



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

NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

March 31, 2025

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 \$7,938,932 for the year ended June 30, 2024, a 3.64% increase from the prior year. Disbursements for the year ended June 30, 2024 totaled \$7,066,148 a less than 1% increase from the prior year. The increase in receipts and disbursements is due primarily to a federal community development block grant received for the purpose developing a housing project.

AUDIT FINDINGS:

Sand reported four findings related to the receipt and disbursement of taxpayer funds. They are found on pages 55 through 59 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.

Three of the 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](#).

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CITY OF CENTER POINT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

City of Center Point



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

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

Rob Sand
Auditor of State

March 25, 2025

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, 2024. 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

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City of Center Point

Officials

(Before January 2024)

<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	Attorney	Indefinite

(After January 2024)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Traer Morgan	Mayor	Jan 2026
John Stuelke	Mayor Pro tem	Jan 2026
Melissa McLaughlin	Council Member	Jan 2026
Nathan Schnell	Council Member	Jan 2026
Mike LeClere	Council Member	Jan 2028
Alicia Thomas	Council Member	Jan 2028
Joseph Taylor	City Administrator	Indefinite
Sarah Tritle	City Clerk/Treasurer	Indefinite
William Sueppel	Attorney	Indefinite

City of Center Point



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Rob Sand
Auditor of State

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 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, 2024, 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 accompanying 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, 2024, 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 the 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.

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 judgment 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 judgment 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 judgment, 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. 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 five years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. 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. The supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 4 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 March 25, 2025 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

March 25, 2025

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, 2024

	Program Receipts			
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 309,965	8,849	86,000	7,397
Public works	310,344	15,299	364,290	31,908
Culture and recreation	664,430	64,227	137,228	-
Community and economic development	6,013	-	-	-
General government	471,414	120,442	-	-
Debt service	498,670	-	-	-
Capital projects	1,367,115	-	-	1,158,884
Total governmental activities	<u>3,627,951</u>	<u>208,817</u>	<u>587,518</u>	<u>1,198,189</u>
Business type activities:				
Water	410,634	479,568	-	-
Sewer	1,828,073	1,049,218	-	-
Garbage	175,380	196,782	-	-
Storm water	1,024,110	66,144	-	-
Total business type activities	<u>3,438,197</u>	<u>1,791,712</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,066,148</u>	<u>2,000,529</u>	<u>587,518</u>	<u>1,198,189</u>
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Property 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				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Local option sales tax				
Capital projects				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

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

Governmental Activities	Business Type Activities	Total
(207,719)	-	(207,719)
101,153	-	101,153
(462,975)	-	(462,975)
(6,013)	-	(6,013)
(350,972)	-	(350,972)
(498,670)	-	(498,670)
(208,231)	-	(208,231)
<u>(1,633,427)</u>	<u>-</u>	<u>(1,633,427)</u>
-	68,934	68,934
-	(778,855)	(778,855)
-	21,402	21,402
-	(957,966)	(957,966)
-	(1,646,485)	(1,646,485)
<u>(1,633,427)</u>	<u>(1,646,485)</u>	<u>(3,279,912)</u>
1,177,469	-	1,177,469
338,059	-	338,059
235,726	-	235,726
442,047	-	442,047
15,642	-	15,642
38,592	6,295	44,887
-	78,100	78,100
6,369	-	6,369
481	-	481
-	1,813,916	1,813,916
(57,630)	57,630	-
<u>2,196,755</u>	<u>1,955,941</u>	<u>4,152,696</u>
563,328	309,456	872,784
6,206,526	2,695,396	8,901,922
<u>\$ 6,769,854</u>	<u>3,004,852</u>	<u>9,774,706</u>

\$ 65,641	-	65,641
600,664	-	600,664
907,891	-	907,891
993,155	35,132	1,028,287
466,230	57,666	523,896
792,392	27,797	820,189
<u>2,943,881</u>	<u>2,884,257</u>	<u>5,828,138</u>
<u>\$ 6,769,854</u>	<u>3,004,852</u>	<u>9,774,706</u>

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, 2024

	Special Revenue		
	General	Road Use Tax	Local Option Sales Tax
Receipts:			
Property tax	\$ 962,391	-	-
Tax increment financing	-	-	-
Local option sales tax	-	-	442,047
Other city tax	7,442	-	-
Licenses and permits	127,789	-	-
Use of money and property	38,348	-	-
Intergovernmental	211,516	364,290	-
Charges for service	37,611	-	-
Miscellaneous	52,552	-	-
Total receipts	<u>1,437,649</u>	<u>364,290</u>	<u>442,047</u>
Disbursements:			
Operating:			
Public safety	309,821	-	-
Public works	67,019	243,325	-
Culture and recreation	556,785	-	-
Community and economic development	6,013	-	-
General government	396,890	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>1,336,528</u>	<u>243,325</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>101,121</u>	<u>120,965</u>	<u>442,047</u>
Other financing sources (uses):			
Sale of capital assets	481	-	-
Transfers in	98,352	-	-
Transfers out	(75,000)	(202,640)	(518,452)
Total other financing sources (uses)	<u>23,833</u>	<u>(202,640)</u>	<u>(518,452)</u>
Change in cash balances	124,954	(81,675)	(76,405)
Cash balances beginning of year	3,252,737	682,339	984,296
Cash balances end of year	<u>\$ 3,377,691</u>	<u>600,664</u>	<u>907,891</u>
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Streets	-	600,664	-
Local option sales tax	-	-	907,891
Capital projects	-	-	-
Debt service	-	-	-
Other purposes	433,810	-	-
Assigned for fire station	48,671	-	-
Unassigned	<u>2,895,210</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 3,377,691</u>	<u>600,664</u>	<u>907,891</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
335,566	-	205,988	1,503,945
-	-	235,726	235,726
-	-	-	442,047
2,493	-	1,648	11,583
-	-	-	127,789
-	1,900	959	41,207
1,799	31,908	1,095	610,608
-	-	-	37,611
-	7,397	19,079	79,028
<u>339,858</u>	<u>41,205</u>	<u>464,495</u>	<u>3,089,544</u>
-	-	144	309,965
-	-	-	310,344
-	-	107,645	664,430
-	-	-	6,013
-	-	74,524	471,414
498,670	-	-	498,670
-	1,367,115	-	1,367,115
<u>498,670</u>	<u>1,367,115</u>	<u>182,313</u>	<u>3,627,951</u>
<u>(158,812)</u>	<u>(1,325,910)</u>	<u>282,182</u>	<u>(538,407)</u>
-	-	-	481
169,900	555,000	10,010	833,262
-	-	(94,800)	(890,892)
<u>169,900</u>	<u>555,000</u>	<u>(84,790)</u>	<u>(57,149)</u>
11,088	(770,910)	197,392	(595,556)
210,985	605,181	470,988	6,206,526
<u>222,073</u>	<u>(165,729)</u>	<u>668,380</u>	<u>5,610,970</u>
-	-	65,641	65,641
-	-	-	600,664
-	-	-	907,891
-	993,155	-	993,155
222,073	-	244,157	466,230
-	-	358,582	792,392
-	-	-	48,671
-	-	-	2,895,210
<u>222,073</u>	<u>993,155</u>	<u>668,380</u>	<u>6,769,854</u>

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, 2024

	Enterprise			Total
	Water	Sewer	Nonmajor	
Operating receipts:				
Charges for service	\$ 471,512	1,048,195	262,926	1,782,633
Miscellaneous	8,056	1,023	-	9,079
Total operating receipts	479,568	1,049,218	262,926	1,791,712
Operating disbursements:				
Business type activities	295,561	303,839	229,079	828,479
Excess of operating receipts over operating disbursements	184,007	745,379	33,847	963,233
Non-operating receipts (disbursements):				
Intergovernmental	78,100	-	-	78,100
Interest on investments	-	6,295	-	6,295
Revenue note proceeds	-	909,486	904,430	1,813,916
Debt service	(82,100)	(551,354)	-	(633,454)
Capital projects	(32,973)	(972,880)	(970,411)	(1,976,264)
Net non-operating disbursements	(36,973)	(608,453)	(65,981)	(711,407)
Excess (deficiency) of receipts over (under) disbursements	147,034	136,926	(32,134)	251,826
Other financing sources (uses):				
Transfers in	-	-	150,000	150,000
Transfers out	(23,190)	(68,960)	(220)	(92,370)
Total other financing sources (uses)	(23,190)	(68,960)	149,780	57,630
Change in cash balances	123,844	67,966	117,646	309,456
Cash balances beginning of year	608,472	1,805,242	281,682	2,695,396
Cash balances end of year	\$ 732,316	1,873,208	399,328	3,004,852
Cash Basis Fund Balances				
Restricted for:				
Customer deposits	\$ 27,797	-	-	27,797
Debt service	6,716	50,950	-	57,666
Capital projects	-	35,132	-	35,132
Unrestricted	697,803	1,787,126	399,328	2,884,257
Total cash basis fund balances	\$ 732,316	1,873,208	399,328	3,004,852

See notes to financial statements.

City of Center Point

Notes to Financial Statements

June 30, 2024

(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, garbage 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in April 2023.

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, 2024, disbursements exceeded the amounts budgeted in the debt service function and in the capital projects function prior to a budget amendment.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2024 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 six 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
2025	\$ 12,275	245	12,520	\$ 1,817	37	1,854

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 14,092	282	14,374

(4) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,890,000	-	415,000	3,475,000	430,000
Lease agreement	20,739	-	3,985	16,754	4,065
Governmental activities total	\$ 3,910,739	-	418,985	3,491,754	434,065
Business-type activities - direct borrowings					
Water revenue notes	\$ 605,000	-	70,000	535,000	70,000
Sewer revenue notes	7,653,158	1,813,916	465,765	9,001,309	-
Business-type activities total	\$ 8,258,158	1,813,916	535,765	9,536,309	70,000

General Obligation Bonds

A summary of the City's June 30, 2024 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
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		-	-	2.00	205,000	26,300
2030-2034		-	-	2.00	795,000	76,700
2035-2036		-	-	2.00	315,000	9,500
		<u>\$ 310,000</u>	<u>23,213</u>		<u>\$ 2,100,000</u>	<u>257,400</u>

Year Ending June 30,	City Improvements and Refunding			Total		
	Issued Nov 23, 2021					
	Interest Rates	Principal	Interest	Principal	Interest	Total
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	2.00	185,000	7,500	390,000	33,800	423,800
2030-2034	2.00	190,000	3,800	985,000	80,500	1,065,500
2035-2036		-	-	315,000	9,500	324,500
		<u>\$ 1,065,000</u>	<u>76,300</u>	<u>\$ 3,475,000</u>	<u>356,913</u>	<u>3,831,913</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, 2024, the City paid \$70,000 of principal and \$11,070 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, 2024, the City paid \$180,000 of principal and \$45,600 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. During the fiscal year ended June 30, 2024, the City paid \$165,000 of principal and \$24,600 of interest on the bonds.

Water Revenue Notes – Direct Borrowing

A summary of the City’s June 30, 2024 revenue notes payable is as follows:

Year Ending June 30,	Water			
	Issued Jul 15, 2011			
	Interest Rates	Principal	Interest	Total
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	1.75	80,000	4,288	84,288
2030-2031	1.75	165,000	4,375	169,375
		<u>\$ 535,000</u>	<u>38,675</u>	<u>573,675</u>

On July 15, 2011, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of \$1,285,000 of Water Revenue Notes with interest of 3.0% per annum. The notes were issued pursuant to Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for the construction of improvements and extensions to the Municipal Waterworks System. Effective December 1, 2011, the City received an interest rate adjustment from 3.0% per annum to 1.75% per annum. In the event of a default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever 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 to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2024, the City paid principal of \$70,000 and interest of \$10,588 on the notes.

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. The notes are payable solely from water customer net receipts and are payable through June 2031. 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 \$573,675. For the current year, principal and interest paid and total customer net receipts were \$80,588 and \$184,007, 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, 2024, the City drew down \$1,813,916. At June 30, 2024 the City had drawn a total of \$9,918,074 of the authorized amount, leaving a balance of \$246,691 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, 2024, the City paid principal and interest of \$465,765 and \$73,951, respectively. The City also paid service fees of \$11,638. The principal balance on the bonds at June 30, 2024 was \$9,001,309.

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 \$539,716 and \$745,379.

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 years at an annual cost of \$11,000. An initial lease liability was recorded in the amount of \$25,139. 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, with an incremental interest rate of 2.00% and a final payment on June 1, 2029. During the year ended June 30, 2024, the City paid principal of \$3,985 and interest of \$415.

Details of the City's June 30, 2024 lease indebtedness are as follows:

Year Ending June 30,	Turf Tank Lease			
	Interest Rates	Principal	Interest	Total
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>\$ 16,754</u>	<u>846</u>	<u>17,600</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.

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 2024, 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, 2024 totaled \$64,398.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$317,550 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net 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, 2023, the City’s proportion was 0.007035%, which was an increase of 0.000025% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$26,983, \$248,591 and \$193,627, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 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 2023 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 geometric 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	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
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 to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability 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	\$ 675,182	317,550	17,848

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.

(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, 2024, the City contributed \$189,920 and plan members eligible for benefits contributed \$20,546 to the plan. At June 30, 2024, 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, 2024, the following employees were covered by the benefit terms:

Active employees	<u>10</u>
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(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 termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned personal and administrative leave payable to employees at June 30, 2024, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Personal	\$ 67,000
Administrative leave	<u>6,000</u>
Total	<u>\$ 73,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2024.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	\$ 78,352
	Enterprise Water	<u>20,000</u>
		<u>98,352</u>
Special Revenue: Employee Benefits	Special Revenue: Road Use Tax	2,640
	Enterprise Water	3,190
	Sewer	3,960
	Garbage	<u>220</u>
		<u>10,010</u>
Debt Service	Special Revenue: Local Option Sales Tax	75,100
	Urban Renewal Tax	
	Incremental Financing	<u>94,800</u>
		<u>169,900</u>
Capital Projects	General	75,000
	Special Revenue: Road Use Tax	200,000
	Local Option Sales Tax	215,000
	Enterprise: Sewer	<u>65,000</u>
		<u>555,000</u>
Enterprise: Stormwater	Special Revenue: Local Option Sales Tax	<u>150,000</u>
Total		<u>\$ 983,262</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, 2024, the City paid \$18,651 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, 2024, a total of \$7,370 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 \$1,500,000, 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, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City made no payments to the developer. The balance remaining under the agreement at June 30, 2024 is \$1,215,405.

The City agreed to make payments to the developer under Chapters 15A and 403 of the Code of Iowa not to exceed \$1,500,000, subject to annual appropriation, in exchange for the construction of new commercial retail space for leasing and use in its business operations. 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 \$9,000 or actual costs. Payments will be made annually for a period of fifteen years, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City made no payments to the developer. The balance remaining under the agreement at June 30, 2024 is \$259,605.

(12) Commitments

The City has entered into contracts totaling \$13,402,257 for construction of a fire station, sewer treatment plant improvements and various consulting, renovation, street improvement and construction services. As of June 30, 2024, costs of \$12,640,266 had been paid on the contracts. The remaining \$761,991 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, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,503,945	-	-
Tax increment financing	235,726	-	-
Other city tax	453,630	-	-
Licenses and permits	127,789	-	-
Use of money and property	41,207	6,295	211
Intergovernmental	610,608	78,100	-
Charges for service	37,611	1,782,633	-
Miscellaneous	79,028	9,079	18,779
Total receipts	3,089,544	1,876,107	18,990
Disbursements:			
Public safety	309,965	-	-
Public works	310,344	-	-
Health and social services	-	-	-
Culture and recreation	664,430	-	7,987
Community and economic development	6,013	-	-
General government	471,414	-	-
Debt service	498,670	-	-
Capital projects	1,367,115	-	-
Business type activities	-	3,438,197	-
Total disbursements	3,627,951	3,438,197	7,987
Excess (deficiency) of receipts over (under) disbursements	(538,407)	(1,562,090)	11,003
Other financing sources, net	(57,149)	1,871,546	-
Change in fund balances	(595,556)	309,456	11,003
Balances beginning of year	6,206,526	2,695,396	24,833
Balances end of year	\$ 5,610,970	3,004,852	35,836

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,503,945	1,459,230	1,459,230	44,715
235,726	230,340	230,340	5,386
453,630	487,701	487,701	(34,071)
127,789	6,150	6,150	121,639
47,291	17,050	17,050	30,241
688,708	5,666,000	5,666,000	(4,977,292)
1,820,244	1,805,620	1,805,620	14,624
69,328	63,750	63,750	5,578
<u>4,946,661</u>	<u>9,735,841</u>	<u>9,735,841</u>	<u>(4,789,180)</u>
309,965	134,100	317,600	7,635
310,344	390,750	390,750	80,406
-	2,500	2,500	2,500
656,443	858,300	895,550	239,107
6,013	15,000	15,000	8,987
471,414	607,720	607,720	136,306
498,670	498,070	498,070	(600)
1,367,115	6,043,000	6,043,000	4,675,885
<u>3,438,197</u>	<u>3,352,378</u>	<u>3,454,391</u>	<u>16,194</u>
<u>7,058,161</u>	<u>11,901,818</u>	<u>12,224,581</u>	<u>5,166,420</u>
(2,111,500)	(2,165,977)	(2,488,740)	377,240
<u>1,814,397</u>	<u>1,450,000</u>	<u>1,450,000</u>	<u>364,397</u>
(297,103)	(715,977)	(1,038,740)	741,637
<u>8,877,089</u>	<u>6,457,381</u>	<u>6,457,381</u>	<u>2,419,708</u>
<u>8,579,986</u>	<u>5,741,404</u>	<u>5,418,641</u>	<u>3,161,345</u>

City of Center Point

City of Center Point

Notes to Other Information – Budgetary Reporting

June 30, 2024

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 \$322,763. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2024, disbursements exceeded the amount budgeted in the capital project function prior to the September 26, 2023 budget amendment and in the debt service function at year end.

City of Center Point

Schedule of the City's Proportionate Share of the Net Pension Liability

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

Other Information

	2024	2023	2022	2021
City's proportion of the net pension liability (asset)	0.007035%	0.007010%	(0.002701%) **	0.007020%
City's proportionate share of the net pension liability	\$ 318	265	9	493
City's covered payroll	\$ 618	564	540	557
City's proportionate share of the net pension liability as a percentage of its covered payroll	51.46%	46.99%	1.67%	88.51%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%

* 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.

2020	2019	2018	2017	2016	2015
0.0071111%	0.006931%	0.006940%	0.006415%	0.006182%	0.005463%
412	439	462	404	305	221
541	521	518	460	424	365
76.16%	84.26%	89.19%	87.83%	71.93%	60.55%
85.45%	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

	2024	2023	2022	2021
Statutorily required contribution	\$ 64	58	53	51
Contributions in relation to the statutorily required contribution	(64)	(58)	(53)	(51)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered payroll	\$ 682	618	564	540
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.

2020	2019	2018	2017	2016	2015
53	51	47	46	41	38
(53)	(51)	(47)	(46)	(41)	(38)
-	-	-	-	-	-
557	541	521	518	460	424
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

City of Center Point

Notes to Other Information – Pension Liability

Year ended June 30, 2024

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%.

Supplementary Information

Schedule 1

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, 2024

	Special Revenue			Permanent	Total
	Urban Renewal Tax Increment Financing	Employee Benefits	Friends of the Center Point Public Library	Cemetery Perpetual Care	
Receipts:					
Property tax	\$ -	205,988	-	-	205,988
Tax increment financing	235,726	-	-	-	235,726
Other city tax	-	1,648	-	-	1,648
Use of money and property	-	-	211	748	959
Intergovernmental	-	1,095	-	-	1,095
Miscellaneous	-	-	18,779	300	19,079
Total receipts	235,726	208,731	18,990	1,048	464,495
Disbursements:					
Operating:					
Public safety	-	144	-	-	144
Culture and recreation	-	99,658	7,987	-	107,645
General government	-	74,524	-	-	74,524
Total disbursements	-	174,326	7,987	-	182,313
Excess of receipts over disbursements	235,726	34,405	11,003	1,048	282,182
Other financing sources (uses):					
Transfers in	-	10,010	-	-	10,010
Transfers out	(94,800)	-	-	-	(94,800)
Total other financing sources (uses)	(94,800)	10,010	-	-	(84,790)
Change in cash balances	140,926	44,415	11,003	1,048	197,392
Cash balances beginning of year	103,231	278,331	24,833	64,593	470,988
Cash balances end of year	\$ 244,157	322,746	35,836	65,641	668,380
Cash Basis Fund Balances					
Nonspendable - Cemetery perpetual care	\$ -	-	-	65,641	65,641
Restricted for:					
Debt service	244,157	-	-	-	244,157
Other purposes	-	322,746	35,836	-	358,582
Total cash basis fund balances	\$ 244,157	322,746	35,836	65,641	668,380

See accompanying independent auditor's report.

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, 2024

	Enterprise		
	Garbage	Storm Water	Total
Operating receipts:			
Charges for service	\$ 196,782	66,144	262,926
Operating disbursements:			
Business type activities	175,380	53,699	229,079
Excess of operating receipts over operating disbursements	21,402	12,445	33,847
Non-operating receipts (disbursements):			
Revenue note proceeds	-	904,430	904,430
Capital projects	-	(970,411)	(970,411)
Net non-operating disbursements	-	(65,981)	(65,981)
Excess (deficiency) of receipts over (under) disbursements	21,402	(53,536)	(32,134)
Other financing sources (uses):			
Transfers in	-	150,000	150,000
Transfers out	(220)	-	(220)
Total other financing sources (uses)	(220)	150,000	149,780
Change in cash balance	21,182	96,464	117,646
Cash balances beginning of year	101,844	179,838	281,682
Cash balances end of year	\$ 123,026	276,302	399,328
Cash Basis Fund Balances			
Unrestricted	\$ 123,026	276,302	399,328

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

	2024	2023	2022	2021
Receipts:				
Property tax	\$ 1,503,945	1,485,787	1,448,675	1,285,974
Tax increment financing	235,726	227,338	238,994	230,113
Local option sales tax	442,047	426,259	500,869	397,116
Other city tax	11,583	13,961	12,629	15,931
Licenses and permits	127,789	126,501	118,025	104,060
Use of money and property	41,207	26,636	32,703	33,695
Intergovernmental	610,608	681,463	557,982	1,111,830
Charges for service	37,611	50,674	36,662	22,886
Special assessments	-	-	58,606	60,573
Miscellaneous	79,028	106,589	274,478	276,762
Total	\$ 3,089,544	3,145,208	3,279,623	3,538,940
Disbursements:				
Operating:				
Public safety	\$ 309,965	152,309	107,174	105,148
Public works	310,344	396,968	322,368	714,423
Health and social services	-	85	65	70
Culture and recreation	664,430	600,058	554,247	478,246
Community and economic development	6,013	31,370	38,160	37,374
General government	471,414	448,541	384,203	377,214
Debt service	498,670	671,270	681,731	602,835
Capital projects	1,367,115	629,574	1,655,298	1,194,770
Total	\$ 3,627,951	2,930,175	3,743,246	3,510,080

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
1,179,224	1,157,812	919,289	860,478	854,198	828,526
236,534	238,341	211,012	196,017	202,579	180,159
359,885	318,973	316,338	349,911	334,316	304,603
9,153	9,009	260,145	278,968	270,770	333,608
92,555	50,722	10,869	32,432	48,523	29,310
22,604	21,064	23,350	15,543	15,336	16,925
1,159,050	544,944	422,659	448,592	785,085	491,639
27,159	40,761	63,821	29,248	33,889	33,287
62,540	66,057	66,474	68,441	70,409	72,381
293,685	176,681	84,776	151,630	468,622	364,621
3,442,389	2,624,364	2,378,733	2,431,260	3,083,727	2,655,059
492,337	76,765	96,864	121,626	83,604	88,491
291,707	305,522	515,341	274,303	259,078	519,514
3,629	3,041	-	9,940	2,676	-
456,054	580,516	428,155	460,348	415,295	800,404
36,594	35,601	10,000	-	-	-
460,183	435,197	417,178	308,519	423,881	360,715
488,040	488,273	1,148,043	421,473	426,486	494,854
1,109,950	1,431,742	431,462	1,587,623	2,267,181	-
3,338,494	3,356,657	3,047,043	3,183,832	3,878,201	2,263,978

City of Center Point

City of Center Point
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2024

Grantor/Program	AL Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-DRH-015	\$ 1,178,407
U.S. Department of the Treasury:			
Passed through Linn County			
COVID-19, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	ARPA	<u>15,118</u>
Total			<u>\$ 1,193,525</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Center Point under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Center Point, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Center Point.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The City of Center Point has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and Members of the City Council:

We have audited 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, 2024, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2025. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 to be material weaknesses.

A significant deficiency 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. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2024-003 to be a significant deficiency.

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 noncompliance or other matters which are described in Part IV the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024, 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 and Questioned Costs. 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

March 25, 2025

City of Center Point



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Rob Sand
Auditor of State

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Center Point, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Center Point's major federal program for the year ended June 30, 2024. The City of Center Point's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Center Point complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Center Point's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Center Point's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Center Point's compliance based on our audit. 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, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgment made by a reasonable user of the report on compliance about the City of Center Point's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Center Point's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Center Point's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Center Point's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Brian R. Brustkern, CPA
Deputy Auditor of State

March 25, 2025

City of Center Point

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements 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.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Center point did not qualify as a low-risk auditee.

City of Center Point

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2024-001 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 and posting. Additionally, bank reconciliations are reviewed by those who can handle cash, deposit and post receipts.
- (2) Receipts – Opening and listing mail receipts collecting receipts from the City dropbox located outside City Hall, 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. The City can divide the duties between 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 and Questioned Costs

Year ended June 30, 2024

2024-002 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 was unaware of the monthly reconciliation needing to be done and was not processing it. The Deputy Clerk and Administrator were also unaware. The Deputy Clerk will gain training on what is expected of the monthly reconciliation and the Deputy Clerk and or Administrator will review the utility monthly reconciliation and sign off.

Conclusion – Response accepted.

2024-003 Cancellation of Invoices

Criteria – Disbursements should be properly supported by invoice or other supporting documentation. Supporting documentation should be cancelled to prevent reuse.

Condition – We noted one of 25 invoices tested, was paid twice by the City, resulting in an overpayment of \$1,144.

Cause – Policies and procedures are not established to ensure supporting documentation is reviewed and effectively cancelled as an electronic invoice was printed twice by the City and the City's review process did not detect the duplicate invoice.

Effect – Disbursements could be paid multiple times if the supporting documentation is not reviewed effectively or is not marked as paid.

City of Center Point

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Recommendation – The City should review its policies and procedures to ensure electronic invoices are properly reviewed prior to payment and canceled to prevent reuse.

Response – This was missed by both the City Clerk and the Deputy due to the invoice number not being inputted correctly and the system catching a duplicate. The City Clerk will work with the Deputy to assure that we are consistent on entering invoice numbers and oversight is more thorough.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

City of Center Point

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over the major program were noted.

City of Center Point

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Part IV: Other Findings Related to Required Statutory Reporting:

2024-A Certified Budget – Disbursements during the year ended June 30, 2024 exceeded the amount budgeted in the capital project function prior to the September 26, 2023 budget amendment and in the debt service function at year end. 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 – Staff and council will try to be more diligent when approving and spending funds for projects and have the money preapproved with a budget amendment before spending if possible.

Conclusion – Response accepted.

2024-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.

2024-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2024-D Business Transactions – No business transactions between the City and City officials or employees were noted.

2024-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.

2024-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.

2024-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2024-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B of the Code of Iowa and the City’s investment policy were noted.

2024-I Revenue Notes – No instances of noncompliance with the revenue note resolutions were noted.

2024-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 as required by Chapter 384.22(2)(a) of the Code of Iowa and no exceptions were noted.

2024-K Tax Increment Financing – The City of Center Point properly completed the Tax Increment Debt Certificate Forms to request TIF property taxes.

City of Center Point

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
William J. Sallen, CPA, Senior Auditor
April R. Davenport, Senior Auditor
Matthew W. Beerman, Staff Auditor
Jon J. Wilson, Assistant Auditor