



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

April 2, 2010

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's receipts totaled \$4,785,974 for the year ended June 30, 2009, an 8% percent increase over the prior year. The receipts included \$746,839 in property tax, \$364,906 from charges for service, \$300,951 from operating grants, contributions and restricted interest, \$160,596 from capital grants, contributions and restricted interest, \$976,424 from tax increment financing, \$30,788 from unrestricted interest on investments, \$2,195,624 from note proceeds and \$9,846 from other general receipts.

Disbursements for the year totaled \$3,378,529, a 5% percent increase over the prior year, and included \$900,965 for capital projects, \$1,135,986 for debt service and \$386,834 for public works. Also, disbursements for business type activities totaled \$181,519.

The increase in receipts and disbursements over the prior year is due primarily to an increase in property tax, including tax increment financing, levied for debt service and required payments of principal and interest for fiscal year 2009.

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/index.html>.

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**CITY OF ROBINS**

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

**JUNE 30, 2009**

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	18
Fiduciary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	D	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	34-35
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	3	36
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>		37-38
Schedule of Findings		40-43
Staff		44

**City of Robins**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ian Cullis	Mayor	Jan 2010
Randy Fouts	Council Member	Jan 2010
Don Norton	Council Member	Jan 2010
Marilyn Cook	Council Member	Jan 2012
Chuck Hinz	Council Member	Jan 2012
Roger Overbeck	Council Member	Jan 2012
Lori Pickart	Clerk/Treasurer	Indefinite
Liz Schura	Assistant 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, 2009, 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.

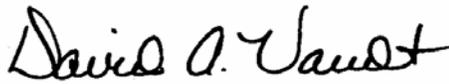
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2009, 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 March 5, 2010 on our consideration of the City of Robins' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robin's 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 two years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2006 (which are not presented herein) and expressed qualified opinions on those financial statements due to the inability to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2005. Those financial statements were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 5, 2010

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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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2009 FINANCIAL HIGHLIGHTS**

- The cash basis net assets of the City's governmental activities increased 81%, or approximately \$1,316,000, to approximately \$2,951,000. The increase is primarily due to the receipt of note proceeds and the delay of capital projects.
- The cash basis net assets of the City's business type activities increased 12%, or approximately \$91,000, to approximately \$849,000. The increase is primarily due to the City electing not to transfer funds to assist in debt retirement in fiscal year 2009.

### **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 three kinds of funds:

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

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

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

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

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

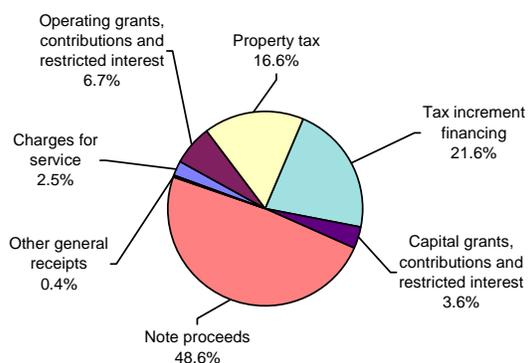
The required financial statement for the fiduciary fund is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

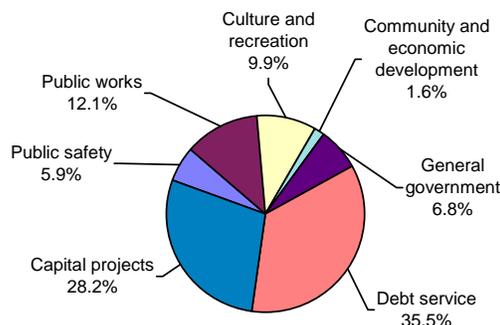
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$1,634,519 to \$2,950,699. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 112	98
Operating grants, contributions and restricted interest	301	222
Capital grants, contributions and restricted interest	161	66
General receipts:		
Property tax	747	694
Tax increment financing	976	757
Note proceeds	2,196	2,142
Other general receipts	20	38
<b>Total receipts</b>	<b>4,513</b>	<b>4,017</b>
<b>Disbursements:</b>		
Public safety	188	185
Public works	387	362
Culture and recreation	315	110
Community and economic development	52	88
General government	218	221
Debt service	1,136	926
Capital projects	901	1,180
<b>Total disbursements</b>	<b>3,197</b>	<b>3,072</b>
Change in cash basis net assets before transfers	1,316	945
Transfers, net	-	30
Change in cash basis net assets	1,316	975
Cash basis net assets beginning of year	1,635	660
Cash basis net assets end of year	\$ 2,951	1,635

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities increased 12.4%, or approximately \$496,000. The total cost of all programs and services increased approximately \$125,000. The increase in receipts was the result of increased capital grants and an increase in the amount of note proceeds received in fiscal year 2009 compared to note proceeds received in fiscal year 2008. The increase in disbursements was primarily due to an increase in capital projects activity over fiscal year 2008.

The cost of all governmental activities this year was approximately \$3,197,000. 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 \$1,723,263, with the remainder paid for with user fees, grants, contributions, interest on investments, fund balances and note proceeds.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 45	63
Sewer	208	326
General receipts:		
Unrestricted interest on investments	20	23
Total receipts	<u>273</u>	<u>412</u>
Disbursements:		
Water	52	16
Sewer	130	127
Total disbursements	<u>182</u>	<u>143</u>
Change in cash basis net assets before transfers	91	269
Transfers, net	-	(30)
Change in cash basis net assets	91	239
Cash basis net assets beginning of year	<u>757</u>	<u>518</u>
Cash basis net assets end of year	<u>\$ 848</u>	<u>757</u>

The business type activities receipts for the fiscal year were approximately \$273,000 compared to approximately \$412,000 last year. Sewer charges decreased approximately \$118,000 as a result of a decrease in the number of fees for new developments. Disbursements for the fiscal year increased 27.3%, primarily due to more water and sewer maintenance projects in fiscal year 2009.

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

As the City of Robins completed the year, its governmental funds reported a combined fund balance of \$2,950,699, an increase of \$1,316,180 over last year's total of \$1,634,519. 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 \$37,016 from the prior year to \$149,443. The decrease is primarily due to increased costs for a new park development and drainage improvements.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$86,259 to \$51,302 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 \$42,950, a decrease of \$32,914 from the previous year. The decrease was the result of the timing of the collection, transfer and payment of TIF debt obligations.
- The Debt Service Fund cash balance increased \$17,014 to \$18,844 over the prior year's balance of \$1,830.
- The Capital Projects Fund cash balance increased \$1,455,255 to \$2,676,684 during the fiscal year. The increase was due to the receipt of note proceeds and the delay of capital projects.

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

- The Water Fund cash balance decreased \$4,427 to \$123,460.
- The Sewer Fund cash balance increased \$95,692 to \$725,320, due primarily to the City electing not to transfer \$20,000 to assist in debt retirement in fiscal year 2009.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget two times. The first amendment was approved on October 22, 2008 and resulted in an increase in operating disbursements of \$771,721 affecting various functions, primarily capital projects. Capital projects was amended as a result of increased fiscal year 2009 activity due to improvement project delays in fiscal year 2008 and increased engineering fees relating to drainage issues. The budget amendment also resulted in an increase in receipts of \$75,000 due to the receipt of a REAP grant.

The second amendment was approved on May 22, 2009 and resulted in an increase in operating disbursements of \$20,000 affecting culture and recreation due to park construction. The budget amendment also resulted in an increase in other financing sources of \$2,195,624, primarily due to note proceeds.

The City's total receipts were \$232,727 less than budgeted. Intergovernmental receipts were \$277,901 less than budgeted. This was primarily due to the timing of projects.

Even with the budget amendments, total disbursements were \$843,515 less than the amended budget. Capital projects function disbursements were \$596,939 less than the amended budget, primarily due to the non-completion of capital improvements. In addition, actual disbursements for the business-type activities function were \$102,510 less than the amended budget. This was primarily due to delays in capital projects.

During the year ended June 30, 2009, disbursements exceeded the amount budgeted for the culture and recreation function prior to budget amendment approval.

#### **DEBT ADMINISTRATION**

At June 30, 2009, the City had \$7,484,302 in general obligation notes, bonds and other long-term debt outstanding, compared to \$6,197,739 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2009	2008
General obligation notes	\$ 7,275,000	5,890,000
General obligation bonds	180,000	265,000
Lease purchase agreements	29,302	42,739
Total	\$ 7,484,302	6,197,739

Debt increased from the prior year as a result of a note sale for upcoming capital projects.

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 \$7,484,302 is below its constitutional debt limit of approximately \$12,354,800.

### **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 2010 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 special census in September of 2005. The population of the City increased 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 \$91,948,439 compared with a 2008 valuation of \$247,096,005. This is due to the increase of residential homes within the City.
- The City has recently annexed approximately 160 acres located along Interstate 380 intended for commercial and residential development.
- The City has also annexed approximately 350 acres located north of County Home Road in the area of the I-380 interchange, also intended for both commercial and residential development.
- With the continued growth, the City has been very diligent relating to not raising the tax levy. The tax levy for the fiscal year 2010 budget is \$9.28024 per \$1,000 of taxable valuation compared to \$9.33124 per \$1,000 of taxable valuation for fiscal year 2009.
- The City has taken an aggressive approach to community development by developing a 7-acre municipal park. The City also received a \$75,000 REAP grant to expand the current municipal park by 21 acres, which provided access to the Cedar Valley Nature Trail.

### **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, 2009

	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	\$ 188,362	55,544	18,920	-
Public works	386,834	44,464	202,031	123,899
Culture and recreation	314,790	3,790	80,000	-
Community and economic development	51,864	8,349	-	-
General government	218,209	-	-	-
Debt service	1,135,986	-	-	-
Capital projects	900,965	-	-	36,697
Total governmental activities	3,197,010	112,147	300,951	160,596
Business type activities:				
Water	51,938	45,126	-	-
Sewer	129,581	207,633	-	-
Total business type activities	181,519	252,759	-	-
Total	\$ 3,378,529	364,906	300,951	160,596
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Unrestricted interest on investments				
Note proceeds, net of \$4,376 discount				
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				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements.

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

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Governmental Activities	Business Type Activities	Total
(113,898)	-	(113,898)
(16,440)	-	(16,440)
(231,000)	-	(231,000)
(43,515)	-	(43,515)
(218,209)	-	(218,209)
(1,135,986)	-	(1,135,986)
(864,268)	-	(864,268)
(2,623,316)	-	(2,623,316)
-	(6,812)	(6,812)
-	78,052	78,052
-	71,240	71,240
(2,623,316)	71,240	(2,552,076)
603,177	-	603,177
143,662	-	143,662
976,424	-	976,424
10,763	20,025	30,788
2,195,624	-	2,195,624
9,846	-	9,846
3,939,496	20,025	3,959,521
1,316,180	91,265	1,407,445
1,634,519	757,515	2,392,034
\$ 2,950,699	848,780	3,799,479
\$ 51,302	-	51,302
42,950	-	42,950
18,844	-	18,844
2,676,684	-	2,676,684
11,476	-	11,476
149,443	848,780	998,223
\$ 2,950,699	848,780	3,799,479

City of Robins

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

As of and for the year ended June 30, 2009

	Special Revenue		
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 603,177	-	-
Tax increment financing	-	-	976,424
Licenses and permits	41,782	-	-
Use of money and property	13,733	-	-
Intergovernmental	81,439	202,031	-
Charges for service	65,708	-	-
Miscellaneous	16,512	-	-
Total receipts	822,351	202,031	976,424
Disbursements:			
Operating:			
Public safety	175,960	-	-
Public works	98,544	288,290	-
Culture and recreation	314,790	-	-
Community and economic development	51,864	-	-
General government	218,209	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	859,367	288,290	-
Excess (deficiency) of receipts over (under) disbursements	(37,016)	(86,259)	976,424
Other financing sources (uses):			
Note proceeds, net of \$4,376 discount	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	(1,009,338)
Total other financing sources (uses)	-	-	(1,009,338)
Net change in cash balances	(37,016)	(86,259)	(32,914)
Cash balances beginning of year	186,459	137,561	75,864
Cash balances end of year	\$ 149,443	51,302	42,950
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	\$ -	-	-
Unreserved:			
General fund	149,443	-	-
Special revenue funds	-	51,302	42,950
Capital projects fund	-	-	-
Total cash basis fund balances	\$ 149,443	51,302	42,950

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Firefighters Association	Total
143,662	-	-	746,839
-	-	-	976,424
-	-	-	41,782
-	36,697	20	50,450
-	123,899	6,092	413,461
-	-	-	65,708
-	-	6,390	22,902
143,662	160,596	12,502	2,317,566
-	-	12,402	188,362
-	-	-	386,834
-	-	-	314,790
-	-	-	51,864
-	-	-	218,209
1,135,986	-	-	1,135,986
-	900,965	-	900,965
1,135,986	900,965	12,402	3,197,010
(992,324)	(740,369)	100	(879,444)
-	2,195,624	-	2,195,624
1,009,338	-	-	1,009,338
-	-	-	(1,009,338)
1,009,338	2,195,624	-	2,195,624
17,014	1,455,255	100	1,316,180
1,830	1,221,429	11,376	1,634,519
18,844	2,676,684	11,476	2,950,699
18,844	-	-	18,844
-	-	-	149,443
-	-	11,476	105,728
-	2,676,684	-	2,676,684
18,844	2,676,684	11,476	2,950,699

## City of Robins

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

As of and for the year ended June 30, 2009

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 45,126	207,633	252,759
Operating disbursements:			
Business type activities	51,938	129,581	181,519
Excess (deficiency) of operating receipts over (under) operating disbursements	(6,812)	78,052	71,240
Non-operating receipts:			
Interest on investments	2,385	17,640	20,025
Net change in cash balances	(4,427)	95,692	91,265
Cash balances beginning of year	127,887	629,628	757,515
Cash balances end of year	\$ 123,460	725,320	848,780
<b>Cash Basis Fund Balances</b>			
Unreserved	\$ 123,460	725,320	848,780

See notes to financial statements.

City of Robins  
Statement Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Fiduciary Funds

June 30, 2009

	<u>Agency</u> <u>Security</u> <u>Deposits</u>
Receipts:	
Security deposits	\$ 35,000
Disbursements:	
Security deposits refunded	<u>40,000</u>
Deficiency of receipts under disbursements	(5,000)
Balances beginning of year	<u>12,000</u>
Balances end of year	<u><u>\$ 7,000</u></u>

See notes to financial statements.

City of Robins

Notes to Financial Statements

June 30, 2009

**(1) Summary of Significant Accounting Policies**

The City of Robins is a political subdivision of the State of Iowa located in Linn County. It was first incorporated in 1910 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Robins has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

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

**Blended Component Unit**

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

**Jointly Governed Organizations**

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

B. Basis of Presentation

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. 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 tax increment financing collections and payments on debt incurred for urban renewal projects.

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 wastewater treatment and sanitary sewer system.

Additionally, the City reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2009 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					
	Notes		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 680,000	277,713	90,000	7,875	770,000	285,588
2011	815,000	241,919	90,000	3,960	905,000	245,879
2012	845,000	215,603	-	-	845,000	215,603
2013	875,000	186,716	-	-	875,000	186,716
2014	790,000	155,134	-	-	790,000	155,134
2015 - 2019	3,055,000	376,673	-	-	3,055,000	376,673
2020	215,000	8,600	-	-	215,000	8,600
Total	\$ 7,275,000	1,462,358	180,000	11,835	7,455,000	1,474,193

On April 15, 2009, the City issued \$2,200,000 of general obligation corporate purpose notes for general corporate and essential corporate purposes.

**(4) Lease Purchase Agreement**

On August 24, 2006, the City entered into a lease purchase agreement to purchase a tractor/mower for \$68,382. The lease purchase agreement bears 5.75% per annum interest to be financed over a five-year period.

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, 2009.

Year Ending June 30,	Amount
2010	\$ 15,289
2011	15,289
Total payments	30,578
Less amount representing interest	(1,276)
Present value of net minimum payments	\$ 29,302

During the year ended June 30, 2009, \$15,289 was paid under this agreement.

**(5) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$15,827, \$15,260 and \$13,395, respectively, equal to the required contribution for each 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 payable to employees at June 30, 2009, primarily relating to the General Fund, totaled \$5,300. This liability has been computed based on rates of pay in effect at June 30, 2009.

**(7) Industrial Development Revenue Bonds**

The City has issued a total of \$14,787,722 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$12,954,693 is outstanding at June 30, 2009. 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 entered into various construction contracts for street and bridge replacement totaling \$1,559,901. At June 30, 2009, \$1,439,885 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, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue: Urban Renewal Tax Increment	<u>\$ 1,009,338</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) Development Agreement**

The City entered into a development agreement during the year ended June 30, 2006 to assist in an urban renewal project. The City agreed to rebate the incremental 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 development agreement, the incremental 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, 2009, the City did not make any payments under this agreement.

**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, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 746,839	-	-
Tax increment financing	976,424	-	-
Other city taxes	-	-	-
Licenses and permits	41,782	-	-
Use of money and property	50,450	20,025	20
Intergovernmental	413,461	-	6,092
Charges for service	65,708	252,759	-
Miscellaneous	22,902	-	6,390
Total receipts	2,317,566	272,784	12,502
Disbursements:			
Public safety	188,362	-	12,402
Public works	386,834	-	-
Culture and recreation	314,790	-	-
Community and economic development	51,864	-	-
General government	218,209	-	-
Debt service	1,135,986	-	-
Capital projects	900,965	-	-
Business type activities	-	181,519	-
Total disbursements	3,197,010	181,519	12,402
Excess (deficiency) of receipts over (under) disbursements	(879,444)	91,265	100
Other financing sources, net	2,195,624	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,316,180	91,265	100
Balances beginning of year	1,634,519	757,515	11,376
Balances end of year	\$ 2,950,699	848,780	11,476

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
746,839	750,027	750,027	(3,188)
976,424	986,521	986,521	(10,097)
-	7,593	7,593	(7,593)
41,782	34,000	34,000	7,782
70,455	48,000	48,000	22,455
407,369	685,270	685,270	(277,901)
318,467	208,164	208,164	110,303
16,512	16,000	91,000	(74,488)
<u>2,577,848</u>	<u>2,735,575</u>	<u>2,810,575</u>	<u>(232,727)</u>
175,960	196,817	201,738	25,778
386,834	355,806	444,806	57,972
314,790	119,386	319,949	5,159
51,864	52,807	52,807	943
218,209	217,323	252,323	34,114
1,135,986	1,156,086	1,156,086	20,100
900,965	1,077,667	1,497,904	596,939
181,519	242,029	284,029	102,510
<u>3,366,127</u>	<u>3,417,921</u>	<u>4,209,642</u>	<u>843,515</u>
(788,279)	(682,346)	(1,399,067)	610,788
<u>2,195,624</u>	<u>-</u>	<u>2,195,624</u>	<u>-</u>
1,407,345	(682,346)	796,557	610,788
<u>2,380,658</u>	<u>1,976,499</u>	<u>2,392,659</u>	<u>(12,001)</u>
<u>3,788,003</u>	<u>1,294,153</u>	<u>3,189,216</u>	<u>598,787</u>

City of Robins

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the 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, two budget amendments increased budgeted disbursements by \$791,721. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amount budgeted for the culture and recreation function prior to budget amendment approval.

**Other Supplementary Information**

City of Robins  
 Schedule of Indebtedness  
 Year ended June 30, 2009

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
Corporate purpose	Jul 18, 2007	3.85-4.15	2,200,000
Corporate purpose	Apr 15, 2009	2.00-4.05	2,200,000
Total			
General obligation bonds:			
Urban renewal	Jun 1, 2001	4.10-4.40%	\$ 700,000
Lease purchase agreement:			
Tractor/mower	Aug 24, 2006	5.75%	\$ 68,382

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
475,000	-	85,000	390,000	11,530
530,000	-	80,000	450,000	18,970
225,000	-	35,000	190,000	7,538
2,460,000	-	405,000	2,055,000	86,785
2,200,000	-	210,000	1,990,000	88,230
-	2,200,000	-	2,200,000	-
<b>\$ 5,890,000</b>	<b>2,200,000</b>	<b>815,000</b>	<b>7,275,000</b>	<b>213,053</b>
265,000	-	85,000	180,000	20,433
42,739	-	13,437	29,302	1,852

City of Robins  
Bond and Note Maturities  
June 30, 2009

Year Ending June 30,	General Corporate Purpose		General Corporate Purpose		General Obligation Notes	
	Issued Jun 1, 2002		Issued Oct 1, 2003		Public Safety Facility Issued Feb 1, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	4.20%	\$ 90,000	3.30%	\$ 85,000	3.10%	\$ 35,000
2011	4.30	95,000	3.55	85,000	3.25	35,000
2012	4.40	100,000	3.70	90,000	3.40	40,000
2013	4.50	105,000	3.85	95,000	3.60	40,000
2014		-	4.00	95,000	3.75	40,000
2015		-		-		-
2016		-		-		-
2017		-		-		-
2018		-		-		-
2019		-		-		-
2020		-		-		-
Total		<u>\$ 390,000</u>		<u>\$ 450,000</u>		<u>\$ 190,000</u>

Year Ending June 30,	General Obligation Bonds	
	Urban Renewal	
	Interest Rates	Amount
2010	4.35%	\$ 90,000
2011	4.40	<u>90,000</u>
Total		<u>\$ 180,000</u>

See accompanying independent auditor's report.

Refunding		General Corporate Purpose		General Corporate Purpose		Total
Issued Apr 1, 2005		Issued Jul 18, 2007		Issued April 15, 2009		
Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	
3.10%	\$ 255,000	3.88%	\$ 215,000		\$ -	680,000
3.20	150,000	3.90	225,000	2.00%	225,000	815,000
3.30	155,000	3.95	235,000	2.40	225,000	845,000
3.45	160,000	4.00	245,000	2.80	230,000	875,000
3.55	170,000	4.05	250,000	3.00	235,000	790,000
3.65	175,000	4.10	260,000	3.25	245,000	680,000
3.75	180,000	4.13	275,000	3.50	250,000	705,000
3.80	190,000	4.15	285,000	3.80	255,000	730,000
3.90	200,000		-	4.00	265,000	465,000
3.95	205,000		-	4.05	270,000	475,000
4.00	215,000		-		-	215,000
	<u>\$ 2,055,000</u>		<u>\$1,990,000</u>		<u>\$2,200,000</u>	<u>7,275,000</u>

**Schedule 3**

## City of Robins

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

For the Last Four Years

	2009	2008	2007	2006
Receipts:				
Property tax	\$ 746,839	694,346	556,095	479,995
Tax increment financing	976,424	756,761	835,648	680,746
Licenses and permits	41,782	60,722	52,155	37,425
Use of money and property	50,450	92,851	93,844	70,847
Intergovernmental	413,461	211,978	210,803	182,257
Charges for service	65,708	29,404	21,765	19,240
Miscellaneous	22,902	28,992	253,077	30,438
Total	\$ 2,317,566	1,875,054	2,023,387	1,500,948
Disbursements:				
Operating:				
Public safety	\$ 188,362	184,840	206,272	218,537
Public works	386,834	362,340	333,534	274,271
Culture and recreation	314,790	109,835	65,691	48,232
Community and economic development	51,864	88,060	61,611	4,000
General government	218,209	221,225	200,731	243,373
Debt service	1,135,986	926,298	921,750	895,014
Capital projects	900,965	1,179,638	1,671,272	829,541
Total	\$ 3,197,010	3,072,236	3,460,861	2,512,968

See accompanying independent auditor's report.



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

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Auditor of State

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

To the Honorable Mayor and  
Members of the City Council:

We have audited 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, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated March 5, 2010. 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

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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Robins' ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Robins' financial statements that is more than inconsequential will not be prevented or detected by the City of Robins' internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Robins' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies 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, 2009 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 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. 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

March 5, 2010

## **Schedule of Findings**

City of Robins

Schedule of Findings

Year ended June 30, 2009

**Findings Related to the Financial Statements:**

**SIGNIFICANT 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) 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 – We will review and continue to strive toward maximum internal control.

Conclusion – Response accepted.

- (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 – Both the City Clerk and Deputy Clerk are working on a system to improve this process.

Conclusion – Response accepted.

City of Robins

Schedule of Findings

Year ended June 30, 2009

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

Recommendation – The City should develop a written disaster recovery plan with documented approval of City Council that 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 the use of other locations.
- f) Requirement that a copy of the disaster recovery plan be kept off site.
- g) Requirement to keep system backups current and off site.
- h) Inventory of all hardware and components (e.g.: make, model numbers, serial numbers, etc.).
- i) Inventory of all software applications (e.g.: operating system and software applications, release versions and vendor names).
- j) Requirement that copies of all user documentation and policy and procedures manuals be located off site.
- k) Requirement that extra stocks of paper supplies, such as checks, warrants, purchase orders, etc. be located off site.
- l) Requirements outlining frequency and guidelines for testing of disaster recovery plan to identify issues and document the results of testing.

Response – We will review and amend our Hazardous Mitigation plan to include the above noted items.

Conclusion – Response accepted.

- (D) Transfers – The City transferred to and from various funds and accounts periodically. However, these transfers were not always approved by the Council prior to the actual transfer.

Recommendation – The City Council should approve all fund/account transfers prior to the actual transfer and document approval and amount(s) as part of the minutes record.

Response – The transfers relate to security deposits, which we have eliminated. Any future necessary transfers will be approved by the City Council.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Robins

Schedule of Findings

Year ended June 30, 2009

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

- (1) Certified Budget – During the year ended June 30, 2009, disbursements exceeded the amount budgeted for the culture and recreation function prior to approval of a budget amendment. 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 watch more closely and amend budget before overages occur.

Conclusion – Response accepted.

- (2) Questionable Disbursements – A disbursement we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented was noted. The disbursement is detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Ian Cullis	Beverage reimbursement – Total dinner claim for \$38 included \$16 for beverages	\$ 16

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper documentation.

Response – We will review the current policy to ensure compliance.

Conclusion – Response accepted.

- (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>
Mike Haeder, City Police Officer, Owner of Halls Photo	Film developing	\$ 68

In accordance with Chapter 362.5(11) of the Code of Iowa, this transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,500 per individual during the fiscal year.

City of Robins

Schedule of Findings

Year ended June 30, 2009

- (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 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.

City of Robins

Staff

This audit was performed by:

Deborah J. Moser CPA, Manager  
Carrie L. Livingston, CPA, Staff Auditor  
Kristin M. Ockenfels, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State