



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE _____ February 19, 2004

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on the City of Robins, Iowa.

The City's receipts totaled \$1,489,953 for the year ended June 30, 2003. The receipts included \$353,665 in property tax, \$518,451 in tax increment financing collections, \$144,114 in local option sales tax, \$184,454 from other governments and \$32,650 in interest on investments.

Disbursements for the year totaled \$1,520,136, and included \$261,089 for public works, \$345,770 for capital projects and \$479,180 for debt service.

The report contains recommendations to the City Council and other City officials. For example, operating procedures should be reviewed to obtain the maximum internal control possible over receipts, disbursements, payroll, utilities, investing and cash. The City responded favorably to the recommendations in the report.

A copy of the audit report is available for review in the Office of Auditor of State and the City Clerk's office.

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CITY OF ROBINS
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2003

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City of Robins

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Randy Fouts	Mayor	Jan 2004
Mike Hoop	Mayor Pro tem	Jan 2004
Bill Hess	Council Member	Jan 2004
Joel Miller	Council Member	Jan 2004
J.D. Smith	Council Member	Jan 2004
Fred Tibbits	Council Member	Jan 2004
Lori Pickart	Clerk	Indefinite
Linda Herman	Deputy Clerk	Indefinite
Donald Hoskins	Attorney	Indefinite

City of Robins



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Robins, Iowa, as of and for the year ended June 30, 2003. These financial statements are the responsibility of the City of Robins' management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2002.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2002, as discussed in the preceding paragraph, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Robins as of and for the year ended June 30, 2003, and its indebtedness at June 30, 2003, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2003 on our consideration of the City of Robins's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. The supplemental information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2002, as discussed in the third preceding paragraph, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 8, 2003

Financial Statements

City of Robins
 Combined Statement of Cash Transactions
 All Fund Types
 Year ended June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 277,923	-	75,742
Tax increment financing collections	-	518,451	-
Other city tax	-	144,114	-
Licenses and permits	21,497	-	-
Use of money and property	9,748	1,665	-
Intergovernmental	37,422	147,032	-
Charges for service	11,371	-	-
Miscellaneous	17,914	-	-
Total receipts	<u>375,875</u>	<u>811,262</u>	<u>75,742</u>
Disbursements:			
Public safety	133,097	-	-
Public works	87,999	173,090	-
Culture and recreation	19,730	-	-
Community and economic development	8,394	-	-
General government	186,556	-	-
Debt service	-	-	479,180
Capital projects	-	-	-
Business type activities	-	-	-
Total disbursements	<u>435,776</u>	<u>173,090</u>	<u>479,180</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(59,901)</u>	<u>638,172</u>	<u>(403,438)</u>
Other financing sources (uses):			
Sale of general fixed assets	3,400	-	-
Operating transfers in	-	-	460,984
Operating transfers out	-	(460,984)	-
Total other financing sources (uses)	<u>3,400</u>	<u>(460,984)</u>	<u>460,984</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(56,501)</u>	<u>177,188</u>	<u>57,546</u>
Balance beginning of year	<u>356,649</u>	<u>270,961</u>	<u>1,560</u>
Balance end of year	<u>\$ 300,148</u>	<u>448,149</u>	<u>59,106</u>

See notes to financial statements.

Capital Projects	Proprietary Fund Type Enterprise	Total (Memorandum Only)
-	-	353,665
-	-	518,451
-	-	144,114
-	-	21,497
14,752	8,680	34,845
-	-	184,454
-	199,784	211,155
3,852	6	21,772
18,604	208,470	1,489,953
-	-	133,097
-	-	261,089
-	-	19,730
-	-	8,394
-	-	186,556
-	-	479,180
345,770	-	345,770
-	86,320	86,320
345,770	86,320	1,520,136
(327,166)	122,150	(30,183)
-	-	3,400
-	-	460,984
-	-	(460,984)
-	-	3,400
(327,166)	122,150	(26,783)
1,023,639	363,026	2,015,835
696,473	485,176	1,989,052

Exhibit B

City of Robins

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2003

	Actual	Amended Budget	Variance Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property tax	\$ 353,665	345,470	8,195	102%
Tax increment financing collections	518,451	488,847	29,604	106%
Other city tax	144,114	8,143	135,971	1770%
Licenses and permits	21,497	14,700	6,797	146%
Use of money and property	34,845	12,300	22,545	283%
Intergovernmental	184,454	310,025	(125,571)	59%
Charges for service	211,155	177,000	34,155	119%
Miscellaneous	21,772	42,200	(20,428)	52%
Total receipts	<u>1,489,953</u>	<u>1,398,685</u>	<u>91,268</u>	<u>107%</u>
Disbursements:				
Public safety	133,097	151,670	18,573	88%
Public works	261,089	265,765	4,676	98%
Culture and recreation	19,730	27,600	7,870	71%
Community and economic development	8,394	10,000	1,606	84%
General government	186,556	186,800	244	100%
Debt service	479,180	535,832	56,652	89%
Capital projects	345,770	680,000	334,230	51%
Business type activities	86,320	156,700	70,380	55%
Total disbursements	<u>1,520,136</u>	<u>2,014,367</u>	<u>494,231</u>	<u>75%</u>
Deficiency of receipts under disbursements	(30,183)	(615,682)		
Other financing sources, net	<u>3,400</u>	<u>800,000</u>		
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(26,783)	184,318		
Balance beginning of year	<u>2,015,835</u>	<u>2,015,835</u>		
Balance end of year	<u>\$1,989,052</u>	<u>2,200,153</u>		

See notes to financial statements.

City of Robins

City of Robins
Statement of Indebtedness
Year ended June 30, 2003

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation corporate purpose notes:			
Street and waterworks improvements	Apr 15, 1997	5.10 - 5.25%	\$ 800,000
Water and sewer improvements	Mar 1, 1999	3.85 - 4.20	700,000
Street, sewer, and water improvements	Feb 1, 2000	5.00 - 5.45	800,000
Water and sewer improvements	Jun 1, 2002	3.50 - 4.50	820,000
Total			
General obligation urban renewal bonds	Jun 1, 2001	4.10 - 4.40%	\$ 700,000
Urban renewal tax increment financing (TIF) revenue bonds	Nov 18, 1997	4.95 - 5.25%	\$ 525,000

See notes to financial statements.

Balance Beginning of Year	Redeemed During Year	Balance End of Year	Interest Paid
445,000	80,000	365,000	22,898
515,000	65,000	450,000	20,632
690,000	75,000	615,000	35,928
820,000	-	820,000	-
<u>\$ 2,470,000</u>	<u>220,000</u>	<u>2,250,000</u>	<u>79,458</u>
<u>700,000</u>	<u>65,000</u>	<u>635,000</u>	<u>29,560</u>
<u>470,000</u>	<u>60,000</u>	<u>410,000</u>	<u>23,812</u>

City of Robins

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

The City of Robins is a political subdivision of the State of Iowa located in Linn County. It was first incorporated in 1910 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, culture and recreation, community and economic development, general government and business type activities.

A. Reporting Entity

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

Jointly Governed Organizations

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

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and balances. The various funds and their designated purposes are as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are 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 that are not paid through other funds.

Special Revenue Funds – The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

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

Proprietary Funds

Enterprise Funds – The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

C. Basis of Accounting

The City of Robins 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.

D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements, known as functions, not by fund. These 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.

E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2003 were covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and notes and urban renewal tax increment financing (TIF) revenue bonds are as follows:

Year Ending June 30,	General Obligation Corporate Purpose Notes		General Obligation Urban Renewal Bonds		Urban Renewal Tax Increment Financing (TIF) Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 260,000	135,382	70,000	26,895	60,000	20,872
2005	310,000	90,535	70,000	24,025	65,000	17,902
2006	330,000	76,645	75,000	21,155	65,000	14,653
2007	335,000	61,646	75,000	18,080	70,000	11,370
2008	255,000	46,258	80,000	14,930	75,000	7,800
2009	265,000	34,855	85,000	11,530	75,000	3,938
2010	195,000	22,712	90,000	7,875	-	-
2011	95,000	13,210	90,000	3,960	-	-
2012	100,000	9,125	-	-	-	-
2013	105,000	4,725	-	-	-	-
Total	\$ 2,250,000	495,093	635,000	128,450	410,000	76,535

The urban renewal tax increment financing revenue bonds were issued for the purpose of defraying a portion of the costs of carrying out an urban renewal project of the City. The bonds are payable solely from the income and proceeds of the Special Revenue, Tax Increment Financing Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2003 was \$7,589, equal to the required contribution for the year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation for subsequent use or payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable totaled \$2,000. The liability has been computed based on rates of pay in effect at June 30, 2003.

(6) Risk Management

The City of Robins 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 did not exceed commercial insurance coverage in the fiscal year ended June 30, 2003.

(7) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2003, disbursements in the general government function exceeded the amount budgeted prior to amendment in May 2003. The budget was not exceeded at June 30, 2003.

(8) Construction Contract

During the year ended June 30, 2003, the City entered into a contract totaling \$189,739 for water main improvement construction and paid \$136,392 on this contract. At June 30, 2003, a total of \$22,197 remains unpaid for a total project cost of \$158,889.

(9) Industrial Development Revenue Bonds

The City has issued a total of \$4,800,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$4,212,731 is outstanding at June 30, 2003. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

(10) Water Service Contract

On April 1, 1998, the City entered into a water service contract with the City of Cedar Rapids for retail water services to customers within the City of Robins. Services include, but are not limited to, meter reading, billing and collections, customer and account information, general customer services and investigation and resolution of water service and quality problems.

(11) Subsequent Events

On July 30, 2003, the City entered into a real estate contract for \$80,535 to purchase land for park purposes. The contract requires \$60,000 to be paid during fiscal year 2004 and the balance to be paid during fiscal year 2005.

On October 1, 2003, the City issued \$820,000 of general obligation corporate purpose notes.

On October 2, 2003, the City entered into an agreement to purchase a backhoe for \$63,652 under a non-cancelable capital lease with interest of 4.75% per annum.

Supplemental Information

City of Robins

City of Robins
Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

Receipts:	
Property tax	<u>\$ 277,923</u>
Licenses and permits:	
Liquor	75
Cigarette	75
Building	20,447
Garbage hauling	900
	<u>21,497</u>
Use of money and property:	
Interest on investments	7,553
Rent	2,195
	<u>9,748</u>
Intergovernmental:	
State allocation	17,009
Bank franchise tax	1,285
Law enforcement drug grant	9,729
Police alcohol grant	5,417
FEMA	3,982
	<u>37,422</u>
Charges for service:	
Platting fees	4,145
Police service fees	7,226
	<u>11,371</u>
Miscellaneous:	
Fines and fees	16,716
Miscellaneous	1,198
	<u>17,914</u>
Total receipts	<u>375,875</u>
Disbursements:	
Public safety:	
Police:	
Personal services	52,580
Services and commodities	18,709
Capital outlay	26,351
	<u>97,640</u>

Schedule 1

City of Robins
Schedule of Cash Transactions
General Fund
Year ended June 30, 2003

Disbursements (continued):	
Public safety:	
Fire protection:	
Personal services	5,438
Services and commodities	12,799
Capital outlay	16,913
	<u>35,150</u>
Animal control:	
Contractual services	307
	<u>133,097</u>
Public works:	
Roads, bridges and sidewalks:	
Services and commodities	75,129
Street lighting:	
Services and commodities	12,870
	<u>87,999</u>
Culture and recreation:	
Library:	
Contractual services	8,750
Parks:	
Personal services	407
Services and commodities	8,876
	<u>9,283</u>
Cemetery:	
Contractual services	662
Community center:	
Services and commodities	1,035
	<u>19,730</u>
Community and economic development:	
Planning and zoning:	
Personal services	8,394
General government:	
Mayor and council members:	
Personal services	5,802

City of Robins
 Schedule of Cash Transactions
 General Fund
 Year ended June 30, 2003

Disbursements (continued):	
General government:	
Financial administration:	
Personal services	40,892
Services and commodities	48,672
	<u>89,564</u>
Legal services:	
Services and commodities	<u>85,542</u>
City hall and general buildings:	
Personal services	541
Services and commodities	5,107
	<u>5,648</u>
	<u>186,556</u>
Total disbursements	<u>435,776</u>
Deficiency of receipts under disbursements	(59,901)
Other financing sources:	
Sale of general fixed assets	<u>3,400</u>
Deficiency of receipts and other finances sources under disbursements	(56,501)
Balance beginning of year	<u>356,649</u>
Balance end of year	<u>\$ 300,148</u>

See accompanying independent auditor's report.

City of Robins

City of Robins
Combining Schedule of Cash Transactions
Special Revenue Funds
Year ended June 30, 2003

	Road Use Tax	Tax Increment Financing	Local Option Sales Tax	Total
Receipts:				
Tax increment financing collections	\$ -	518,451	-	518,451
Other city tax:				
Local option sales tax	-	-	144,114	144,114
Use of money and property:				
Interest and other investment earnings	-	-	1,665	1,665
Intergovernmental:				
Road use tax allocation	147,032	-	-	147,032
Total receipts	<u>147,032</u>	<u>518,451</u>	<u>145,779</u>	<u>811,262</u>
Disbursements:				
Public works:				
Roadway maintenance:				
Personal services	9,287	-	-	9,287
Services and commodities	56,800	-	-	56,800
Capital outlay	30,693	-	-	30,693
	<u>96,780</u>	<u>-</u>	<u>-</u>	<u>96,780</u>
Snow and ice removal:				
Personal services	2,133	-	-	2,133
Capital outlay	74,177	-	-	74,177
	<u>76,310</u>	<u>-</u>	<u>-</u>	<u>76,310</u>
Total disbursements	<u>173,090</u>	<u>-</u>	<u>-</u>	<u>173,090</u>
Excess (deficiency) of receipts over (under) disbursements	(26,058)	518,451	145,779	638,172
Other financing uses:				
Operating transfers out:				
Debt Service	-	(460,984)	-	(460,984)
Excess (deficiency) of receipts over (under) disbursements and other financing uses	(26,058)	57,467	145,779	177,188
Balance beginning of year	245,242	(16,900)	42,619	270,961
Balance end of year	<u>\$ 219,184</u>	<u>40,567</u>	<u>188,398</u>	<u>448,149</u>

See accompanying independent auditor's report.

Schedule 3

City of Robins
Schedule of Cash Transactions
Debt Service Fund
Year ended June 30, 2003

Receipts:	
Property tax	<u>\$ 75,742</u>
Disbursements:	
Debt service:	
Principal redeemed	345,000
Interest paid	132,830
Administration fees	1,350
Total disbursements	<u>479,180</u>
Deficiency of receipts under disbursements	(403,438)
Other financing sources:	
Operating transfers in:	
Special Revenue:	
Tax Increment Financing	<u>460,984</u>
Excess of receipts and other financing sources over disbursements	57,546
Balance beginning of year	<u>1,560</u>
Balance end of year	<u><u>\$ 59,106</u></u>

See accompanying independent auditor's report.

City of Robins
Schedule of Cash Transactions
Capital Projects Funds
Year ended June 30, 2003

Receipts:	
Use of money and property:	
Interest on investments	\$ 14,752
Miscellaneous:	
Sales tax refund	<u>3,852</u>
Total receipts	<u>18,604</u>
Disbursements:	
Capital projects:	
Capital outlay:	
Water and sewer projects	<u>345,770</u>
Deficiency of receipts under disbursements	(327,166)
Balance beginning of year	<u>1,023,639</u>
Balance end of year	<u><u>\$ 696,473</u></u>
See accompanying independent auditor's report.	

Schedule 5

City of Robins
Combining Schedule of Cash Transactions

Enterprise Funds

Year ended June 30, 2003

	Water	Sewer Operation and Maintenance	Total
Receipts:			
Use of money and property:			
Interest on investments	\$ 3,128	5,552	8,680
Charges for service:			
User and main fees	51,950	-	51,950
Sewer rental fees	-	81,664	81,664
Connection fees	-	66,170	66,170
	<u>51,950</u>	<u>147,834</u>	<u>199,784</u>
Miscellaneous:			
Sales tax collected	-	6	6
Total receipts	<u>55,078</u>	<u>153,392</u>	<u>208,470</u>
Disbursements:			
Business type activities:			
Personal services	-	11,185	11,185
Services and commodities	-	7,037	7,037
Contractual services	2,865	40,221	43,086
Capital outlay	21,903	3,109	25,012
Total disbursements	<u>24,768</u>	<u>61,552</u>	<u>86,320</u>
Excess of receipts over disbursements	30,310	91,840	122,150
Balance beginning of year	<u>149,129</u>	<u>213,897</u>	<u>363,026</u>
Balance end of year	<u>\$ 179,439</u>	<u>305,737</u>	<u>485,176</u>

See accompanying independent auditor's report.

City of Robins
Bond and Note Maturities
June 30, 2003

General Obligation Corporate Purpose Notes									
Year Ending June 30,	Street and Waterworks Improvements Issued Apr 15, 1997		Water and Sewer Improvements Issued Mar 1, 1999		Street, Sewer and Water Improvements Issued Feb 1, 2000		Water and Sewer Improvements Issued Jun 1, 2002		Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2004	5.10%	\$ 85,000	3.85%	\$ 65,000	5.00%	\$ 75,000	3.50%	\$ 35,000	\$ 260,000
2005	5.15	90,000	3.90	70,000	5.05	80,000	3.55	70,000	310,000
2006	5.20	95,000	4.00	75,000	5.15	85,000	3.60	75,000	330,000
2007	5.25	95,000	4.00	75,000	5.25	85,000	3.65	80,000	335,000
2008	-	-	4.20	80,000	5.30	90,000	3.85	85,000	255,000
2009	-	-	4.20	85,000	5.40	95,000	4.05	85,000	265,000
2010	-	-	-	-	5.45	105,000	4.20	90,000	195,000
2011	-	-	-	-	-	-	4.30	95,000	95,000
2012	-	-	-	-	-	-	4.40	100,000	100,000
2013	-	-	-	-	-	-	4.50	105,000	105,000
Total		<u>\$ 365,000</u>		<u>\$450,000</u>		<u>\$615,000</u>		<u>\$820,000</u>	<u>\$2,250,000</u>

Year Ending June 30,	General Obligation Urban Renewal Bonds Issued Jun 1, 2001		Urban Renewal Tax Increment Financing (TIF) Revenue Bonds Issued Nov 18, 1997	
	Interest Rates	Amount	Interest Rates	Amount
2004	4.10%	\$ 70,000	4.95%	\$ 60,000
2005	4.10	70,000	5.00	65,000
2006	4.10	75,000	5.05	65,000
2007	4.20	75,000	5.10	70,000
2008	4.25	80,000	5.15	75,000
2009	4.30	85,000	5.25	75,000
2010	4.35	90,000	-	-
2011	4.40	90,000	-	-
Total		<u>\$ 635,000</u>		<u>\$410,000</u>

See accompanying independent auditor's report.

City of Robins



OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Robins, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 8, 2003. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed a qualified opinion since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2002.

Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Robins' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City of Robins' operations for the year ended June 30, 2003 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. Prior audit statutory comments have been resolved except for items (1), (10), (11), and (12).

Internal Control Over Financial Reporting

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Robins and other parties to whom the City of Robins may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Robins during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 8, 2003

City of Robins
Schedule of Findings
Year ended June 30, 2003

Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:
- (1) Cash – preparing bank reconciliations, initiating cash receipts and disbursement transactions and handling and recording cash.
 - (2) Investments – detailed record keeping, custody of investments and reconciling earnings.
 - (3) Receipts – collecting, depositing, journalizing and posting.
 - (4) Utility receipts – billing, collecting, depositing, posting and reconciling.
 - (5) Disbursements – purchasing, recording and reconciling.
 - (6) Payroll – preparing and distributing.
 - (7) Information system (computer usage) – performing all general accounting functions and controlling all data input and output.

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

Response – We will review our procedures and implement any possible changes. Currently both Linda and Lori share items 1,3,4,5,6 & 7. The Council and department heads approve invoices, and checks are signed by both the Mayor and City Clerk.

Conclusion – Response accepted.

- (B) Information Systems – During our review of internal control, the existing control activities in the City’s computer-based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the City’s computer-based systems were noted:

The City does not have written policies for:

- requiring password changes because the software does not require the user to change logins/passwords periodically or to maintain password privacy.

City of Robins

Schedule of Findings

Year ended June 30, 2003

- usage of the Internet.
- time out and/or logoff functions.
- screen saver password use to protect terminals.

Recommendation – The City should develop written policies addressing the above items in order to improve the City’s control over computer-based systems.

Response – We will establish a policy for the above listed items as recommended by March 1, 2004.

Conclusion – Response accepted.

City of Robins
Schedule of Findings
Year ended June 30, 2003

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming the official depositories has been approved by the City. The maximum deposit amount stated in the resolution at the Community Savings Bank was exceeded during the year ended June 30, 2003.

Recommendation – Chapter 12C.2 of the Code of Iowa requires the City, by written resolution, to name each depository approved for depositing City funds and to specify the maximum dollar amount which may be kept on deposit at each depository. The City should name the depositories it wishes to use as required and monitor deposit amounts to ensure that deposits do not exceed stipulated maximum amounts.

Response – We will increase amounts to \$4,000,000 at the January 5, 2004 City Council meeting.

Conclusion – Response accepted.

- (2) Certified Budget – Disbursements exceeded the amount budgeted in the general government function prior to the budget being amended in May 2003. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amount in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will watch more closely and amend the budget before overages occur.

Conclusion – Response accepted.

- (3) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- (5) Business Transactions – No business transactions between the City and City officials or employees were noted.

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

City of Robins

Schedule of Findings

Year ended June 30, 2003

- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

Although minutes of the Council proceedings were published, two Council proceedings did not have documentation that they were published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should maintain documentation to support that Council proceedings were published within fifteen days as required by Chapter 372 of the Code of Iowa.

Response – We will confirm publications in the paper and match up publications when invoices arrive.

Conclusion – Response accepted.

- (8) Deposits and Investments – Except as noted in item (1), no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

- (9) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but did not obtain an image of the back of each cancelled check as required.

Recommendation – The City of Robins should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We will receive copies of both the front and back of the cancelled checks from our banks.

Conclusion – Response accepted.

- (10) Notice of Public Hearing for Public Improvements – The City did not publish a notice of public hearing and bid letting on street repair and improvement projects as required by Chapter 384.102 and Chapter 362.3 of the Code of Iowa.

Recommendation – Before entering into any contract for public improvements where the cost is \$25,000 or more, the Council should set a date for public hearing and give notice of at least four but not more than twenty days prior to the hearing as provided in Chapter 362.3 of the Code of Iowa.

Response – We will review our code requirements and comply with Chapters 384.102 and 362.3 of the Code of Iowa.

Conclusion – Response accepted.

City of Robins

Schedule of Findings

Year ended June 30, 2003

- (11) Water Service Ordinance – On June 9, 1998, the City approved Ordinance No. 98-06 for the establishment of a municipal water system. Section 69.29 of the Ordinance allows the water rates to be established by resolution of the City Council. On July 6, 1998, the City approved Resolution No. 0798-1 establishing rates and charges for water services. Chapter 384.84 of the Code of Iowa requires that utility rates be established by ordinance of the City Council or by resolution of the trustees, published in the same manner as an ordinance.

Recommendation – The City should establish water rates by ordinance of the City Council.

Response – We will contact our City Attorney to Amend Ordinance No. 98-06.

Conclusion – Response acknowledged. The City should amend the ordinance to comply with Chapter 384.84 of the Code of Iowa.

- (12) City Code of Ordinances – The City Code of Ordinances has not been codified since January 6, 1992. Chapter 380.8 of the Code of Iowa requires adoption of the City Code of Ordinances at least every five years.

Recommendation – The City should re-codify the City Code of Ordinances as required by Chapter 380.8(2) of the Code of Iowa.

Response – We are in the process of recodification with Iowa Codification.

Conclusion – Response accepted.

- (13) TIF Taxes – The City records tax increment financing (TIF) collections into the Special Revenue Fund and transfers these funds into the Debt Service Fund to retire general obligation debt payable from TIF collections. The Debt Service Fund also includes property tax receipts and is used to make the related general obligation debt payments.

Recommendation – To improve accountability and demonstrate compliance with debt payments required to be paid from the debt service levy and debt payments required to be paid from TIF collections, the City should establish a separate TIF account within the Debt Service Fund and segregate the property tax and TIF collections, as well as the related debt payments.

Response – We will implement the recommendation.

Conclusion – Response accepted.

City of Robins

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
Beth A. Wichtendahl, CPA Staff Auditor
John G. Vanis, CGFM, Senior Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State