outstanding principal balance. A final repayment schedule has not yet been adopted for the note. During the year ended June 30, 2023, the City paid principal and interest of \$451,000 and \$96,909, respectively. The principal balance on the bonds at June 30, 2023 was \$7,653,158.

The resolution providing for the issuance of the sewer revenue notes includes the following provision: Rents, rates and other charges for services provided by the Wastewater Treatment system shall be at least sufficient to (a) meet the operation and maintenance expenses of the Wastewater Treatment System and (b) to produce and maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue note and any other obligations secured by a pledge of the net revenues falling due in the same year. Annual principal and interest payments on the notes are expected to require 73% of net receipts. For the current year, principal and interest paid and total customer net receipts were \$547,909 and \$752,300.

### Lease Agreements

On May 12, 2023, the City of Center Point entered into a 28E agreement with Center Point Urbana Community School District (school district) to cost share the school district's lease agreement with Turf Tank for use of a Turf Tank Autonomous Line Painting Robot (Turf Tank) for six year years at an annual cost of \$11,000. Under the terms of the 28E agreement, the City and school district will jointly utilize the Turf Tank and the City is to make annual payments of \$4,400 to the school district. During the year ended June 30, 2023, the City of Center Point made a payment of \$4,400 with an incremental interest rate of 2.00%.

Details of the City's June 30, 2023 lease indebtedness are as follows:

Year Ending June 30,	Turf Tank Lease			
	Interest Rates	Principal	Interest	Total
2024	2.00%	3,985	415	4,400
2025	2.00	4,065	335	4,400
2026	2.00	4,146	254	4,400
2027	2.00	4,229	171	4,400
2028	2.00	4,314	86	4,400
		<u>\$ 20,739</u>	<u>1,261</u>	<u>22,000</u>

**(5) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer-defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member’s beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member’s accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City’s contributions to IPERS for the year ended June 30, 2023 totaled \$58,324.

Net Pension Liability, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$264,853 for its proportionate share of the overall plan net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the overall net plan pension liability was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City’s proportion was 0.007010%, which was an increase of 0.009711% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City’s pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled (\$3,803), \$11,966 and \$31,985, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 493,452	264,853	63,393

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**(6) 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. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2023, the City contributed \$163,327 and plan members eligible for benefits contributed \$20,097 to the plan. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City of Center Point and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2023, the following employees were covered by the benefit terms:

Active employees	<u>10</u>
------------------	-----------

**(7) Compensated Absences**

City employees accumulate a limited amount of earned but unused personal and administrative leave hours for subsequent use or for payment upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned personal and administrative leave payable to employees at June 30, 2023, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Personal	\$ 59,000
Administrative leave	<u>4,000</u>
Total	<u>\$ 63,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2023.

**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Fross Park Trust	\$ 187,292
	Road Use Tax	30,000
	Local Option Sales Tax	82,576
	Enterprise	
	Water	<u>21,170</u>
		<u>321,038</u>
Special Revenue:	Special Revenue:	
Employee Benefits	Road Use Tax	1,890
	Enterprise	
	Water	2,880
	Sewer	3,420
	Garbage	<u>180</u>
		<u>8,370</u>
Local Option Sales Tax	Capital Projects	<u>189,639</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	76,400
	Urban Renewal Tax	
	Incremental Financing	<u>155,340</u>
		<u>231,740</u>
Total		<u>\$ 750,787</u>

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

**(9) 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.

**(10) Employee Health Insurance Plan**

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partially self-funded health plan, the City funds a portion of health insurance deductibles for its employees. The plan is funded by both employee and City contributions and is administered by the Employee Benefit System (EBS) under an agreement which is subject to automatic renewal. The City partially self-funds deductibles up to \$2,500 per individual or \$7,500 per family, with the employee's maximum deductible of \$750 and \$1,500, respectively. The City partially self-funds out of pocket maximums of \$5,000 per individual and \$15,000 per family with the employee maximum share of \$1,500 and \$3,000, respectively. Administrative service fees and insurance premiums are paid monthly to EBS. During the year ended June 30, 2023, the City paid \$3,055 to EBS. The activity for this account is recorded in the Special Revenue, Employee Benefits Fund. The Enterprise, Water, Sewer and Solid Waste Funds contribute to the Fund based upon the percentage of how employees are paid. During the fiscal year ended June 30, 2023, a total of \$6,480 was transferred from the Water, Sewer and Solid Waste Funds to the Special Revenue, Employee Benefit Fund for current and future coverage.

**(11) Development Agreement**

The City entered into two development agreements to assist in urban renewal projects, as follows:

The City agreed to make payments to the developer under Chapters 15A and 403 of the Code of Iowa not to exceed \$150,000, subject to annual appropriation, in exchange for the construction of new commercial retail space for leasing and use in its business operations. Payments will be made annually for a period of five years, starting June 1, 2018 through June 1, 2023, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2023, the City made payments of \$26,991 to the developer. There is no remaining balance under the agreement at June 30, 2023.

The City agreed to make payments to the developer under Chapters 15A and 403 of the Code of Iowa not to exceed \$1,100,000, subject to annual appropriation, in exchange for acquiring property and to undertake the construction of a new elder care center on the property, including assisted living and memory care facilities. In addition, the agreement provides that the City shall withhold from the payments to the developer legal and administrative costs incurred by the City in connection with drafting, negotiation and authorization of this project equal to the lesser of \$8,000 or actual costs. Payments will be made annually for a period of fifteen years, starting June 2024 through June 1, 2039, or until such earlier date upon which total payments equal to the maximum total have been made, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2023, the City made no payments to the developer. The balance remaining under the agreement at June 30, 2023 is \$1,096,230.

**(12) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.



### City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2023, the City abated \$9,796 of property tax under the urban renewal and economic development agreements.

### **(13) Commitments**

The City has entered into contracts totaling \$13,507,033 for construction of a fire station, sewer treatment plant improvements and various consulting, renovation, street improvement and construction services. As of June 30, 2023, costs of \$10,750,420 had been paid on the contracts. The remaining \$2,756,613 will be paid as work on these projects progresses.

## **Other Information**

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

Other Information

Year ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>			
Property tax	1,485,787	-	-
Tax increment financing	227,338	-	-
Other city tax	440,220	-	-
Licenses and permits	126,501	-	-
Use of money and property	26,636	91	22
Intergovernmental	681,463	312,916	-
Charges for service	50,674	1,742,985	-
Miscellaneous	106,589	6,025	7,839
<b>Total receipts</b>	<b>3,145,208</b>	<b>2,062,017</b>	<b>7,861</b>
<b>Disbursements:</b>			
Public safety	152,309	-	-
Public works	396,968	-	-
Health and social services	85	-	-
Culture and recreation	600,058	-	7,219
Community and economic development	31,370	-	-
General government	448,541	-	-
Debt service	671,270	-	-
Capital projects	629,574	-	-
Business type activities	-	4,067,887	-
<b>Total disbursements</b>	<b>2,930,175</b>	<b>4,067,887</b>	<b>7,219</b>
Excess (deficiency) of receipts over (under) disbursements	215,033	(2,005,870)	642
Other financing sources, net	31,933	2,421,044	-
Change in fund balances	246,966	415,174	642
Balances beginning of year	5,959,560	2,280,222	24,191
Balances end of year	<b>\$ 6,206,526</b>	<b>2,695,396</b>	<b>24,833</b>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,485,787	1,494,118	1,494,118	(8,331)
227,338	230,340	230,340	(3,002)
440,220	566,747	566,747	(126,527)
126,501	6,450	6,450	120,051
26,705	13,100	13,100	13,605
994,379	820,170	1,075,170	(80,791)
1,793,659	1,846,490	1,846,490	(52,831)
104,775	49,000	49,000	55,775
<u>5,199,364</u>	<u>5,026,415</u>	<u>5,281,415</u>	<u>(82,051)</u>
152,309	313,600	351,600	199,291
396,968	467,425	467,425	70,457
85	5,000	5,000	4,915
592,839	787,065	822,780	229,941
31,370	45,000	45,000	13,630
448,541	576,900	609,100	160,559
671,270	659,670	671,270	-
629,574	-	790,000	160,426
<u>4,067,887</u>	<u>7,735,694</u>	<u>8,185,694</u>	<u>4,117,807</u>
<u>6,990,843</u>	<u>10,590,354</u>	<u>11,947,869</u>	<u>4,957,026</u>
(1,791,479)	(5,563,939)	(6,666,454)	4,874,975
<u>2,452,977</u>	<u>4,900,000</u>	<u>4,900,000</u>	<u>(2,447,023)</u>
661,498	(663,939)	(1,766,454)	2,427,952
<u>8,215,591</u>	<u>6,846,597</u>	<u>7,510,536</u>	<u>705,055</u>
<u>8,877,089</u>	<u>6,182,658</u>	<u>5,744,082</u>	<u>3,133,007</u>

**City of Center Point**

City of Center Point

Notes to Other Information – Budgetary Reporting

June 30, 2023

The budgetary comparison is presented 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 \$1,357,515. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2023, disbursements exceed the amount budgeted in the capital projects function prior to budget amendment.

City of Center Point

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

Iowa Public Employees' Retirement System  
For the Last Nine Years\*  
(In Thousands)

Other Information

	2023	2022	2021	2020
City's proportion of the net pension liability/asset	0.007010%	(0.002701%) **	0.007020%	0.007111%
City's proportionate share of the net pension liability	\$ 265	9	493	412
City's covered payroll	\$ 564	540	557	541
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.99%	1.67%	88.51%	76.16%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

\*\* Overall plan pension net asset.

See accompanying independent auditor's report.

---

2019	2018	2017	2016	2015
0.006931%	0.006940%	0.006415%	0.006182%	0.005463%
439	462	404	305	221
521	518	460	424	365
84.26%	89.19%	87.83%	71.93%	60.55%
83.62%	82.21%	81.82%	85.19%	87.61%



---

City of Center Point

Schedule of City Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Other Information

	2023	2022	2021	2020
Statutorily required contribution	\$ 58	53	51	53
Contributions in relation to the statutorily required contribution	(58)	(53)	(51)	(53)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered payroll	\$ 618	564	540	557
Contributions as a percentage of covered payroll *	9.44%	9.44%	9.44%	9.44%

\* Amounts reported do not agree with the calculated amounts due to rounding required contributions and covered payroll to the nearest thousandth.

See accompanying independent auditor's report.

---

2019	2018	2017	2016	2015	2014
51	47	46	41	38	33
(51)	(47)	(46)	(41)	(38)	(33)
-	-	-	-	-	-
541	521	518	460	424	365
9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

City of Center Point

Notes to Other Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

## **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, 2023

	Urban Renewal Tax Increment Financing	Employee Benefits	Special Fross Park Trust
Receipts:			
Property tax	\$ -	177,410	-
Tax increment financing	227,338	-	-
Other city tax	-	1,740	-
Use of money and property	-	-	114
Intergovernmental	-	2,492	-
Miscellaneous	-	-	-
Total receipts	227,338	181,642	114
Disbursements:			
Operating:			
Public safety	-	182	-
Public Works	-	343	-
Culture and recreation	-	90,119	-
Community and economic development	26,991	-	-
General government	-	59,604	-
Total disbursements	26,991	150,248	-
Excess of receipts over disbursements	200,347	31,394	114
Other financing sources (uses):			
Transfers in	-	8,370	-
Transfers out	(155,340)	-	(187,292)
Total other financing sources (uses)	(155,340)	8,370	(187,292)
Change in cash balances	45,007	39,764	(187,178)
Cash balances beginning of year	58,224	238,567	187,178
Cash balances end of year	\$ 103,231	278,331	-
<b>Cash Basis Fund Balances</b>			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Debt service	103,231	-	-
Other purposes	-	278,331	-
Total cash basis fund balances	\$ 103,231	278,331	-

See accompanying independent auditor's report.

Friends of the Center Point Public Library	Permanent Cemetery Perpetual Care	Total
-	-	177,410
-	-	227,338
-	-	1,740
22	48	184
-	-	2,492
7,839	500	8,339
7,861	548	417,503
-	-	182
-	-	343
7,219	-	97,338
-	-	26,991
-	-	59,604
7,219	-	184,458
642	548	233,045
-	-	8,370
-	-	(342,632)
-	-	(334,262)
642	548	(101,217)
24,191	64,045	572,205
24,833	64,593	470,988
-	64,593	64,593
-	-	103,231
24,833	-	303,164
24,833	64,593	470,988

**City of Center Point**

## City of Center Point

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

As of and for the year ended June 30, 2023

	Enterprise		
	Garbage	Storm Water	Total
Operating receipts:			
Charges for service	\$ 181,417	66,020	247,437
Operating disbursements:			
Business type activities	163,946	60,926	224,872
Excess (deficiency) of operating receipts over (under) operating disbursements	17,471	5,094	22,565
Non-operating disbursements			
Capital projects	-	(187,109)	(187,109)
Excess (deficiency) of receipts over (under) disbursements	17,471	(182,015)	(164,544)
Transfers out	(180)	-	(180)
Change in cash balance	17,291	(182,015)	(164,724)
Cash balances beginning of year	84,553	361,853	446,406
Cash balances end of year	\$ 101,844	179,838	281,682
<b>Cash Basis Fund Balances</b>			
Unrestricted	\$ 101,844	179,838	281,682

See notes to financial statements.



City of Center Point

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

For the Last Ten Years

	2023	2022	2021	2020
<b>Receipts:</b>				
Property tax	\$ 1,485,787	1,448,675	1,285,974	1,179,224
Tax increment financing	227,338	238,994	230,113	236,534
Local option sales tax	426,259	500,869	397,116	359,885
Other city tax	13,961	12,629	15,931	9,153
Licenses and permits	126,501	118,025	104,060	92,555
Use of money and property	26,636	32,703	33,695	22,604
Intergovernmental	681,463	557,982	1,111,830	1,159,050
Charges for service	50,674	36,662	22,886	27,159
Special assessments	-	58,606	60,573	62,540
Miscellaneous	106,589	274,478	276,762	293,685
<b>Total</b>	<b>\$ 3,145,208</b>	<b>3,279,623</b>	<b>3,538,940</b>	<b>3,442,389</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 152,309	107,174	105,148	492,337
Public works	396,968	322,368	714,423	291,707
Health and social services	85	65	70	3,629
Culture and recreation	600,058	554,247	478,246	456,054
Community and economic development	31,370	38,160	37,374	36,594
General government	448,541	384,203	377,214	460,183
Debt service	671,270	681,731	602,835	488,040
Capital projects	629,574	1,655,298	1,194,770	1,109,950
<b>Total</b>	<b>\$ 2,930,175</b>	<b>3,743,246</b>	<b>3,510,080</b>	<b>3,338,494</b>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
1,157,812	919,289	860,478	854,198	828,526	1,037,729
238,341	211,012	196,017	202,579	180,159	184,233
318,973	316,338	349,911	334,316	304,603	299,680
9,009	260,145	278,968	270,770	333,608	16,573
50,722	10,869	32,432	48,523	29,310	26,189
21,064	23,350	15,543	15,336	16,925	14,555
544,944	422,659	448,592	785,085	491,639	319,239
40,761	63,821	29,248	33,889	33,287	40,631
66,057	66,474	68,441	70,409	72,381	74,343
176,681	84,776	151,630	468,622	364,621	1,167,823
<u>2,624,364</u>	<u>2,378,733</u>	<u>2,431,260</u>	<u>3,083,727</u>	<u>2,655,059</u>	<u>3,180,995</u>
76,765	96,864	121,626	83,604	88,491	88,374
305,522	515,341	274,303	259,078	519,514	325,899
3,041	-	9,940	2,676	-	2,072
580,516	428,155	460,348	415,295	800,404	590,757
35,601	10,000	-	-	-	-
435,197	417,178	308,519	423,881	360,715	301,127
488,273	1,148,043	421,473	426,486	494,854	496,958
1,431,742	431,462	1,587,623	2,267,181	-	-
<u>3,356,657</u>	<u>3,047,043</u>	<u>3,183,832</u>	<u>3,878,201</u>	<u>2,263,978</u>	<u>1,805,187</u>



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006  
Telephone (515) 281-5834 Facsimile (515) 281-6518

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 auditing standards generally accepted in the United States of America 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 Center Point, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 20, 2023. Our report expressed unmodified opinions on the financial statements which were prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on 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 (internal control) as a basis for designing audit procedures that are 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.

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 that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Center Point's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which 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, 2023 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.

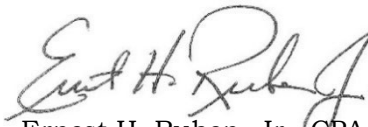
## City of Center Point's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Center Point's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The City of Center Point's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## 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.

  
Ernest H. Ruben, Jr., CPA  
Deputy Auditor of State

November 20, 2023

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2023-001 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements.

Condition – Generally, one or two individuals may have control over the following areas for which no compensating controls exist:

- (1) Cash – Handling cash, collecting, depositing, posting. Additionally, bank reconciliations are reviewed by those who can handle cash, deposit and post receipts.
- (2) Receipts – Opening and listing mail receipts, collecting, depositing, posting, daily reconciling and handling cash.

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances. The City should utilize current personnel, including elected officials to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Response – Staff will try to utilize the employees in the office to help create more segregation of duties. The staff is limited. We can divide the duties amongst the few that are in the office.

Conclusion – Response acknowledged. The City could utilize elected officials to provide additional control through review of financial transactions, reconciliations and reports.

City of Center Point

Schedule of Findings

Year ended June 30, 2023

2023-002 Reconciliation of Utility Billings, Collections and Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to reconciling utility billings, collections and delinquent accounts and comparing utility collections to deposits to ensure proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances. Independent review of utility reconciliations can help ensure the accuracy of recorded amounts.

Condition – The City does not complete a monthly utility reconciliation. Procedures have not been developed to verify components of the system generated utility reconciliation, including billings, collection, adjustments and other reconciling items.

Cause – Policies and procedures have not been established to require the reconciliations of utility billings, collections, and delinquent accounts, including the requirement reviews are completed by an independent person and evidenced by the signature or initials and date of the review.

Effect – This condition could result in unrecorded or misstated utility receipts, improper or unauthorized adjustments and write-offs and/or misstated delinquent accounts.

Recommendation – To improve financial accountability and control, a complete reconciliation should be prepared which verifies monthly receipts, billings, adjustments and other reconciling items. In addition, an independent review of the utility system reconciliation should be performed and evidenced by the reviewer signature or initials and date of the review.

Response – The Deputy Clerk and Utility Clerk were unaware of the monthly reconciliation needing to be done and were not processing it. The Clerk and Administrator were also unaware. The Deputy Clerk will gain training on what is expected of the monthly reconciliation and the Clerk and or Administrator will review the utility monthly reconciliation and sign off.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Center Point

Schedule of Findings

Year ended June 30, 2023

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

2023-A Certified Budget – Disbursements in the capital projects function exceeded the amount budgeted prior to the November 8, 2022 budget amendment. 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 – Due to a postponement of the Franklin Street bridge project from 2018, the City did not expect to pay the related expenditures during fiscal year 2023 and did not include them in the original budget. Staff paid the bills with approval of Council before the amendment was completed. Staff will try to be more diligent with upcoming projects and have the money preapproved with a budget amendment before spending.

Conclusion – Response accepted.

2023-B 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.

2023-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2023-D Business Transactions – No business transactions between the City and City officials or employees were noted.

2023-E Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2023-F 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.

2023-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2023-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B of the Code of Iowa and the City’s investment policy were noted.

2023-I Revenue Notes – No instances of non-compliance with the revenue note resolutions were noted.

City of Center Point

Schedule of Findings

Year ended June 30, 2023

2023-J Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the amount reported as TIF debt outstanding included the outstanding principal and interest of \$893,675 for the 2011 general obligation bond and the outstanding principal and interest of \$759,350 for the 2021 general obligation bond which refunded the 2011 bond. In addition, the principal and interest reported for the 2021 general obligation bond was understated by \$83,042 for the principal and interest paid during fiscal year ended June 30, 2022. The net effect on the amount reported for TIF debt outstanding was an overstatement of \$810,633.

Recommendation – The City should ensure the TIF obligations reported on the AURR are accurate and complete.

Response – The City missed the refinanced amount when completing the AURR and will pay more attention to the debt services and any changes that are made.

Conclusion – Response accepted.

2023-K Tax Increment Financing (TIF) Indebtedness Certification – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from the fund as provided in Iowa Code Section 403.19. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness and, as such, the County Auditor shall provide available TIF incremental property tax in subsequent fiscal years without further certification until the amount of certified indebtedness is paid to the City. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. Chapter 403.19 of the Code of Iowa requires the date the City Council initially approved the debt be included on the TIF certification.

We noted the following:

In October 2021, the City issued a 2021 General Obligation Bond for \$893,675 in principal and interest to refund outstanding principal and interest of \$842,392 for the 2011 General Obligation Bond. The net effect of the refunding bond issuance was to reduce the City's TIF debt by \$51,283. However, the City did not decertify any debt per the TIF certification submitted October 2022.

Recommendation – The City should use Form 3 to decertify amounts which have been over certified. The City should decertify the amount TIF debt obligation decreased from the issuance and refunding of general obligation bonds.

Response – The City will decertify the debt on the FY25 TIF Certification.

Conclusion – Response accepted.



City of Center Point

Schedule of Findings

Year ended June 30, 2023

2023-L Interfund Transfers – Section 545-2 of the City Finance Committee Rules requires “A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. For transfers of utility surpluses outlined in subrule 2.5(5), the calculation proving the surplus must also be shown in the resolution.”

A transfer of \$45,089 from Special Revenue, Fross Park Trust to the General Fund was not approved by City Council resolution.

Recommendation – All interfund transfers should be preceded by a resolution as required by Section 545-2 of the City Finance Committee Rules.

Response – The City will get approval for all future transfers.

Conclusion – Response accepted.

City of Center Point

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy  
Gwen D. Fangman, CPA, Manager  
Jesse J. Harthan, Senior Auditor II  
William J. Sallen, CPA, Senior Auditor  
Brandon L. Weddell, Staff Auditor  
Sydney L. Steffen, Assistant Auditor