



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

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NEWS RELEASE

FOR RELEASE

May 22, 2012

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 \$6,159,514 for the year ended June 30, 2011, a 61% percent increase from the prior year. The receipts included \$994,591 in property tax, \$372,545 from charges for service, \$276,269 from operating grants, contributions and restricted interest, \$60,361 from capital grants, contributions and restricted interest, \$985,627 from tax increment financing, \$311,934 from local option sales tax, \$26,466 from unrestricted interest on investments, \$3,109,008 from bond proceeds and \$22,713 from other general receipts.

Disbursements for the year totaled \$4,617,428, a 15% percent increase over the prior year, and included \$1,819,261 for debt service, \$1,533,425 for capital projects and \$425,325 for public works. Also, disbursements for business type activities totaled \$299,869.

The increase in receipts from the prior year is due to \$3,109,008 of bonds proceeds received in the current year which were used to refund debt and construct street, sewer and water system improvements. The increase in disbursements is due to debt service during the current year.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1120-0551-B00F.pdf>.

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**CITY OF ROBINS**

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

**JUNE 30, 2011**

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**City of Robins**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ian Cullis	Mayor	Jan 2014
Marilyn Cook	Council Member	Jan 2012
Chuck Hinz	Council Member	Jan 2012
Roger Overbeck	Council Member	Jan 2012
Don Norton	Council Member	Jan 2014
Brad Sevcik	Council Member	Jan 2014
Lori Pickart	Clerk/Treasurer	Indefinite
Liz Schura	Deputy Clerk	Indefinite
Don Hoskins	Attorney	Indefinite

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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Robins, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Robins' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Robins as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 3, 2012 on our consideration of the City of Robins' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 28 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robins' basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2006 (which are not presented herein) and expressed qualified opinions on those financial statements due to the inability to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2005. Those financial statements were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 3, 2012

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Robins provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2011 FINANCIAL HIGHLIGHTS

- The cash basis net assets of the City's governmental activities increased 57%, or approximately \$1,516,000, to approximately \$4,178,000. The increase is primarily due to the receipt of bond proceeds in fiscal year 2011 used to refund debt and construct street, sewer and water system improvements.
- The cash basis net assets of the City's business type activities increased 2.7%, or approximately \$26,000, to approximately \$989,000. The increase is primarily due to an increase in utility rates which was partially offset by an increase in capital sewer project disbursements.
- The City's total cash basis net assets increased 42.5%, or approximately \$1,542,000, from June 30, 2010 to June 30, 2011. Of this amount, the assets of the governmental activities increased approximately \$1,516,000 and the assets of the business type activities increased approximately \$26,000.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

## **BASIS OF ACCOUNTING**

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

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

### *Government-wide Financial Statement*

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

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

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

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

### *Fund Financial Statements*

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The governmental fund financial statement provides a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the City's own programs. The fiduciary fund includes the Agency Fund which accounts for subdivision security deposits.

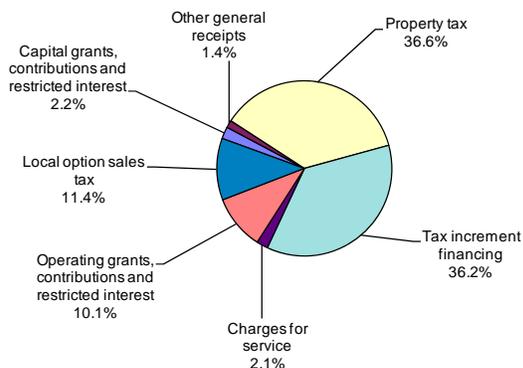
The required financial statement for the fiduciary fund is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

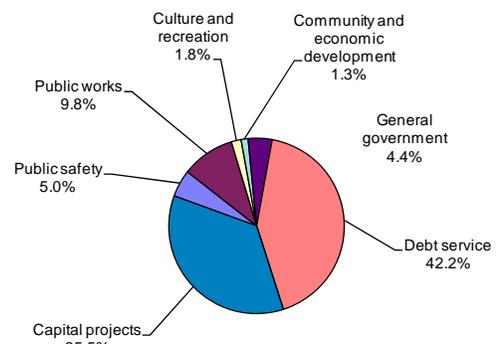
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from approximately \$2.66 million to approximately \$4.18 million. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 58	108
Operating grants, contributions and restricted interest	276	245
Capital grants, contributions and restricted interest	60	932
General receipts:		
Property tax	995	918
Tax increment financing	986	1,008
Local option sales tax	312	265
Bond proceeds	3,109	-
Other general receipts	38	25
<b>Total receipts</b>	<b>5,834</b>	<b>3,501</b>
<b>Disbursements:</b>		
Public safety	218	221
Public works	425	322
Culture and recreation	77	67
Community and economic development	54	53
General government	191	208
Debt service	1,819	1,058
Capital projects	1,534	1,861
<b>Total disbursements</b>	<b>4,318</b>	<b>3,790</b>
<b>Change in cash basis net assets</b>	<b>1,516</b>	<b>(289)</b>
<b>Cash basis net assets beginning of year</b>	<b>2,662</b>	<b>2,951</b>
<b>Cash basis net assets end of year</b>	<b>\$ 4,178</b>	<b>2,662</b>

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities increased 66.6%, or approximately \$2.3 million. The total cost of all programs and services increased approximately \$528,000, or 13.9%. The increase in receipts was primarily due to bond proceeds while the increase in disbursements was primarily due to an increase in debt service activity in fiscal year 2011.

The cost of all governmental activities this year was approximately \$4,318,000. However, as shown in the Statement of Activities and Net Assets on pages 14 and 15, the amount financed by property, other city tax and bond proceeds for these activities was approximately \$3,923,000, with the remainder paid for with user fees, grants, contributions, interest on investments and fund balances.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 34	42
Sewer	281	265
General receipts:		
Unrestricted interest on investments	11	14
Refund	-	11
Total receipts	<u>326</u>	<u>332</u>
Disbursements:		
Water	64	35
Sewer	236	182
Total disbursements	<u>300</u>	<u>217</u>
Change in cash basis net assets	26	115
Cash basis net assets beginning of year	<u>963</u>	<u>848</u>
Cash basis net assets end of year	<u>\$ 989</u>	<u>963</u>

The business type activities receipts for the fiscal year were approximately \$326,000 compared to approximately \$332,000 last year. Sewer charges increased approximately \$16,000 as a result of an increased number of customers while water charges and general receipts decreased approximately \$17,000. Disbursements for the fiscal year increased 38%, primarily due to more water and sewer maintenance projects in fiscal year 2011.

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

As the City of Robins completed the year, its governmental funds reported a combined fund balance of \$4,178,439, an increase of \$1,516,061 from last year's total of \$2,662,378. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$334,513 from the prior year to \$796,765. The increase is due primarily to an increase in property tax receipts while disbursements decreased slightly.
- The Special Revenue, Road Use Tax Fund cash balance increased \$67,508 to \$68,411. The increase is primarily due to a decrease in public works projects.

- The Special Revenue, Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's tax increment district. At the end of the fiscal year, the cash balance was \$86,346, a decrease of \$67,255 from the previous year. The decrease was the result of the timing of tax increment financing (TIF) collections, transfers and payment of TIF debt obligations.
- The Special Revenue, Local Option Sales Tax Fund cash balance increased \$141,985 to \$407,953. This was primarily due to an increase in local option sales tax receipts from the State.
- The Debt Service Fund cash balance increased \$20,029 to \$32,697.
- The Capital Projects Fund cash balance increased \$1,024,060 to \$2,769,844. The increase is primarily due to an increase in bond proceeds of \$2,497,124, a decrease in capital project reimbursements of \$869,314 and a decrease in capital project disbursements of \$327,150.

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

- The Enterprise, Water Fund cash balance decreased \$28,976 to \$113,471, due primarily to an increase in capital improvement disbursements of \$28,573 during the current year.
- The Enterprise, Sewer Fund cash balance increased \$55,001 to \$875,664. This was due to an increase in the utility rates and an increase in the number of households served during fiscal year 2011. Sewer rates increased approximately \$26 per household and the number of households increased from 862 in June 2010 to 921 in June 2011.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget twice. The first amendment was approved on December 6, 2010 and resulted in an increase in operating disbursements of \$59,106 related to allocating money from the city reserves budgeted for maintenance of the public safety facility and the city hall facility, along with the North Center Point Road water tap project. The second amendment was approved on May 2, 2011 and resulted in an increase in other financing sources of \$3,109,007 received from the general obligation bonds and operating disbursements of \$619,084 relating to refunding higher interest bonds. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$178,935 more than budgeted. Intergovernmental receipts were \$67,367 more than budgeted. This was primarily due to higher than anticipated receipts from the local option sales tax and services tax.

Even with the budget amendments, total disbursements were \$1,293,214 less than the amended budget. Capital projects function disbursements were \$329,788 less than the amended budget, primarily due to the completion of capital projects. In addition, actual disbursements for the business-type activities function were \$596,290 less than the amended budget, primarily due to incompleteness of the City's share of the Indian Creek and Dry Run Creek Sanitary Sewer Capacity Improvement project.

## DEBT ADMINISTRATION

At June 30, 2011, the City had \$8,305,000 of general obligation notes, bonds and other long-term debt outstanding, compared to approximately \$6,700,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30,	
	2011	2010
General obligation notes	\$ 5,175	6,595
General obligation bonds	3,130	90
Lease purchase agreement	-	15
Total	\$ 8,305	6,700

Debt increased as a result of issuing general obligation bonds to refund debt and construct street, sewer and water system improvements.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of approximately \$8,305,000 is below its constitutional debt limit of approximately \$14,355,000.

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

The City of Robins' elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various City activities. One of those factors is the economy. As part of the City of Cedar Rapids metro area, we benefit from the low unemployment rate and anticipate continued growth in both residential and commercial areas.

At the time these financial statements were prepared and audited, the City was aware of the following circumstances which could affect its financial health in the future.

- The United States Census Bureau performed a census in September of 2010. The population of the City increased 1,336 persons in the 10-year span from 2000 to 2010, with a population of 3,142, a 135% increase.
- The City's tax valuation in 2000 was \$91,948,439 compared with the 2011 valuation of \$312,123,253. This is due to the increase of residential homes within the City.
- With the continued growth, the City has been very diligent relating to not raising the tax levy. The tax levy for the fiscal year 2011 budget was \$9.01063 per \$1,000 of taxable valuation compared to \$8.60023 per \$1,000 of taxable valuation for the fiscal year 2012 budget.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori Pickart, City Clerk, 265 Second Street, Robins, Iowa 52328.

## **Basic Financial Statements**

City of Robins

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2011

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 218,291	53,508	35,272	-
Public works	425,325	-	240,412	-
Culture and recreation	77,021	4,410	585	-
Community and economic development	53,809	-	-	-
General government	190,427	275	-	-
Debt service	1,819,261	-	-	-
Capital projects	1,533,425	-	-	60,361
Total governmental activities	4,317,559	58,193	276,269	60,361
Business type activities:				
Water	64,061	25,012	-	-
Sewer	235,808	280,618	-	-
Total business type activities	299,869	305,630	-	-
Total	\$ 4,617,428	363,823	276,269	60,361
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Bond proceeds, net of \$25,040 discount and \$4,048 of accrued interest				
Miscellaneous				
Total general receipts				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Streets				
Urban renewal purposes				
Local option sales tax				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements.

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

Governmental Activities	Business Type Activities	Total
(129,511)	-	(129,511)
(184,913)	-	(184,913)
(72,026)	-	(72,026)
(53,809)	-	(53,809)
(190,152)	-	(190,152)
(1,819,261)	-	(1,819,261)
(1,473,064)	-	(1,473,064)
(3,922,736)	-	(3,922,736)
-	(39,049)	(39,049)
-	44,810	44,810
-	5,761	5,761
(3,922,736)	5,761	(3,916,975)
820,067	-	820,067
174,524	-	174,524
985,627	-	985,627
311,934	-	311,934
14,924	11,542	26,466
3,109,008	-	3,109,008
22,713	8,722	31,435
5,438,797	20,264	5,459,061
1,516,061	26,025	1,542,086
2,662,378	963,110	3,625,488
\$ 4,178,439	989,135	5,167,574
\$ 70,716	-	70,716
86,346	-	86,346
407,953	-	407,953
32,697	-	32,697
2,769,844	-	2,769,844
14,118	-	14,118
796,765	989,135	1,785,900
\$ 4,178,439	989,135	5,167,574

City of Robins

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

As of and for the year ended June 30, 2011

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 820,067	-	-
Tax increment financing	-	-	985,627
Local option sales tax	-	-	-
Licenses and permits	38,721	-	-
Use of money and property	17,087	-	-
Intergovernmental	10,695	240,412	-
Charges for service	7,970	-	-
Miscellaneous	30,390	-	-
Total receipts	<u>924,930</u>	<u>240,412</u>	<u>985,627</u>
Disbursements:			
Operating:			
Public safety	210,191	-	-
Public works	58,969	172,904	-
Culture and recreation	77,021	-	-
Community and economic development	53,809	-	-
General government	190,427	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>590,417</u>	<u>172,904</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>334,513</u>	<u>67,508</u>	<u>985,627</u>
Other financing sources (uses):			
Bond proceeds, net of \$25,040 discount and \$4,048 of accrued interest	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	(1,052,882)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,052,882)</u>
Net change in cash balances	334,513	67,508	(67,255)
Cash balances beginning of year	462,252	903	153,601
Cash balances end of year	<u>\$ 796,765</u>	<u>68,411</u>	<u>86,346</u>
<b>Cash Basis Fund Balances</b>			
Restricted for:			
Streets	\$ -	68,411	-
Urban renewal purposes	-	-	86,346
Local option sales tax	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	796,765	-	-
Total cash basis fund balances	<u>\$ 796,765</u>	<u>68,411</u>	<u>86,346</u>

See notes to financial statements.

Local Option Sales Tax	Debt Service	Capital Projects	Nonmajor	Total
-	174,524	-	-	994,591
-	-	-	-	985,627
311,935	-	-	-	311,935
-	-	-	-	38,721
2,232	-	21,168	14	40,501
-	-	39,193	12,940	303,240
-	-	-	-	7,970
-	-	-	11,637	42,027
314,167	174,524	60,361	24,591	2,724,612
-	-	-	8,100	218,291
172,182	-	-	21,270	425,325
-	-	-	-	77,021
-	-	-	-	53,809
-	-	-	-	190,427
-	1,819,261	-	-	1,819,261
-	-	1,533,425	-	1,533,425
172,182	1,819,261	1,533,425	29,370	4,317,559
141,985	(1,644,737)	(1,473,064)	(4,779)	(1,592,947)
-	611,884	2,497,124	-	3,109,008
-	1,052,882	-	-	1,052,882
-	-	-	-	(1,052,882)
-	1,664,766	2,497,124	-	3,109,008
141,985	20,029	1,024,060	(4,779)	1,516,061
265,968	12,668	1,745,784	21,202	2,662,378
407,953	32,697	2,769,844	16,423	4,178,439
-	-	-	2,305	70,716
-	-	-	-	86,346
407,953	-	-	-	407,953
-	32,697	-	-	32,697
-	-	2,769,844	-	2,769,844
-	-	-	14,118	14,118
-	-	-	-	796,765
407,953	32,697	2,769,844	16,423	4,178,439

**Exhibit C**

## City of Robins

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Proprietary Funds

As of and for the year ended June 30, 2011

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 25,012	280,618	305,630
Operating disbursements:			
Business type activities	7,222	204,328	211,550
Excess of operating receipts over operating disbursements	17,790	76,290	94,080
Non-operating receipts (disbursements):			
Interest on investments	1,351	10,191	11,542
Miscellaneous	8,722	-	8,722
Capital projects	(56,839)	(31,480)	(88,319)
Net non-operating receipts (disbursements)	(46,766)	(21,289)	(68,055)
Net change in cash balances	(28,976)	55,001	26,025
Cash balances beginning of year	142,447	820,663	963,110
Cash balances end of year	\$ 113,471	875,664	989,135
<b>Cash Basis Fund Balances</b>			
Unrestricted	\$ 113,471	875,664	989,135

See notes to financial statements.

## City of Robins

Statement Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Fiduciary Fund

As of and for the year ended June 30, 2011

	<u>Agency Security Deposits</u>
Receipts	
Security deposits	\$ -
Disbursements	
Security deposits refunded	<u>7,000</u>
Deficiency of receipts under disbursements	(7,000)
Cash balance beginning of year	<u>7,000</u>
Cash balance end of year	<u><u>\$ -</u></u>
See notes to financial statements.	

City of Robins

Notes to Financial Statements

June 30, 2011

**(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, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of 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.

These financial statements present the City of Robins (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Robins Firefighters Association (Firefighters Association) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa for the purpose of aiding in extinguishing fires and performing such other duties as set forth by the Fire Department. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Firefighters Association meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

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, Linn County Landfill Commission and Linn County Joint E911 Service Board.

B. Basis of Presentation

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Local Option Sales Tax Fund is used to account for local option sales tax collections to be used for streets, water, sewer and other community improvement projects.

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

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

The City reports the following major proprietary funds:

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

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

Additionally, the City reports the following fiduciary fund:

The Agency Fund is used to account for the receipt and disbursement of the City's subdivision developer security deposits.

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

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

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 imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The City’s deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation				Total	
	Notes		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2012	\$ 615,000	191,391	400,000	88,307	1,015,000	279,698
2013	635,000	171,594	435,000	62,230	1,070,000	233,824
2014	655,000	149,834	325,000	57,880	980,000	207,714
2015	680,000	126,625	195,000	53,655	875,000	180,280
2016	705,000	101,614	200,000	50,437	905,000	152,051
2017-2021	1,885,000	157,035	1,085,000	179,198	2,970,000	336,233
2022-2023	-	-	490,000	25,550	490,000	25,550
Total	\$5,175,000	898,093	3,130,000	517,257	8,305,000	1,415,350

On February 1, 2011, the City issued \$3,130,000 of general obligation corporate purpose and refunding bonds, with interest rates ranging from 1.00% to 3.55% per annum and a maturity date of June 1, 2023. The bonds were issued as a current refunding to retire the outstanding balance of \$205,000 of the \$820,000 general obligation corporate purpose notes issued June 1, 2002, \$280,000 of the \$820,000 general obligation corporate purpose notes issued October 1, 2003 and \$120,000 of the \$350,000 general obligation public safety facility note issued February 1, 2004.

The City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$22,000. The remainder of the issue is to be used for the constructing street, sewer and water system improvements.

**(4) Lease Purchase Agreement**

On August 24, 2006, the City entered into a lease purchase agreement to purchase a tractor/mower for \$68,382. During the year ended June 30, 2011, the final payment of \$15,507 was paid under this agreement.

**(5) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$19,895, \$18,340 and \$15,827, respectively, equal to the required contribution for each year.

**(6) Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 2 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premium for the City and plan members is \$2,119 for family coverage. The same monthly premium would apply to retirees. For the year ended June 30, 2011, the City contributed \$30,554 and plan members eligible for benefits contributed \$3,395 to the plan.

**(7) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2011, primarily relating to the General Fund, totaled \$2,100. This liability has been computed based on rates of pay in effect at June 30, 2011.

**(8) Industrial Development Revenue Bonds**

The City has issued a total of \$25,687,722 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$21,274,671 is outstanding at June 30, 2011. 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.

**(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) Construction Contracts**

The City entered into three construction contracts totaling \$1,495,123 for street improvements, sewer lift station and park improvements. At June 30, 2011, \$313,278 remains unpaid and will be paid as work on the projects progresses. The projects will be funded through federal grants, bond/note proceeds, donations and local sources, as necessary.

**(11) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer To	Transfer From	Amount
Debt Service	Special Revenue: Urban Renewal Tax Increment	<u>\$ 1,052,882</u>

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

**(12) 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. 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.

**(13) Development Agreements**

The City entered into development agreements during the year ended June 30, 2006 and June 30, 2009 to assist in an urban renewal project. The City agreed to rebate the incremental property tax paid by the developer in exchange for public improvement infrastructure constructed by the developer as set forth in the urban renewal plans.

In accordance with the first development agreement entered into during fiscal year 2006, the incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated for a period of ten years beginning with the tax year in which property tax on the completed value of the improvements is first paid. The total amount rebated shall represent 50% of the incremental property tax received by the City, not to exceed the total projected costs up to \$300,000. During the year ended June 30, 2011, the City made payments totaling \$65,280 and the cumulative amount rebated at June 30, 2011 was \$71,193.

In accordance with the second development agreement entered into during fiscal year 2009, the incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated for a period of nine years beginning with the tax year in which property tax on the completed value of the improvements is first paid. The total amount rebated shall represent 50% of the incremental property tax received by the City, not to exceed the total projected costs up to \$750,000. The City has not made any payments under this agreement.

**(14) Subsequent Event**

On August 5, 2011, the City issued a total of \$4,800,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from revenues derived from the project to be financed and the bond principal and interest do not constitute liabilities of the City.

**Required Supplementary Information**

City of Robins

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

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 994,591	-	-
Tax increment financing	985,627	-	-
Local option sales tax	311,935	-	-
Licenses and permits	38,721	-	-
Use of money and property	40,501	11,542	14
Intergovernmental	303,240	-	-
Charges for service	7,970	305,630	-
Miscellaneous	35,027	8,722	11,637
Total receipts	<u>2,717,612</u>	<u>325,894</u>	<u>11,651</u>
Disbursements:			
Public safety	218,291	-	8,100
Public works	425,325	-	-
Culture and recreation	77,021	-	-
Community and economic development	53,809	-	-
General government	190,427	-	-
Debt service	1,819,261	-	-
Capital projects	1,533,425	-	-
Business type activities	-	299,869	-
Total disbursements	<u>4,317,559</u>	<u>299,869</u>	<u>8,100</u>
Excess (deficiency) of receipts over (under) disbursements	(1,599,947)	26,025	3,551
Other financing sources, net	3,116,008	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,516,061	26,025	3,551
Balances beginning of year	2,662,378	963,110	10,567
Balances end of year	<u>\$ 4,178,439</u>	<u>989,135</u>	<u>14,118</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
994,591	987,830	987,830	6,761
985,627	1,004,134	1,004,134	(18,507)
311,935	274,648	274,648	37,287
38,721	27,500	27,500	11,221
52,029	37,600	37,600	14,429
303,240	235,873	235,873	67,367
313,600	279,335	279,335	34,265
32,112	6,000	6,000	26,112
<u>3,031,855</u>	<u>2,852,920</u>	<u>2,852,920</u>	<u>178,935</u>
210,191	213,998	225,598	15,407
425,325	545,401	554,707	129,382
77,021	227,420	227,420	150,399
53,809	56,792	56,792	2,983
190,427	235,509	244,709	54,282
1,819,261	1,205,860	1,833,944	14,683
1,533,425	1,863,213	1,863,213	329,788
299,869	876,159	896,159	596,290
<u>4,609,328</u>	<u>5,224,352</u>	<u>5,902,542</u>	<u>1,293,214</u>
(1,577,473)	(2,371,432)	(3,049,622)	1,472,149
<u>3,116,008</u>	<u>-</u>	<u>3,109,007</u>	<u>7,001</u>
1,538,535	(2,371,432)	59,385	1,479,150
3,614,921	3,458,028	3,621,920	(6,999)
<u>5,153,456</u>	<u>1,086,596</u>	<u>3,681,305</u>	<u>1,472,151</u>

City of Robins

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, 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 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 other financing sources by \$3,109,007 and disbursements by \$678,190. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted.

**Other Supplementary Information**

**Schedule 1**

## City of Robins

Schedule of Cash Receipts, Disbursements  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2011

	Special Revenue		
	I-JOBS	Firefighters Association	Total
Receipts:			
Use of money and property	\$ -	14	14
Intergovernmental	12,940	-	12,940
Miscellaneous	-	11,637	11,637
Total receipts	<u>12,940</u>	<u>11,651</u>	<u>24,591</u>
Disbursements:			
Operating:			
Public safety	-	8,100	8,100
Public works	21,270	-	21,270
Total disbursements	<u>21,270</u>	<u>8,100</u>	<u>29,370</u>
Excess (deficiency) of receipts over (under) disbursements	(8,330)	3,551	(4,779)
Cash balances beginning of year	<u>10,635</u>	<u>10,567</u>	<u>21,202</u>
Cash balances end of year	<u>2,305</u>	<u>14,118</u>	<u>16,423</u>
<b>Cash Basis Fund Balances</b>			
Restricted for:			
Streets	2,305	-	2,305
Other purposes	-	14,118	14,118
Total cash basis fund balances	<u>\$ 2,305</u>	<u>14,118</u>	<u>16,423</u>

See accompanying independent auditor's report.

**City of Robins**

City of Robins  
Schedule of Indebtedness  
Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Corporate purpose	Jun 1, 2002	4.30-4.50%	\$ 820,000
Corporate purpose	Oct 1, 2003	3.55-4.00	820,000
Public safety facility	Feb 1, 2004	3.25-3.75	350,000
Refunding	Apr 1, 2005	3.20-4.00	3,640,000
Corporate purpose	Jul 18, 2007	3.90-4.15	2,200,000
Corporate purpose	Apr 15, 2009	2.00-4.05	2,200,000
Total			
General obligation bonds:			
Urban renewal	Jun 1, 2001	4.40%	\$ 700,000
Corporate purpose and refunding	Feb 1, 2011	1.00-3.55	\$ 3,130,000
Total			
Lease purchase agreement:			
Tractor/mower	Aug 24, 2006	5.75%	\$ 68,382

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
300,000	-	300,000	-	11,157
365,000	-	365,000	-	11,378
155,000	-	155,000	-	4,470
1,800,000	-	150,000	1,650,000	66,325
1,775,000	-	225,000	1,550,000	71,814
2,200,000	-	225,000	1,975,000	71,328
<b>\$ 6,595,000</b>	<b>-</b>	<b>1,420,000</b>	<b>5,175,000</b>	<b>236,472</b>
90,000	-	90,000	-	3,959
-	3,130,000	-	3,130,000	-
<b>90,000</b>	<b>3,130,000</b>	<b>90,000</b>	<b>3,130,000</b>	<b>3,959</b>
15,289	-	15,289	-	218

City of Robins  
 Bond and Note Maturities  
 June 30, 2011

Year Ending June 30,	General Obligation Notes			
	Refunding		Corporate Purpose	
	Issued Apr 1, 2005		Issued Jul 18, 2007	
	Interest Rates	Amount	Interest Rates	Amount
2012	3.30%	\$ 155,000	3.95%	\$ 235,000
2013	3.45	160,000	4.00	245,000
2014	3.55	170,000	4.05	250,000
2015	3.65	175,000	4.10	260,000
2016	3.75	180,000	4.13	275,000
2017	3.80	190,000	4.15	285,000
2018	3.90	200,000		-
2019	3.95	205,000		-
2020	4.00	215,000		-
2021		-		-
2022		-		-
2023		-		-
Total		<u>\$ 1,650,000</u>		<u>\$ 1,550,000</u>

See accompanying independent auditor's report.

Corporate Purpose Issued Apr 15, 2009			General Obligation Bonds Corporate Purpose Refunding Issued Feb 1, 2011	
Interest			Interest	
Rates	Amount	Total	Rates	Amount
2.40%	\$ 225,000	615,000	1.00%	\$ 400,000
2.80	230,000	635,000	1.00	435,000
3.00	235,000	655,000	1.30	325,000
3.25	245,000	680,000	1.65	195,000
3.50	250,000	705,000	2.00	200,000
3.80	255,000	730,000	2.25	205,000
4.00	265,000	465,000	2.50	210,000
4.05	270,000	475,000	2.80	215,000
	-	215,000	3.00	225,000
	-	-	3.10	230,000
	-	-	3.25	240,000
	-	-	3.55	250,000
	<u>\$ 1,975,000</u>	<u>5,175,000</u>		<u>\$ 3,130,000</u>

**Schedule 4**

## City of Robins

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Fund Types

For the Last Six Years

	2011	2010	2009	2008	2007	2006
Receipts:						
Property tax	\$ 994,591	918,796	746,839	694,346	556,095	479,995
Tax increment financing	985,627	1,007,776	976,424	756,761	835,648	680,746
Local option sales tax	311,935	264,959	-	-	-	-
Licenses and permits	38,721	89,384	41,782	60,722	52,155	37,425
Use of money and property	40,501	43,751	50,450	92,851	93,844	70,847
Intergovernmental	303,240	1,133,937	413,461	211,978	210,803	182,257
Charges for service	7,970	12,398	65,708	29,404	21,765	19,240
Miscellaneous	42,027	31,053	22,902	28,992	253,077	30,438
Total	<u>\$ 2,724,612</u>	<u>3,502,054</u>	<u>2,317,566</u>	<u>1,875,054</u>	<u>2,023,387</u>	<u>1,500,948</u>
Disbursements:						
Operating:						
Public safety	\$ 218,291	221,403	188,362	184,840	206,272	218,537
Public works	425,325	321,988	386,834	362,340	333,534	274,271
Culture and recreation	77,021	67,203	314,790	109,835	65,691	48,232
Community and economic development	53,809	53,100	51,864	88,060	61,611	4,000
General government	190,427	207,718	218,209	221,225	200,731	243,373
Debt service	1,819,261	1,058,388	1,135,986	926,298	921,750	895,014
Capital projects	1,533,425	1,860,575	900,965	1,179,638	1,671,272	829,541
Total	<u>\$ 4,317,559</u>	<u>3,790,375</u>	<u>3,197,010</u>	<u>3,072,236</u>	<u>3,460,861</u>	<u>2,512,968</u>

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA  
Auditor of State

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

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Robins, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated May 3, 2012. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Robins is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Robins' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Robins' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Robins' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Robins' financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (D) to be a significant deficiency.

## Compliance and Other Matters

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, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

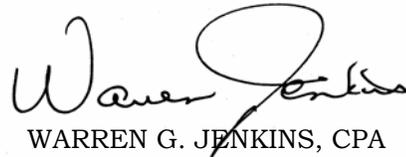
The City of Robins' responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Robins' responses and, accordingly, we express no opinion on them.

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 and 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

May 3, 2012

**City of Robins**

City of Robins

Schedule of Findings

Year ended June 30, 2011

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(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 receipt 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) Computer system – performing all general accounting functions and controlling all data input and output.

For the Robins Firefighters Association account, one individual has control over each of the following areas:

- (1) Receipts – collecting, depositing, posting and reconciling.
- (2) Disbursements – preparing, recording and reconciling.
- (3) Cash – handling, reconciling and recording.
- (4) Bank reconciliations are not prepared on a regular basis and there is no evidence of an independent review.

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

Responses:

City – We will review and continue to strive toward maximum internal control.

Firefighters Association – The Robins Firefighters Association is a very small organization with only 21 members and a handful of officers and, therefore, it is difficult to segregate the duties of the secretary and the management of our financial records. With the limited number of transactions we have each month, it is very easy to reconcile the checkbook without filling out the back of the bank statement. However, I will start doing this every

City of Robins

Schedule of Findings

Year ended June 30, 2011

month if this evidence is required by the State. The Robins Firefighters Association conducts a meeting almost every month and I provide a financial report to the membership at each meeting which includes our current checkbook balance and any outstanding bills I know of. I will now start to review our bank statements with an Association officer at each meeting and have them initial the statements in order to provide evidence of an independent review. Hopefully, if I understand the comment correctly, these actions will be sufficient to help provide evidence of better segregation of duties for the State at the next audit.

Conclusions – Responses accepted.

- (B) Tax Increment Financing – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax which is to be used to repay the certified indebtedness. Chapter 403.19 of the Code of Iowa does not allow a municipality to set aside property tax divided for tax increment purposes for urban renewal projects for which indebtedness has not been certified. Except for assistance for low and moderate income family housing discussed in Chapter 403.22 of the Code of Iowa, indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. In addition, Chapter 403.19(5)(b) requires the City to certify the amount of reductions resulting from reduction in debt or for any other reason to the County Auditor.

On November 15, 2010, the City Council approved selling \$2-3 million of tax increment financing bonds, a portion of which would be used to refinance three outstanding higher interest rate general obligation bond issues. Although the City Council approved issuing debt, the actual amount of debt to be issued was not determined. Also, the City did not formally approve entering into a contractual agreement to issue the bonds until February 7, 2011, with an anticipated closing date the end of February 2011. Therefore, the City was not obligated to repay this indebtedness as of the certification date of the City's tax increment financing.

The City's tax increment financing (TIF) certification required by Chapter 403 of the Code of Iowa and filed November 29, 2010 certified TIF debt of \$3,130,000 for the new debt. Since this debt had not yet been issued, the City should not have included this debt in the 2010 certification. In addition, the three outstanding general obligation bond issues to be refinanced were not decertified in accordance with Chapter 403.19(5)(b) of the Code of Iowa. As of the date of this report, the actual tax increment financing debt issued totaled \$11,877,357 and the City had not yet refinanced the three outstanding general obligation bond issues.

Recommendation – The City should consult TIF legal counsel and the Linn County Auditor to determine the disposition of the City's TIF certifications and the amount of TIF debt to be decertified, if any. A copy of this report will be filed with the Linn County Auditor for review and information in assisting the City in resolving this.

Response – We had assumed the refinanced bond issues would automatically be removed from the certification report and will work with the Linn County Auditor's Office to get this matter resolved. We will also alter the timing of any future bond sales to ensure the bond sale is completed before the TIF certification deadline of December 1.

Conclusion – Response accepted.

City of Robins

Schedule of Findings

Year ended June 30, 2011

- (C) Annual Financial Report – The City prepared the annual financial report for the fiscal year ended June 30, 2011. However, the report included receipts and disbursements for local option sales tax and I-JOBS in the General Fund rather than the Special Revenue Funds.

Recommendation – The Annual Financial Report should be amended and filed as required by Chapter 384.22 of the Code of Iowa.

Response – We will transfer the local option sales tax and the I-JOBS from the General Fund to the Special Revenue Fund column of the Annual Financial Report.

Conclusion – Response accepted.

- (D) Disaster Recovery Plan – The City does not have a written, approved disaster recovery plan.

Recommendation – The City should develop a written disaster recovery plan, approved by the City Council, which includes the following information:

- a) Identification of critical applications.
- b) Identification of staff responsibilities.
- c) Identification of steps for recovery of any operating systems for City operations.
- d) Identification of computer equipment needed for temporary processing.
- e) Identification of business location(s) which could be used to process critical applications in the event of an emergency, including any applicable written agreements for use of the locations.
- f) Requirement a copy of the disaster recovery plan be kept off site.
- g) Requirement to keep system backups current and off site.
- h) Inventory of all hardware and components (e.g.: make, model numbers, serial numbers, etc.).
- i) Inventory of all software applications (e.g.: operating system and software applications, release versions and vendor names).
- j) Requirement copies of all user documentation and policy and procedures manuals be located off site.
- k) Requirement extra stocks of paper supplies, such as checks, warrants, purchase orders, etc., be located off site.
- l) Requirements outlining frequency and guidelines for testing of disaster recovery plan to identify issues and document the results of testing.

Response – We are currently working on adopting a Disaster Recovery Plan to include the items listed above.

Conclusion – Response accepted.

City of Robins

Schedule of Findings

Year ended June 30, 2011

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Robins  
 Schedule of Findings  
 Year ended June 30, 2011

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Transaction	Transaction Description	Amount
Marilyn Cook, Council Member, Son is owner of Cook Fence	8' High Screening Fence	\$ 190

In accordance with Chapter 362.5(3) of the Code of Iowa, this transaction does not appear to represent a conflict of interest since the total transaction did not exceed \$2,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Council Minutes – Transfers from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund exceeded the amount approved by the City Council in the City budget by \$8,510.

Recommendation – The full amount of transfers between funds should be approved by the City Council.

Response – We will have the transfers approved by the City Council in the future.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

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City of Robins

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager  
Daniel L. Grady, Senior Auditor  
Tiffany M. Ainger, Staff Auditor  
Tyler L. Carter, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State