



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

May 22, 2013

Contact: Andy Nielsen  
515/281-5834

The Office of Auditor of State today released an audit report on the City of Robins, Iowa.

The City's receipts totaled \$3,397,079 for the year ended June 30, 2012, a 45% percent decrease from the prior year. The receipts included \$990,607 in property tax, \$365,619 from charges for service, \$471,451 from operating grants, contributions and restricted interest, \$24,496 from capital grants, contributions and restricted interest, \$1,129,477 from tax increment financing, \$376,780 from local option sales tax, \$20,482 from unrestricted interest on investments and \$17,834 from other general receipts.

Disbursements for the year totaled \$3,984,773, a 14% percent decrease from the prior year, and included \$1,320,919 for debt service, \$874,081 for capital projects and \$590,332 for public works. Also, disbursements for business type activities totaled \$278,539.

The decrease in receipts from the prior year is primarily due to the receipt of \$3,109,008 in bonds proceeds in the prior year which were used to refund debt and construct street, sewer and water system improvements. The decrease in disbursements is primarily due to debt service during the prior year to refund debt and a decrease in capital projects activity.

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/1220-0551-B00F.pdf>.

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

**JUNE 30, 2012**

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**City of Robins**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2012)</b>		
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
<b>(After January 2012)</b>		
Ian Cullis	Mayor	Jan 2014
Don Norton	Council Member	Jan 2014
Brad Sevcik	Council Member	Jan 2014
Marilyn Cook	Council Member	Jan 2016
Chuck Hinz	Council Member	Jan 2016
Roger Overbeck	Council Member	Jan 2016
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, 2012, 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.

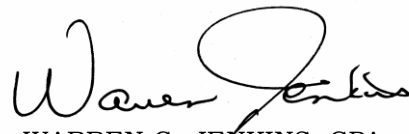
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Robins as of June 30, 2012, 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 April 29, 2013 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.

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 five years ended June 30, 2011 (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. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robins' basic financial statements. Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 12 and 26 through 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 29, 2013



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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, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- The cash basis net assets of the City's governmental activities decreased 15%, or approximately \$635,000, to approximately \$3,543,000. The decrease is primarily due to the disbursement of bond proceeds received in fiscal year 2011 to construct street, sewer and water system improvements during fiscal year 2012.
- The cash basis net assets of the City's business type activities increased 4.8%, or approximately \$48,000, to approximately \$1,037,000. The increase is primarily due to a decrease in water project disbursements as the Irish Hills water project was completed during fiscal year 2011.
- The City's total cash basis net assets decreased 11.4%, or approximately \$587,000, from June 30, 2011 to June 30, 2012.

### **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.

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

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 two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax 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.

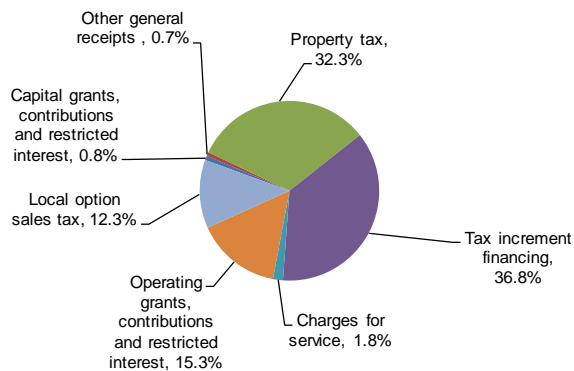
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

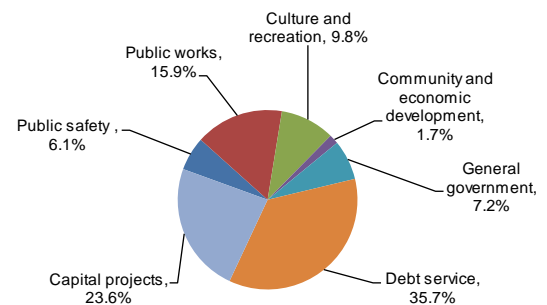
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from approximately \$4.18 million to approximately \$3.54 million. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2012	2011
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 56	58
Operating grants, contributions and restricted interest	471	276
Capital grants, contributions and restricted interest	25	60
General receipts:		
Property tax	991	995
Tax increment financing	1,129	986
Local option sales tax	377	312
Bond proceeds	-	3,109
Other general receipts	22	38
<b>Total receipts</b>	<b>3,071</b>	<b>5,834</b>
<b>Disbursements:</b>		
Public safety	225	218
Public works	591	425
Culture and recreation	365	77
Community and economic development	62	54
General government	268	191
Debt service	1,321	1,819
Capital projects	874	1,534
<b>Total disbursements</b>	<b>3,706</b>	<b>4,318</b>
Change in cash basis net assets	(635)	1,516
Cash basis net assets beginning of year	4,178	2,662
Cash basis net assets end of year	<b>\$ 3,543</b>	<b>4,178</b>

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities decreased 47.4%, or approximately \$2.8 million. The total cost of all programs and services decreased approximately \$612,000, or 14.2%. The decrease in receipts was primarily due to bond proceeds received during fiscal year 2011 while the decrease in disbursements was primarily due to decreases in debt service and capital projects activity in fiscal year 2012.

The cost of all governmental activities this year was approximately \$3,706,000. However, as shown in the Statement of Activities and Net Assets on pages 14 and 15, the amount financed by property and other city tax for these activities was approximately \$991,000, 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,	
	2012	2011
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 18	25
Sewer	291	281
General receipts:		
Unrestricted interest on investments	8	11
Other	9	9
Total receipts	326	326
Disbursements:		
Water	11	64
Sewer	267	236
Total disbursements	278	300
Change in cash basis net assets	48	26
Cash basis net assets beginning of year	989	963
Cash basis net assets end of year	\$ 1,037	989

The business type activities receipts for the fiscal year were approximately \$326,000 the same as last year. Sewer charges increased approximately \$10,000 as a result of an increased number of customers while water charges and general receipts decreased approximately \$10,000. Disbursements for the fiscal year decreased 7%, primarily due to less water and sewer maintenance projects in fiscal year 2012.

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

As the City of Robins completed the year, its governmental funds reported a combined fund balance of \$3,543,015, a decrease of \$635,424 from last year's total of \$4,178,439. 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 \$29,353 to \$826,118.
- The Special Revenue, Road Use Tax Fund cash balance increased \$25,677 to \$94,088.
- 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 \$69,334, a decrease of \$17,012 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 \$57,209 to \$465,162. This was primarily due to an increase in local option sales tax receipts.
- The Debt Service Fund cash balance decreased \$23,459 to \$9,238.
- The Capital Projects Fund cash balance decreased \$849,585 from the prior year to \$1,920,259. The decrease is due primarily to disbursements for street projects and repair, primarily funded with bond proceeds received in fiscal year 2011.

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

- The Enterprise, Water Fund cash balance increased \$17,509 to \$130,980, due primarily to a decrease in capital improvement disbursements for the Irish Hills water project which was completed during fiscal year 2011.
- The Enterprise, Sewer Fund cash balance increased \$30,221 to \$905,885. This was due to an increase in the number of households served and a corresponding increase in charges for service during fiscal year 2012.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment resulted in increases in receipts of \$12,000 and other financing sources of \$4,500, while disbursements increased \$298,400. The increase in receipts was to account for interest, insurance dividends and a police grant reimbursement. The increase in operating disbursements related to allocating money from the City's reserves budgeted for construction of a baseball diamond, purchasing a truck and construction of a park pavilion. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$316,422 more than budgeted. Miscellaneous receipts were \$171,441 more than budgeted. This was primarily due to a donation of \$150,000 received during fiscal year 2012 to be used for the South Troy Trail Crossing project.

Total disbursements were \$1,468,356 less than the amended budget. General government function disbursements were \$469,107 less than the amended budget, primarily due to the City budgeting local option sales tax street and park projects in the general government function instead of the public works and culture and recreation functions. This also led to the public works and culture and recreation function disbursements exceeding their amended budgets by \$9,419 and \$203,602, respectively. In addition, actual disbursements for the capital projects and business-type activities functions were \$460,919 and \$696,305, respectively, less than the amended budget. This is primarily due to disbursing less than the amounts budgeted for the City's share of the Indian Creek Sanitary Sewer Capacity Improvement project.

## DEBT ADMINISTRATION

At June 30, 2012, the City had \$7,290,000 of general obligation notes and bonds outstanding, compared to approximately \$8,305,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	June 30,	
	2012	2011
General obligation notes	\$ 4,560	5,175
General obligation bonds	2,730	3,130
Total	\$ 7,290	8,305

Debt decreased as a result of the City making the scheduled debt payments on the general obligation notes and bonds during fiscal year 2012.

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 \$7,290,000 is below its constitutional debt limit of approximately \$15,072,000.

## 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 2013 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 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 74% increase.
- The City's tax valuation in 2011 was \$312,123,253 compared with the 2012 valuation of \$318,144,649. 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 rate. The tax levy rate for the fiscal year 2012 budget was \$8.60023 per \$1,000 of taxable valuation compared to \$8.02375 per \$1,000 of taxable valuation for the fiscal year 2013 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, 2012

	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	\$ 225,268	51,688	21,929	-
Public works	590,332	-	298,022	-
Culture and recreation	365,190	3,800	151,500	-
Community and economic development	62,256	480	-	-
General government	268,188	445	-	-
Debt service	1,320,919	-	-	-
Capital projects	874,081	-	-	24,496
Total governmental activities	3,706,234	56,413	471,451	24,496
Business type activities:				
Water	10,757	18,124	-	-
Sewer	267,782	291,082	-	-
Total business type activities	278,539	309,206	-	-
Total	\$ 3,984,773	365,619	471,451	24,496
<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				
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
(151,651)	-	(151,651)
(292,310)	-	(292,310)
(209,890)	-	(209,890)
(61,776)	-	(61,776)
(267,743)	-	(267,743)
(1,320,919)	-	(1,320,919)
(849,585)	-	(849,585)
(3,153,874)	-	(3,153,874)
-	7,367	7,367
-	23,300	23,300
-	30,667	30,667
(3,153,874)	30,667	(3,123,207)
839,636	-	839,636
150,971	-	150,971
1,129,477	-	1,129,477
376,780	-	376,780
12,669	7,813	20,482
8,917	9,250	18,167
2,518,450	17,063	2,535,513
(635,424)	47,730	(587,694)
4,178,439	989,135	5,167,574
\$ 3,543,015	1,036,865	4,579,880
\$ 94,088	-	94,088
69,334	-	69,334
465,162	-	465,162
9,238	-	9,238
1,920,259	-	1,920,259
158,816	-	158,816
826,118	1,036,865	1,862,983
\$ 3,543,015	1,036,865	4,579,880

City of Robins

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

As of and for the year ended June 30, 2012

	General	Special Revenue	
		Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 839,636	-	-
Tax increment financing	-	-	1,129,477
Local option sales tax	-	-	-
Licenses and permits	35,320	-	-
Use of money and property	14,058	-	-
Intergovernmental	11,595	298,022	-
Charges for service	8,020	-	-
Miscellaneous	169,691	-	-
Total receipts	1,078,320	298,022	1,129,477
Disbursements:			
Operating:			
Public safety	209,528	-	-
Public works	221,744	272,345	-
Culture and recreation	137,251	-	-
Community and economic development	62,256	-	-
General government	268,188	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	898,967	272,345	-
Excess (deficiency) of receipts over (under) disbursements	179,353	25,677	1,129,477
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(150,000)	-	(1,146,489)
Total other financing sources (uses)	(150,000)	-	(1,146,489)
Change in cash balances	29,353	25,677	(17,012)
Cash balances beginning of year	796,765	68,411	86,346
Cash balances end of year	\$ 826,118	94,088	69,334
<b>Cash Basis Fund Balances</b>			
Restricted for:			
Streets	\$ -	94,088	-
Urban renewal purposes	-	-	69,334
Local option sales tax	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	826,118	-	-
Total cash basis fund balances	\$ 826,118	94,088	69,334

See notes to financial statements.

Local Option Sales Tax	Debt Service	Capital Projects	Nonmajor	Total
-	150,971	-	-	990,607
-	-	-	-	1,129,477
376,780	-	-	-	376,780
-	-	-	-	35,320
2,306	-	18,782	104	35,250
-	-	5,714	-	315,331
-	-	-	-	8,020
-	-	-	10,334	180,025
379,086	150,971	24,496	10,438	3,070,810
-	-	-	15,740	225,268
93,938	-	-	2,305	590,332
227,939	-	-	-	365,190
-	-	-	-	62,256
-	-	-	-	268,188
-	1,320,919	-	-	1,320,919
-	-	874,081	-	874,081
321,877	1,320,919	874,081	18,045	3,706,234
57,209	(1,169,948)	(849,585)	(7,607)	(635,424)
-	1,146,489	-	150,000	1,296,489
-	-	-	-	(1,296,489)
-	1,146,489	-	150,000	-
57,209	(23,459)	(849,585)	142,393	(635,424)
407,953	32,697	2,769,844	16,423	4,178,439
465,162	9,238	1,920,259	158,816	3,543,015
-	-	-	-	94,088
-	-	-	-	69,334
465,162	-	-	-	465,162
-	9,238	-	-	9,238
-	-	1,920,259	-	1,920,259
-	-	-	158,816	158,816
-	-	-	-	826,118
465,162	9,238	1,920,259	158,816	3,543,015

**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, 2012

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 18,124	291,082	309,206
Operating disbursements:			
Business type activities	10,757	206,804	217,561
Excess of operating receipts over operating disbursements	7,367	84,278	91,645
Non-operating receipts (disbursements):			
Interest on investments	892	6,921	7,813
Miscellaneous	9,250	-	9,250
Capital projects	-	(60,978)	(60,978)
Net non-operating receipts (disbursements)	10,142	(54,057)	(43,915)
Change in cash balances	17,509	30,221	47,730
Cash balances beginning of year	113,471	875,664	989,135
Cash balances end of year	\$ 130,980	905,885	1,036,865
<b>Cash Basis Fund Balances</b>			
Unrestricted	\$ 130,980	905,885	1,036,865

See notes to financial statements.

City of Robins

Notes to Financial Statements

June 30, 2012

**(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 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental 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 receipts 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.

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 classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the public works and culture and recreation functions.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2012 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	Principal	Interest				
2013	\$ 635,000	171,594	435,000	62,230	1,070,000	233,824	1,303,824	
2014	655,000	149,834	325,000	57,880	980,000	207,714	1,187,714	
2015	680,000	126,625	195,000	53,655	875,000	180,280	1,055,280	
2016	705,000	101,614	200,000	50,437	905,000	152,051	1,057,051	
2017	730,000	74,771	205,000	46,438	935,000	121,209	1,056,209	
2018-2022	1,155,000	82,264	1,120,000	149,435	2,275,000	231,699	2,506,699	
2023	-	-	250,000	8,875	250,000	8,875	258,875	
Total	\$ 4,560,000	706,702	2,730,000	428,950	7,290,000	1,135,652	8,425,652	

**(4) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$22,567, \$19,895 and \$18,340, respectively, equal to the required contribution for each year.



**(5) Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. 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 \$2,008 for family coverage. For the year ended June 30, 2012, the City contributed \$45,768 and plan members eligible for benefits contributed \$4,840 to the plan.

**(6) 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, 2012, primarily relating to the General Fund, totaled \$6,000. This liability has been computed based on rates of pay in effect at June 30, 2012.

**(7) Industrial Development Revenue Bonds**

The City has issued a total of \$30,487,722 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$23,007,203 is outstanding at June 30, 2012. 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.

**(8) 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.

**(9) Construction Contracts**

The City has entered into construction contracts totaling \$1,340,146 for street and park improvements. At June 30, 2012, \$34,076 remains unpaid and will be paid as work on the projects progresses.

**(10) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	\$ 1,146,489
Special Revenue:		
Jimmy Shimek Trust	General	150,000
	Total	<u>\$ 1,296,489</u>

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

**(11) 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.

**(12) 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, 2012, the City made payments totaling \$24,222 from the Debt Service Fund. The cumulative amount rebated at June 30, 2012 was \$95,415.

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.

## **Other 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

Other Information

Year ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 990,607	-	-
Tax increment financing	1,129,477	-	-
Local option sales tax	376,780	-	-
Licenses and permits	35,320	-	-
Use of money and property	35,250	7,813	13
Intergovernmental	315,331	-	-
Charges for service	8,020	309,206	-
Miscellaneous	180,025	9,250	10,334
Total receipts	3,070,810	326,269	10,347
Disbursements:			
Public safety	225,268	-	15,740
Public works	590,332	-	-
Culture and recreation	365,190	-	-
Community and economic development	62,256	-	-
General government	268,188	-	-
Debt service	1,320,919	-	-
Capital projects	874,081	-	-
Business type activities	-	278,539	-
Total disbursements	3,706,234	278,539	15,740
Excess (deficiency) of receipts over (under) disbursements	(635,424)	47,730	(5,393)
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(635,424)	47,730	(5,393)
Balances beginning of year	4,178,439	989,135	14,118
Balances end of year	\$ 3,543,015	1,036,865	8,725

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
990,607	982,644	982,644	7,963
1,129,477	1,143,022	1,143,022	(13,545)
376,780	309,459	309,459	67,321
35,320	32,000	32,000	3,320
43,050	29,200	32,200	10,850
315,331	280,550	280,550	34,781
317,226	276,435	282,935	34,291
178,941	5,000	7,500	171,441
<u>3,386,732</u>	<u>3,058,310</u>	<u>3,070,310</u>	<u>316,422</u>
209,528	219,260	228,560	19,032
590,332	542,913	580,913	(9,419)
365,190	115,988	161,588	(203,602)
62,256	87,990	95,490	33,234
268,188	539,295	737,295	469,107
1,320,919	1,323,699	1,323,699	2,780
874,081	1,335,000	1,335,000	460,919
278,539	974,844	974,844	696,305
<u>3,969,033</u>	<u>5,138,989</u>	<u>5,437,389</u>	<u>1,468,356</u>
(582,301)	(2,080,679)	(2,367,079)	1,784,778
-	-	4,500	(4,500)
(582,301)	(2,080,679)	(2,362,579)	1,780,278
<u>5,153,456</u>	<u>4,478,497</u>	<u>5,156,604</u>	<u>(3,148)</u>
<u>4,571,155</u>	<u>2,397,818</u>	<u>2,794,025</u>	<u>1,777,130</u>

City of Robins

Notes to Other Information – Budgetary Reporting

June 30, 2012

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

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

Formal and legal budgetary control is based upon 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, one budget amendment increased budgeted receipts \$12,000, other financing sources \$4,500 and disbursements \$298,400. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted for the public works and culture and recreation functions.

## **Supplementary Information**

**Schedule 1**

## City of Robins

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

As of and for the year ended June 30, 2012

	Special Revenue			
	I-JOBS	Jimmy Shimek Trust	Firefighters Association	Total
Receipts:				
Use of money and property	\$ -	91	13	104
Miscellaneous	-	-	10,334	10,334
Total receipts	-	91	10,347	10,438
Disbursements:				
Operating:				
Public safety	-	-	15,740	15,740
Public works	2,305	-	-	2,305
Total disbursements	2,305	-	15,740	18,045
Excess (deficiency) of receipts over (under) disbursements	(2,305)	91	(5,393)	(7,607)
Other financing sources:				
Operating transfers in	-	150,000	-	150,000
Change in cash balances	(2,305)	150,091	(5,393)	142,393
Cash balances beginning of year	2,305	-	14,118	16,423
Cash balances end of year	\$ -	150,091	8,725	158,816
<b>Cash Basis Fund Balances</b>				
Restricted for other purposes	\$ -	150,091	8,725	158,816

See accompanying independent auditor's report.



**City of Robins**

City of Robins  
 Schedule of Indebtedness  
 Year ended June 30, 2012

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
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:			
Corporate purpose and refunding	Feb 1, 2011	1.00-3.55%	\$ 3,130,000

See accompanying independent auditor's report.

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Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,650,000	-	155,000	1,495,000	61,525
1,550,000	-	235,000	1,315,000	63,039
1,975,000	-	225,000	1,750,000	66,828
<u>\$ 5,175,000</u>	<u>-</u>	<u>615,000</u>	<u>4,560,000</u>	<u>191,392</u>
<u>3,130,000</u>	<u>-</u>	<u>400,000</u>	<u>2,730,000</u>	<u>88,307</u>

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City of Robins  
 Bond and Note Maturities  
 June 30, 2012

Year Ending June 30,	General Obligation Notes			
	Refunding		Corporate Purpose	
	Issued Apr 1, 2005		Issued Jul 18, 2007	
	Interest Rates	Amount	Interest Rates	Amount
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>\$ 1,495,000</u>		<u>\$ 1,315,000</u>

See accompanying independent auditor's report.

Corporate Purpose Issued Apr 15, 2009			General Obligation Bonds Corporate Purpose and Refunding Issued Feb 1, 2011			
Interest Rates		Amount	Total	Interest Rates		Amount
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>1,750,000</u>	<u>4,560,000</u>		\$	<u>2,730,000</u>

City of Robins

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

For the Last Seven Years

	2012	2011	2010	2009
Receipts:				
Property tax	\$ 990,607	994,591	918,796	746,839
Tax increment financing	1,129,477	985,627	1,007,776	976,424
Local option sales tax	376,780	311,935	264,959	-
Licenses and permits	35,320	38,721	89,384	41,782
Use of money and property	35,250	40,501	43,751	50,450
Intergovernmental	315,331	303,240	1,133,937	413,461
Charges for service	8,020	7,970	12,398	65,708
Miscellaneous	180,025	42,027	31,053	22,902
Total	<u>\$ 3,070,810</u>	<u>2,724,612</u>	<u>3,502,054</u>	<u>2,317,566</u>
Disbursements:				
Operating:				
Public safety	\$ 225,268	218,291	221,403	188,362
Public works	590,332	425,325	321,988	386,834
Culture and recreation	365,190	77,021	67,203	314,790
Community and economic development	62,256	53,809	53,100	51,864
General government	268,188	190,427	207,718	218,209
Debt service	1,320,919	1,819,261	1,058,388	1,135,986
Capital projects	874,081	1,533,425	1,860,575	900,965
Total	<u>\$ 3,706,234</u>	<u>4,317,559</u>	<u>3,790,375</u>	<u>3,197,010</u>

See accompanying independent auditor's report.

2008	2007	2006
694,346	556,095	479,995
756,761	835,648	680,746
-	-	-
60,722	52,155	37,425
92,851	93,844	70,847
211,978	210,803	182,257
29,404	21,765	19,240
28,992	253,077	30,438
<u>1,875,054</u>	<u>2,023,387</u>	<u>1,500,948</u>

184,840	206,272	218,537
362,340	333,534	274,271
109,835	65,691	48,232
88,060	61,611	4,000
221,225	200,731	243,373
926,298	921,750	895,014
1,179,638	1,671,272	829,541
<u>3,072,236</u>	<u>3,460,861</u>	<u>2,512,968</u>

**City of Robins**





OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, 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, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated April 29, 2013. 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) and (B) 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 (C) to be a significant deficiency.

## Compliance and Other Matters

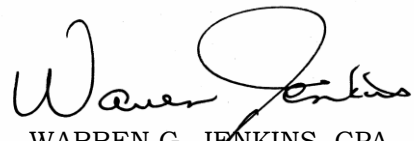
As part of obtaining reasonable assurance about whether the City of Robins' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 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.

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 29, 2013

**City of Robins**

City of Robins

Schedule of Findings

Year ended June 30, 2012

**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, one individual had 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) From July 2011 through December 2011, bank reconciliations were not prepared on a regular basis and there was no evidence of an independent review.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City and the Robins Firefighters Association should review their 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. The Robins Firefighters Association conducts a

City of Robins

Schedule of Findings

Year ended June 30, 2012

meeting almost every month and a financial report is given to the membership at each meeting which includes our current checkbook balance and any outstanding bills known at that time. I will continue the practice of reconciling our checking account using the back of the monthly statements and reviewing 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. We adopted this practice in January 2012 after a similar comment stemming from the previous audit, and so the July 2011 – December 2011 statements were not in compliance with this practice.

Conclusions – Responses accepted.

- (B) Annual Financial Report – The City prepared the Annual Financial Report for the fiscal year ended June 30, 2012. However, the report included \$324,181 in disbursements for local option sales tax which were incorrectly classified as general government disbursements when they should have been split between public works and culture and recreation. The City also overstated the amount of other financing sources/uses by \$174,183.

Recommendation – The Annual Financial Report should be amended and refiled.

Response – We will continue to strive for accuracy and proper reporting in the future.

Conclusion – Response accepted.

- (C) Disaster Recovery Plan – For most of fiscal year 2012, the City did 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).

City of Robins

Schedule of Findings

Year ended June 30, 2012

- 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 – Our Disaster Recovery Plan was adopted in May 2012.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Robins

Schedule of Findings

Year ended June 30, 2012

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amounts budgeted in the public works and culture and recreation functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – We will adhere to Chapter 384.18 of the Code of Iowa in the future.

Conclusion – Response accepted.

- (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:

<u>Name, Title and Business Transaction</u>	<u>Transaction Description</u>	<u>Amount</u>
Brad Sevcik, Council Member, works for Delaney Concrete Contractor	Church signs	\$ 300

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

- (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.

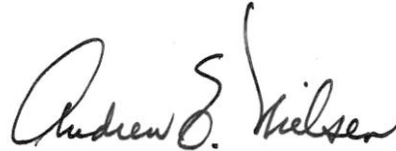
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City of Robins

Staff

This audit was performed by:

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

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State