



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

June 25, 2007

Contact: Andy Nielsen
515/281-5834

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

The City has implemented new reporting standards for the year ended June 30, 2006, with significant changes in content and structure of the financial statements. The new financial statements now include a Statement of Activities and Net Assets which provides information about the activities of the City as a whole. Also included is Management's Discussion and Analysis of the City's financial statements.

The City's receipts totaled \$1,815,369 for the year ended June 30, 2006. The receipts included \$479,995 in property tax, \$347,455 from charges for service, \$189,463 from operating grants, contributions and restricted interest, \$65,461 from capital grants, contributions and restricted interest, \$680,746 from tax increment financing, \$31,436 from lease purchase agreement proceeds, \$15,427 from unrestricted interest on investments and \$5,386 from other general receipts.

Disbursements for the year totaled \$2,954,063, and included \$895,014 for debt service, \$829,541 for capital projects and \$274,271 for public works. Also, disbursements for business type activities totaled \$441,095.

A copy of the 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/reports.htm>.

###

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

JUNE 30, 2006

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets – Cash Basis	A	14-15
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	16-17
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	19
Notes to Financial Statements		20-25
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		28-29
Notes to Required Supplementary Information – Budgetary Reporting		30
Other Supplementary Information:	<u>Schedule</u>	
Schedule of Indebtedness	1	32-33
Bond and Note Maturities	2	34
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		35-36
Schedule of Findings		37-41
Staff		42

City of Robins

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2006)		
Randy Fouts	Mayor	Jan 2006
Marilyn Cook	Council Member	Jan 2006
Chuck Hinz	Council Member	Jan 2006
JD Smith	Council Member	Jan 2006
Joel D. Miller	Council Member	Jan 2008
Mike Hoppe	Council Member	Jan 2008
(After January 2006)		
Joel D. Miller	Mayor	Jan 2008
Chuck Hinz	Council Member	Jan 2008
JD Smith	Council Member	Jan 2008
Marilyn Cook	Council Member	Jan 2010
Eric Thomas	Council Member	Jan 2010
Cathy Welton	Council Member	Jan 2010
Lori Pickart	Clerk/Treasurer	Indefinite
Liz Schura	Assistant Clerk	Indefinite
Don Hoskins	Attorney	Indefinite

City of Robins



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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, 2006, 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.

Except as discussed in the following paragraph, 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. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2005.

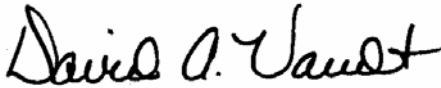
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2005, as discussed in the preceding paragraph, the financial statements referred to above present 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, 2006, 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.

As described in Note 12, during the year ended June 30, 2006, the City adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences.

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2007 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 internal control over financial reporting or 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. Other supplementary information included in Schedules 1 and 2 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2005, as discussed in the third paragraph, 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

February 7, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2006. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, and since the City is not required to be audited annually, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

2006 FINANCIAL HIGHLIGHTS

- The cash basis net assets of the City's governmental activities decreased \$950,584 to \$2,134,081, primarily due to an increase in capital project disbursements.
- The cash basis net assets of the City's business type activities decreased \$188,110 to \$491,644. The decrease is primarily due to increased spending in fiscal year 2006 related to water and sewer projects, including a new water booster station.

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 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 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 statements provide 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.

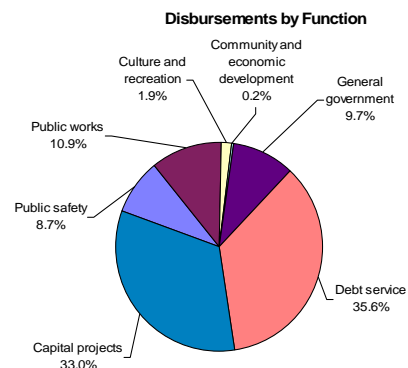
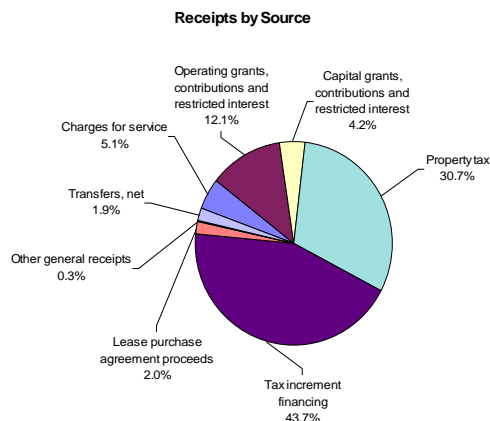
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

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 \$3,084,665 to \$2,134,081. 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	
	Year ended June 30, 2006
Receipts and transfers:	
Program receipts:	
Charges for service	\$ 79,897
Operating grants, contributions and restricted interest	189,463
Capital grants, contributions and restricted interest	65,461
General receipts:	
Property tax	479,995
Tax increment financing	680,746
Lease purchase agreement proceeds	31,436
Other general receipts	5,386
Transfers, net	30,000
Total receipts and transfers	1,562,384
Disbursements:	
Public safety	218,537
Public works	274,271
Culture and recreation	48,232
Community and economic development	4,000
General government	243,373
Debt service	895,014
Capital projects	829,541
Total disbursements	2,512,968
Decrease in cash basis net assets	(950,584)
Cash basis net assets beginning of year	3,084,665
Cash basis net assets end of year	\$ 2,134,081

The cash basis net assets for the City's governmental funds decreased primarily due to an increase in capital project disbursements.



Changes in Cash Basis Net Assets of Business Type Activities	
	Year ended June 30, 2006
Receipts:	
Program receipts:	
Charges for service:	
Water	\$ 96,092
Sewer	171,466
General receipts:	
Unrestricted interest on investments	15,427
Total receipts	<u>282,985</u>
Disbursements and transfers:	
Water	320,734
Sewer	120,361
Transfers	30,000
Total disbursements and transfers	<u>471,095</u>
Decrease in cash basis net assets	(188,110)
Cash basis net assets beginning of year	<u>679,754</u>
Cash basis net assets end of year	<u>\$ 491,644</u>

The total business type activities cash basis net assets decreased from \$679,754 to \$491,644. The decrease was primarily due to increased spending in fiscal year 2006 related to water and sewer projects, including a new water booster station.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Robins completed the year, its governmental funds reported a combined fund balance of \$2,134,081, a decrease of \$950,584 from last year's total of \$3,084,665. 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 decreased \$97,363 from the prior year to \$172,202. The decrease is, in part, due to the purchase of two public safety vehicles and more officers on duty during the current fiscal year. In addition, disbursements increased in general government.
- The Special Revenue, Road Use Tax Fund cash balance increased slightly by \$2,179 to \$167,217 during the fiscal year.
- 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 \$24,278, a decrease of \$42,432 from the previous year. The decrease was the result of the City requesting less tax increment financing with the intention of calling the general obligation notes when the option becomes available on June 1, 2008.
- The Debt Service Fund cash balance decreased \$48,532 from the prior year's balance of \$70,279. This decrease was due to payments on bonds and notes.
- The Capital Projects Fund cash balance decreased \$764,080 to \$1,736,325 during the fiscal year. The decrease was due to increases in disbursements for a bridge replacement and road improvements.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$217,671 to \$93,714, due primarily to increased spending in fiscal year 2006 for a new water booster station.
- The Sewer Fund cash balance increased \$29,561 to \$397,930, due primarily to reduced spending during the fiscal year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 1, 2006 and resulted in a decrease in operating disbursements of \$1,376,780 affecting various functions, primarily capital projects. Capital projects was amended as a result of the timing of payments for improvement projects.

The budget amendment also resulted in an increase to revenues in the amount of \$109,500, mainly affecting charges for service and intergovernmental revenue.

Even with this budget amendment, the City exceeded the budget in the public safety, debt service and capital projects functions. These were primarily due to an unexpected increase in capital project disbursements and payments for bonds and notes.

DEBT ADMINISTRATION

At June 30, 2006, the City had \$5,386,436 in general obligation notes, bonds and other long-term debt outstanding, compared to \$6,045,280 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2006	2005
General obligation notes	\$ 4,935,000	5,440,000
General obligation bonds	420,000	495,000
Tax increment financing (TIF) revenue bonds	-	85,000
Lease purchase agreements	31,436	25,280
Total	\$ 5,386,436	6,045,280

Debt decreased from the prior year as a result of redeeming approximately \$690,000 in debt principal during the year.

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 \$5,386,436 is below its constitutional debt limit of \$7,660,017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Robin's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates and fees charged for various City activities. One of those factors is the economy. As part of the 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 existing circumstances that could affect its financial health in the future.

- The United States Census Bureau performed a special census in September of 2005. The population for the city increased by 629 persons in the 5-year span from 2000 to 2005, with a population of 2,435 persons in 864 housing units.
- The City's tax valuation in 2000 was \$92,187,347 compared with a 2005 valuation of \$181,354,525. This is due to the increase of residential homes within the City.
- The City is in the process of annexing approximately 160 acres located along Interstate 380 intended for commercial development.
- With the continued growth, the City has been very diligent relating to not raising the tax levy. The tax levy for the FY 07/08 budget is \$9.33124 per \$1,000 of taxable valuation compared to \$9.32643 per \$1,000 of taxable valuation for FY 06/07.
- The City has taken an aggressive approach to community development by purchasing a 7-acre parcel to establish an additional municipal park. The City has also applied for and received a \$75,000 REAP grant to expand the current municipal park and access to the Cedar Valley Nature Trail.
- The City is in the process of completing a \$2.2 million bond sale to finance several capital improvements, including municipal sewer expansion, municipal water main extension, bridge replacement and sidewalk installation.

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, 2006

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 218,537	58,005	12,291	-
Public works	274,271	-	177,172	-
Culture and recreation	48,232	2,215	-	-
Community and economic development	4,000	2,440	-	-
General government	243,373	17,237	-	-
Debt service	895,014	-	-	65,461
Capital projects	829,541	-	-	-
Total governmental activities	2,512,968	79,897	189,463	65,461
Business type activities:				
Water	320,734	96,092	-	-
Sewer	120,361	171,466	-	-
Total business type activities	441,095	267,558	-	-
Total	\$ 2,954,063	347,455	189,463	65,461
General Receipts:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Unrestricted interest on investments				
Lease purchase agreement proceeds				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Urban renewal purposes				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(148,241)	-	(148,241)
(97,099)	-	(97,099)
(46,017)	-	(46,017)
(1,560)	-	(1,560)
(226,136)	-	(226,136)
(829,553)	-	(829,553)
(829,541)	-	(829,541)
(2,178,147) [¶]	-	(2,178,147)
-	(224,642.00)	(224,642)
-	51,105.00	51,105
-	(173,537)	(173,537)
(2,178,147)	(173,537)	(2,351,684)
386,691	-	386,691
680,746	-	680,746
93,304	-	93,304
5,386	15,427	20,813
31,436	-	31,436
30,000	(30,000)	-
1,227,563	(14,573)	1,212,990
(950,584)	(188,110)	(1,138,694)
3,084,665	679,754	3,764,419
\$ 2,134,081	491,644	2,625,725
\$ 167,217	-	167,217
24,278	-	24,278
21,747	-	21,747
1,736,325	-	1,736,325
12,312	-	12,312
172,202	491,644	663,846
\$ 2,134,081	491,644	2,625,725

City of Robins

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

As of and for the year ended June 30, 2006

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Debt Service
Receipts:				
Property tax	\$ 386,691	-	-	93,304
Tax increment financing	-	-	680,746	-
Licenses and permits	37,425	-	-	-
Use of money and property	5,386	-	-	-
Intergovernmental	5,085	177,172	-	-
Charges for service	19,240	-	-	-
Miscellaneous	23,232	-	-	-
Total receipts	477,059	177,172	680,746	93,304
Disbursements:				
Operating:				
Public safety	210,975	-	-	-
Public works	67,842	206,429	-	-
Culture and recreation	48,232	-	-	-
Community and economic development	4,000	-	-	-
General government	243,373	-	-	-
Debt service	-	-	-	895,014
Capital projects	-	-	-	-
Total disbursements	574,422	206,429	-	895,014
Excess (deficiency) of receipts over (under) disbursements	(97,363)	(29,257)	680,746	(801,710)
Other financing sources (uses):				
Lease purchase agreement proceeds	-	31,436	-	-
Operating transfers in	-	-	-	753,178
Operating transfers out	-	-	(723,178)	-
Total other financing sources (uses)	-	31,436	(723,178)	753,178
Net change in cash balances	(97,363)	2,179	(42,432)	(48,532)
Cash balances beginning of year	269,565	165,038	66,710	70,279
Cash balances end of year	\$ 172,202	167,217	24,278	21,747
Cash Basis Fund Balances				
Reserved for debt service	\$ -	-	-	21,747
Unreserved:				
General fund	172,202	-	-	-
Special revenue funds	-	167,217	24,278	-
Capital projects fund	-	-	-	-
Total cash basis fund balances	\$ 172,202	167,217	24,278	21,747

See notes to financial statements.

Capital Projects	Nonmajor		Total
	Special Revenue		
	Firefighters Association		
-	-	-	479,995
-	-	-	680,746
-	-	-	37,425
65,461	-	-	70,847
-	-	-	182,257
-	-	-	19,240
-	7,206	-	30,438
65,461	7,206	-	1,500,948
-	7,562	-	218,537
-	-	-	274,271
-	-	-	48,232
-	-	-	4,000
-	-	-	243,373
-	-	-	895,014
829,541	-	-	829,541
829,541	7,562	-	2,512,968
(764,080)	(356)	-	(1,012,020)
-	-	-	31,436
-	-	-	753,178
-	-	-	(723,178)
-	-	-	61,436
(764,080)	(356)	-	(950,584)
2,500,405	12,668	-	3,084,665
1,736,325	12,312	-	2,134,081
-	-	-	21,747
-	-	-	172,202
-	12,312	-	203,807
1,736,325	-	-	1,736,325
1,736,325	12,312	-	2,134,081

City of Robins

City of Robins

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

As of and for the year ended June 30, 2006

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 96,092	171,466	267,558
Operating disbursements:			
Business type activities	4,104	120,361	124,465
Excess of operating receipts over operating disbursements	91,988	51,105	143,093
Non-operating receipts (disbursements):			
Interest on investments	6,971	8,456	15,427
Capital projects	(316,630)	-	(316,630)
Total non-operating receipts (disbursements)	(309,659)	8,456	(301,203)
Excess (deficiency) of receipts over (under) disbursements	(217,671)	59,561	(158,110)
Other financing uses:			
Operating transfers out	-	(30,000)	(30,000)
Net change in cash balances	(217,671)	29,561	(188,110)
Cash balances beginning of year	311,385	368,369	679,754
Cash balances end of year	\$ 93,714	397,930	491,644
Cash Basis Fund Balances			
Unreserved	\$ 93,714	397,930	491,644

See notes to financial statements.

City of Robins

Notes to Financial Statements

June 30, 2006

(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 the extinguishing of fires and performing such other duties as set forth by the Fire Department. In accordance with criteria set by the Governmental Accounting Standards Board, the Firefighters Association meets the definition of a component unit which should be blended. The financial activity for the account held by 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, City 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. 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 road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account 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 Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Robins maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

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.

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. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the public safety, debt service and capital projects functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2006 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		
2007	\$ 655,000	171,670	75,000	18,080	730,000	189,750
2008	590,000	152,078	80,000	14,930	670,000	167,008
2009	605,000	133,725	85,000	11,530	690,000	145,255
2010	465,000	114,353	90,000	7,875	555,000	122,228
2011	365,000	98,777	90,000	3,960	455,000	102,737
2012 - 2016	1,445,000	296,782	-	-	1,445,000	296,782
2017 - 2021	810,000	81,512	-	-	810,000	81,512
Total	\$ 4,935,000	1,048,897	420,000	56,375	5,355,000	1,105,272

(4) Lease Purchase Agreements

On October 2, 2003, the City entered into a lease purchase agreement to purchase a backhoe loader for \$47,361. The lease purchase agreement bears 7.00% per annum interest, matures on October 2, 2007 and requires four annual payments of \$13,982 for principal and interest beginning October 2, 2004. During the year ended June 30, 2006, \$13,982, including interest, was paid under this agreement before it was traded in for another backhoe loader.

On September 30, 2005, the City entered into a lease purchase agreement to purchase a backhoe loader for \$31,436 plus trade in. The lease purchase agreement bears 7.00% per annum interest to be financed over a two-year period. During the year ended June 30, 2006, no payment was made under this agreement. The following is a schedule of the future minimum lease payments and present value of the minimum lease payments under the agreement in effect at June 30, 2006.

Year Ending June 30,	Amount
2007	\$ 17,387
2008	17,387
Total payments	34,774
Less amount representing interest	(3,338)
Present value of net minimum payments	\$ 31,436

(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 3.70% of their annual covered salary and the City is required to contribute 5.75% 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 contribution to IPERS for the year ended June 30, 2006 was \$8,958, equal to the required contribution for the year.

(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 termination payments payable to employees at June 30, 2006, primarily relating to the General Fund, totaled \$3,300. This liability has been computed based on rates of pay in effect at June 30, 2006.

(7) Industrial Development Revenue Bonds

The City has issued a total of \$2,900,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$2,900,000 is outstanding at June 30, 2006. 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 various construction contracts for street and bridge replacement totaling \$1,588,187. At June 30, 2006, \$59,447 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

(10) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	\$ 723,178
	Enterprise:	
	Sewer	30,000
Total		<u>\$ 753,178</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 of Robins. Services include, but are not limited to, meter reading, billing and collections, customer and account information, general customer services and investigation and resolution of water service and quality problems.

(12) Accounting Change

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences were implemented for the year ended June 30, 2006. The statements create new basic financial statements for reporting the City’s financial activities. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type.

Implementation of these standards had no effect on the beginning balances of the City.

City of Robins

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, 2006

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 479,995	-	-
Tax increment financing	680,746	-	-
Licenses and permits	37,425	-	-
Use of money and property	70,847	15,427	-
Intergovernmental	182,257	-	-
Charges for service	19,240	267,558	-
Miscellaneous	30,438	-	7,206
Total receipts	1,500,948	282,985	7,206
Disbursements:			
Public safety	218,537	-	7,562
Public works	274,271	-	-
Culture and recreation	48,232	-	-
Community and economic development	4,000	-	-
General government	243,373	-	-
Debt service	895,014	-	-
Capital projects	829,541	-	-
Business type activities	-	441,095	-
Total disbursements	2,512,968	441,095	7,562
Deficiency of receipts under disbursements	(1,012,020)	(158,110)	(356)
Other financing sources (uses), net	61,436	(30,000)	-
Deficiency of receipts and other financing sources under disbursements and other financing uses	(950,584)	(188,110)	(356)
Balances beginning of year	3,084,665	679,754	12,668
Balances end of year	\$ 2,134,081	491,644	12,312

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
479,995	478,918	478,918	1,077
680,746	663,150	663,150	17,596
37,425	20,150	32,150	5,275
86,274	8,000	9,500	76,774
182,257	149,078	169,078	13,179
286,798	187,000	247,000	39,798
23,232	9,300	25,300	(2,068)
1,776,727	1,515,596	1,625,096	151,631
210,975	184,140	209,210	(1,765)
274,271	350,421	350,421	76,150
48,232	96,168	96,168	47,936
4,000	22,025	27,025	23,025
243,373	160,234	249,384	6,011
895,014	780,701	780,701	(114,313)
829,541	2,401,000	680,000	(149,541)
441,095	449,010	674,010	232,915
2,946,501	4,443,699	3,066,919	120,418
(1,169,774)	(2,928,103)	(1,441,823)	272,049
31,436	-	-	31,436
(1,138,338)	(2,928,103)	(1,441,823)	303,485
3,751,751	3,287,636	3,751,751	-
2,613,413	359,533	2,309,928	303,485

City of Robins

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. 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 Proprietary 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 decreased budgeted disbursements by \$1,376,780. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the public safety, debt service and capital projects functions.

Other Supplementary Information

City of Robins
Schedule of Indebtedness
Year ended June 30, 2006

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Corporate purpose	Jun 1, 2002	3.60-4.50%	\$ 820,000
Corporate purpose	Oct 1, 2003	1.75-4.00	820,000
Public safety facility	Feb 1, 2004	2.00-3.75	350,000
Refunding	Apr 1, 2005	3.00-4.00	3,640,000
Total			
General obligation bonds:			
Urban renewal	Jun 1, 2001	4.10-4.40%	\$ 700,000
Tax increment financing (TIF) revenue bonds:			
Urban renewal	Nov 18, 1997	5.05-5.10%	\$ 525,000
Lease purchase agreements:			
Backhoe Loader	Oct 2, 2003	7.00%	\$ 47,361
Backhoe Loader	Sep 30, 2005	7.00	31,436
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
715,000	-	75,000	640,000	29,325
765,000	-	75,000	690,000	24,163
320,000	-	30,000	290,000	9,738
3,640,000	-	325,000	3,315,000	143,273
\$ 5,440,000	-	505,000	4,935,000	206,499
495,000	-	75,000	420,000	21,156
85,000	-	85,000	-	359
25,280	-	25,280	-	2,569
-	31,436	-	31,436	-
\$ 25,280	31,436	25,280	31,436	2,569

Schedule 2

City of Robins
Bond and Note Maturities
June 30, 2006

General Obligation Notes									
Year Ending June 30,	General Corporate Purpose Issued Jun 1, 2002		General Corporate Purpose Issued Oct 1, 2003		Public Safety Facility Issued Feb 1, 2004		Corporate Purpose Refunding Issued Apr 1, 2005		Total
	Interest		Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	
2007	3.65%	\$ 80,000	2.25%	\$ 80,000	2.30%	\$ 30,000	3.05%	\$ 465,000	655,000
2008	3.85	85,000	2.60	80,000	2.60	35,000	3.10	390,000	590,000
2009	4.05	85,000	2.95	80,000	2.90	35,000	3.10	405,000	605,000
2010	4.20	90,000	3.30	85,000	3.10	35,000	3.10	255,000	465,000
2011	4.30	95,000	3.55	85,000	3.25	35,000	3.20	150,000	365,000
2012	4.40	100,000	3.70	90,000	3.40	40,000	3.30	155,000	385,000
2013	4.50	105,000	3.85	95,000	3.60	40,000	3.45	160,000	400,000
2014		-	4.00	95,000	3.75	40,000	3.55	170,000	305,000
2015		-		-		-	3.65	175,000	175,000
2016		-		-		-	3.75	180,000	180,000
2017		-		-		-	3.80	190,000	190,000
2018		-		-		-	3.90	200,000	200,000
2019		-		-		-	3.95	205,000	205,000
2020		-		-		-	4.00	215,000	215,000
Total		<u>\$ 640,000</u>		<u>\$ 690,000</u>		<u>\$ 290,000</u>		<u>\$ 3,315,000</u>	<u>4,935,000</u>

General Obligation Bonds Urban Renewal Issued Jun 1, 2001		
Year Ending June 30,	Interest	
	Rates	Amount
2007	4.20%	\$ 75,000
2008	4.25	80,000
2009	4.30	85,000
2010	4.35	90,000
2011	4.40	90,000
Total		<u>\$ 420,000</u>

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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, 2006, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated February 7, 2007. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed qualified opinions since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2005.

Except as noted in the Independent Auditor's Report, 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

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

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

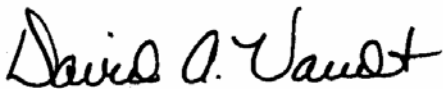
Compliance and Other Matters

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, 2006 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.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 7, 2007

Schedule of Findings

City of Robins

Schedule of Findings

Year ended June 30, 2006

Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

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

Recommendation – We realize 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.

Response – Currently both the City Clerk and Deputy Clerk perform items 1, 3, 4, and 5. The City Clerk will continue to work with the Deputy Clerk relating to the additional accounting functions.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize Council Members to provide additional control through review of financial transactions and reports.

- (B) Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquencies were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies at each billing cycle and delinquent lists should be prepared as well. The City Council should review the reconciliations and monitor delinquencies.

Responses – We will prepare reconciliations and reconciliations will be reviewed and delinquencies monitored.

Conclusion – Response accepted

City of Robins

Schedule of Findings

Year ended June 30, 2006

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

The City does not have written policies for:

- requiring password changes because software does not require the user to change logins/passwords periodically or to maintain password privacy.
- time out and/or logoff functions.
- screen saver password use to protect terminals.

Recommendation – The City should develop written policies addressing each of the above items in order to improve the City’s control over its information system.

Response – The City Clerk will create a written policy relating to the aforementioned three items and implement them.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Robins

Schedule of Findings

Year ended June 30, 2006

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amounts budgeted in the public safety, debt service and capital projects 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 sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will control the budget and amend the budget as required before disbursements exceed the budget.

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 – No business transactions between the City and City officials or employees were noted.
- (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 – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- (8) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City retains cancelled checks through electronic image, but did not obtain an image of the back of the checks of July 2005 through 2006 as required.

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

Response – We are now receiving both the fronts and backs of cancelled checks.

Conclusion – Response accepted.

City of Robins

Schedule of Findings

Year ended June 30, 2006

- (9) City Code of Ordinances – The City Code of Ordinances has not been codified since January 6, 1992. Chapter 380.8(2) of the Code of Iowa requires codification of the City Code of Ordinances at least every five years.

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

Response – The Code of Ordinances will be re-codified.

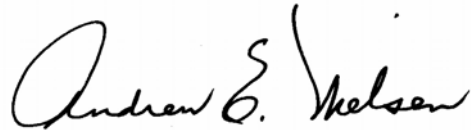
Conclusion – Response accepted.

City of Robins

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager
Brad A. Meisterling, Senior Auditor
Shelley M. Allen, 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 a distinct 'E'.

Andrew E. Nielsen, CPA
Deputy Auditor of State