

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

May 28, 2014

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Robins, Iowa.

The City's receipts totaled \$3,247,708 for the year ended June 30, 2013, a 4.4% decrease from the prior year. The receipts included \$1,053,158 in property tax, \$401,259 from charges for service, \$314,908 from operating grants, contributions and restricted interest, \$29,876 from capital grants, contributions and restricted interest, \$1,050,732 from tax increment financing, \$354,228 from local option sales tax, \$19,322 from unrestricted interest on investments and \$24,225 from other general receipts.

Disbursements for the year ended June 30, 2013 totaled \$4,699,286, a 17.9% increase over the prior year, and included \$1,950,216 for capital projects, \$1,353,834 for debt service and \$297,093 for public works. Also, disbursements for business type activities totaled \$303,345.

The increase in disbursements is primarily due to an increase in capital projects activity.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1320-0551-B00F.pdf>.

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

JUNE 30, 2013

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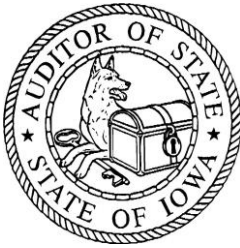
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City of Robins

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ian Cullis	Mayor	Jan 2014
Don Norton	Council Member	Jan 2014
Brad Sevcik	Council Member	Jan 2014
Marilyn Cook	Council Member	Jan 2016
Chuck Hinz	Council Member	Jan 2016
Roger Overbeck	Council Member	Jan 2016
Lori Pickart	City Clerk/Treasurer	Indefinite
Liz Schura	Deputy Clerk	Indefinite
Don Hoskins	Attorney	Indefinite

City of Robins



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

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, 2013, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2013, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robins' basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on these financial statements which were prepared on the basis of cash receipts and disbursements. We also previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2006 (which are not presented herein) and expressed qualified opinions on those financial statements due to the inability to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2005. Those financial statements were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.


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

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 8 through 13 and 28 through 30, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 8, 2014 on our consideration of the City of Robins' internal control over financial reporting and on 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 in considering the City of Robins' internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 8, 2014

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, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- The cash basis net position of the City's governmental activities decreased 42.3%, or approximately \$1,497,000, to approximately \$2,046,000. The decrease is primarily due to disbursements for capital projects during fiscal year 2013.
- The cash basis net position of the City's business type activities increased 4.4%, or approximately \$46,000, to approximately \$1,083,000.
- The City's total cash basis net position decreased 31.7%, or approximately \$1,452,000, from June 30, 2012 to June 30, 2013.

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 Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

The Cash Basis Statement of Activities and Net Position 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, Urban Renewal Tax Increment and Local Option Sales Tax 3) the Debt Service Fund and 4) the Capital Projects Fund. The governmental fund financial statement provides a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

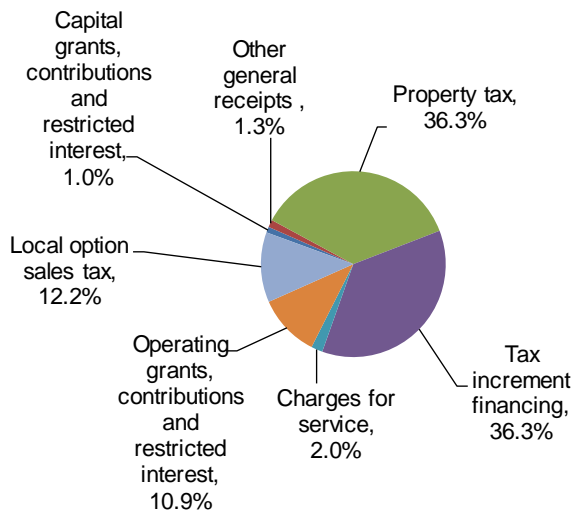
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

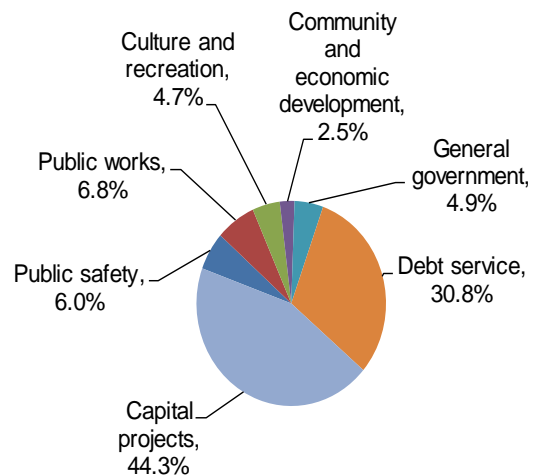
Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from approximately \$3.54 million to approximately \$2.05 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service	\$ 59	56
Operating grants, contributions and restricted interest	315	471
Capital grants, contributions and restricted interest	30	25
General receipts:		
Property tax	1,053	991
Tax increment financing	1,051	1,129
Local option sales tax	354	377
Other general receipts	37	22
Total receipts	2,899	3,071
Disbursements:		
Public safety	262	225
Public works	297	591
Culture and recreation	206	365
Community and economic development	111	62
General government	216	268
Debt service	1,354	1,321
Capital projects	1,950	874
Total disbursements	4,396	3,706
Change in cash basis net position	(1,497)	(635)
Cash basis net position beginning of year	3,543	4,178
Cash basis net position end of year	\$ 2,046	3,543

Receipts by Source



Disbursements by Function



The City's total receipts for governmental activities decreased 5.6%, or approximately \$172,000. The total cost of all programs and services increased approximately \$698,000, or 18.6%. The decrease in receipts was primarily due to a large park donation received during fiscal year 2012 while the increase in disbursements was primarily due to an increase in capital projects activity during fiscal year 2013.

The cost of all governmental activities this year was approximately \$4,396,000. However, as shown in the Statement of Activities and Net Position on pages 16 and 17, the amount financed by property and other city tax for these activities was approximately \$1,053,000, with the remainder paid for with user fees, grants, contributions, interest on investments and fund balances.

Changes in Cash Basis Net Position of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2013	2012
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 27	18
Sewer	316	291
General receipts:		
Unrestricted interest on investments	6	8
Other	-	9
Total receipts	<u>349</u>	<u>326</u>
Disbursements:		
Water	18	11
Sewer	285	267
Total disbursements	<u>303</u>	<u>278</u>
Change in cash basis net position	46	48
Cash basis net position beginning of year	1,037	989
Cash basis net position end of year	<u>\$ 1,083</u>	<u>1,037</u>

The business type activities receipts for the fiscal year were approximately \$349,000, a 7% increase over last year. Disbursements for the fiscal year increased 9%, primarily due to more water and sewer maintenance projects during fiscal year 2013.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Robins completed the year, its governmental funds reported a combined fund balance of \$2,045,759, a decrease of \$1,497,256 from last year's total of \$3,543,015. 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 \$136,889 to \$689,229.
- The Special Revenue, Road Use Tax Fund cash balance increased \$109,394 to \$203,482. The increase is due primarily to less equipment purchases in the current 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 \$10,015, a decrease of \$59,319 from the previous year. The decrease was the result of the timing of tax increment financing (TIF) collections and transfers to the Debt Service Fund for payment of TIF debt.

- The Special Revenue, Local Option Sales Tax (LOST) Fund cash balance increased \$357,976 to \$823,138. The City did not use any LOST funds during fiscal year 2013.
- The Debt Service Fund cash balance decreased \$49,865 to (\$40,627).
- The Capital Projects Fund cash balance decreased \$1,720,340 from the prior year to \$199,919. The decrease is due primarily to disbursements for utility and street projects.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased \$9,371 to \$140,351, due primarily to increased charges for service, including water main connections.
- The Enterprise, Sewer Fund cash balance increased \$36,307 to \$942,192. This was due to an increase in the number of households served and a corresponding increase in charges for service during fiscal year 2013.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The amendments resulted in increases in receipts of \$3,263 and other financing sources of \$25,000, while disbursements increased \$728,263. The increase in receipts was to account for monies received from insurance and reimbursement from the State for the Main Street bridge replacement project. The increase in disbursements related to repairing a police car, park development, updating the City’s comprehensive plan and economic development costs. The City had sufficient cash balances to absorb these additional costs.

The City’s receipts were \$87,293 more than budgeted. Charges for services were \$32,496 more than budgeted. This was primarily due to increased sewer connection fees.

Total disbursements were \$1,597,686 less than the amended budget. Capital projects disbursements were \$562,333 less than the amended budget, primarily due to a delay in utility and street improvement and upgrade projects.

DEBT ADMINISTRATION

At June 30, 2013, the City had \$6,220,000 of general obligation notes and bonds outstanding, compared to approximately \$7,290,000 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2013	2012
General obligation notes	\$ 3,925	4,560
General obligation bonds	2,295	2,730
Total	\$ 6,220	7,290

Debt decreased as a result of the City making the scheduled debt payments on the general obligation notes and bonds during fiscal year 2013.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt of approximately \$6,220,000 is below its constitutional debt limit of approximately \$15,765,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Robins' elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 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, the City benefits from the low unemployment rate and anticipate continued growth in both residential and commercial areas.

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

- The United States Census Bureau performed a census in September 2010. The population of the City increased 1,336 persons, or 74%, in the 10-year span from 2000 to 2010, with a population of 3,142 in September 2010.
- The City's taxable valuation in 2011 was \$124,243,309 compared with the 2013 taxable valuation of \$134,059,025. This is due to the increase of residential homes within the City.
- With the continued growth, the City has been very diligent relating to not raising the tax levy rate. The tax levy rate for the fiscal year 2013 budget was \$8.02375 per \$1,000 of taxable valuation compared to \$7.77881 per \$1,000 of taxable valuation for the fiscal year 2014 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Robins

Basic Financial Statements

City of Robins

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2013

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 261,343	46,622	13,912	-
Public works	297,093	-	300,896	-
Culture and recreation	206,047	5,200	100	-
Community and economic development	111,383	1,060	-	-
General government	216,025	5,571	-	-
Debt service	1,353,834	-	-	-
Capital projects	1,950,216	-	-	29,876
Total governmental activities	4,395,941	58,453	314,908	29,876
Business type activities:				
Water	17,896	26,521	-	-
Sewer	285,449	316,285	-	-
Total business type activities	303,345	342,806	-	-
Total	\$ 4,699,286	401,259	314,908	29,876

General Receipts:

Property and other city tax levied for:
 General purposes
 Debt service
 Tax increment financing
 Local option sales tax
 Unrestricted interest on investments
 Miscellaneous
 Total general receipts
 Change in cash basis net position
 Cash basis net position beginning of year
 Cash basis net position end of year

Cash Basis Net Position

Restricted:
 Streets
 Urban renewal purposes
 Local option sales tax
 Capital projects
 Other purposes
 Unrestricted

Total cash basis net position

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(200,809)	-	(200,809)
3,803	-	3,803
(200,747)	-	(200,747)
(110,323)	-	(110,323)
(210,454)	-	(210,454)
(1,353,834)	-	(1,353,834)
(1,920,340)	-	(1,920,340)
(3,992,704)	-	(3,992,704)
-	8,625	8,625
-	30,836	30,836
-	39,461	39,461
(3,992,704)	39,461	(3,953,243)
859,240	-	859,240
193,918	-	193,918
1,050,732	-	1,050,732
354,228	-	354,228
13,105	6,217	19,322
24,225	-	24,225
2,495,448	6,217	2,501,665
(1,497,256)	45,678	(1,451,578)
3,543,015	1,036,865	4,579,880
\$ 2,045,759	1,082,543	3,128,302
\$ 203,482	-	203,482
10,015	-	10,015
823,138	-	823,138
199,919	-	199,919
160,603	-	160,603
648,602	1,082,543	1,731,145
\$ 2,045,759	1,082,543	3,128,302

City of Robins

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

As of and for the year ended June 30, 2013

	General	Special Revenue		
		Road Use Tax	Urban Renewal Tax Increment	Local Option Sales Tax
Receipts:				
Property tax	\$ 859,240	-	-	-
Tax increment financing	-	-	1,050,732	-
Local option sales tax	-	-	-	354,228
Licenses and permits	38,204	-	-	-
Use of money and property	13,782	-	-	3,748
Intergovernmental	6,203	300,896	-	-
Charges for service	6,890	-	-	-
Miscellaneous	32,484	-	-	-
Total receipts	956,803	300,896	1,050,732	357,976
Disbursements:				
Operating:				
Public safety	254,646	-	-	-
Public works	105,591	191,502	-	-
Culture and recreation	206,047	-	-	-
Community and economic development	111,383	-	-	-
General government	216,025	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	893,692	191,502	-	-
Excess (deficiency) of receipts over (under) disbursements	63,111	109,394	1,050,732	357,976
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(200,000)	-	(1,110,051)	-
Total other financing sources (uses)	(200,000)	-	(1,110,051)	-
Change in cash balances	(136,889)	109,394	(59,319)	357,976
Cash balances beginning of year	826,118	94,088	69,334	465,162
Cash balances end of year	\$ 689,229	203,482	10,015	823,138
Cash Basis Fund Balances				
Restricted for:				
Streets	\$ -	203,482	-	-
Urban renewal purposes	-	-	10,015	-
Local option sales tax	-	-	-	823,138
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	689,229	-	-	-
Total cash basis fund balances	\$ 689,229	203,482	10,015	823,138

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
193,918	-	-	1,053,158
-	-	-	1,050,732
-	-	-	354,228
-	-	-	38,204
-	4,481	775	22,786
-	25,395	-	332,494
-	-	-	6,890
-	-	7,709	40,193
193,918	29,876	8,484	2,898,685
-	-	6,697	261,343
-	-	-	297,093
-	-	-	206,047
-	-	-	111,383
-	-	-	216,025
1,353,834	-	-	1,353,834
-	1,950,216	-	1,950,216
1,353,834	1,950,216	6,697	4,395,941
(1,159,916)	(1,920,340)	1,787	(1,497,256)
1,110,051	200,000	-	1,310,051
-	-	-	(1,310,051)
1,110,051	200,000	-	-
(49,865)	(1,720,340)	1,787	(1,497,256)
9,238	1,920,259	158,816	3,543,015
(40,627)	199,919	160,603	2,045,759
-	-	-	203,482
-	-	-	10,015
-	-	-	823,138
-	199,919	-	199,919
-	-	160,603	160,603
(40,627)	-	-	648,602
(40,627)	199,919	160,603	2,045,759

Exhibit C

City of Robins

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

As of and for the year ended June 30, 2013

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 26,521	316,285	342,806
Operating disbursements:			
Business type activities	17,896	219,713	237,609
Excess of operating receipts over operating disbursements	8,625	96,572	105,197
Non-operating receipts (disbursements):			
Interest on investments	746	5,471	6,217
Capital projects	-	(65,736)	(65,736)
Net non-operating receipts (disbursements)	746	(60,265)	(59,519)
Change in cash balances	9,371	36,307	45,678
Cash balances beginning of year	130,980	905,885	1,036,865
Cash balances end of year	\$ 140,351	942,192	1,082,543
Cash Basis Fund Balances			
Unrestricted	\$ 140,351	942,192	1,082,543

See notes to financial statements.

City of Robins

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Blended Component Unit

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

Jointly Governed Organizations

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

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position (previously referred to as 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 Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in two categories/components:

Restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Governmental Cash Basis Fund Balances

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

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the community and economic development function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2013 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	Total
2014	\$ 655,000	149,834	325,000	57,880	980,000	207,714	1,187,714
2015	680,000	126,625	195,000	53,655	875,000	180,280	1,055,280
2016	705,000	101,614	200,000	50,437	905,000	152,051	1,057,051
2017	730,000	74,771	205,000	46,438	935,000	121,209	1,056,209
2018	465,000	46,033	210,000	41,825	675,000	87,858	762,858
2019-2023	690,000	36,233	1,160,000	116,485	1,850,000	152,718	2,002,718
Total	\$ 3,925,000	535,110	2,295,000	366,720	6,220,000	901,830	7,121,830

(4) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the City is required to contribute 8.67% 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, 2013, 2012 and 2011 were \$25,528, \$22,567 and \$19,895, respectively, equal to the required contribution for each year.

(5) Other Postemployment Benefits (OPEB)

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

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premium for the City and plan members is \$1,880 for family coverage. For the year ended June 30, 2013, the City contributed \$43,172 and plan members eligible for benefits contributed \$4,797 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2013, primarily relating to the General Fund, totaled \$6,800. This liability has been computed based on rates of pay in effect at June 30, 2013.

(7) Industrial Development Revenue Bonds

The City has issued a total of \$30,487,722 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$24,790,497 is outstanding at June 30, 2013. 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) Deficit Balance

The Debt Service Fund had a deficit balance of \$40,627 at June 30, 2013. The deficit balance was a result of receiving less tax increment financing than expected from the County. The deficit will be eliminated upon collection of future receipts.

(10) Construction Contracts

The City has entered into construction contracts totaling \$2,695,127 for street improvements and water and sewer extensions. At June 30, 2013, \$1,105,213 remains unpaid and will be funded through bond/note proceeds and local sources, as necessary.

(11) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	\$ 1,110,051
Capital Projects	General	200,000
Total		<u>\$ 1,310,051</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources. The Capital Projects Fund will repay the General Fund \$200,000 from future bond proceeds.

(12) Water Service Contract

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

(13) Development Agreements

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

In accordance with the first development agreement entered into during fiscal year 2006, the incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated for a period of ten years beginning with the tax year in which property tax on the completed value of the improvements is first paid. The total amount rebated shall represent 50% of the incremental property tax received by the City, not to exceed the total projected costs of up to \$300,000. During the year ended June 30, 2013, the City made payments totaling \$36,087 from the Debt Service Fund. The cumulative amount rebated at June 30, 2013 was \$131,502.

In accordance with the second development agreement entered into during fiscal year 2009, the incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the developer will be rebated for a period of nine years beginning with the tax year in which property tax on the completed value of the improvements is first paid (fiscal year 2013). The total amount rebated shall represent 50% of the incremental property tax received by the City, not to exceed the total projected costs of up to \$750,000. During the year ended June 30, 2013, the City made payments totaling \$11,923 from the Debt Service Fund.

(14) Subsequent Event

In September 2013, the City issued \$4,425,000 of general obligation corporate purpose and refunding bonds, series 2013. The bond proceeds will be used to refund \$1,335,000 of the general obligation corporate purpose and refunding notes, series 2005, dated April 1, 2005. The remainder of the bond proceeds will be used for utility and street projects.

Other Information

City of Robins

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

Other Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,053,158	-	-
Tax increment financing	1,050,732	-	-
Local option sales tax	354,228	-	-
Licenses and permits	38,204	-	-
Use of money and property	22,786	6,217	9
Intergovernmental	332,494	-	-
Charges for service	6,890	342,806	-
Miscellaneous	40,193	-	7,709
Total receipts	2,898,685	349,023	7,718
Disbursements:			
Public safety	261,343	-	6,697
Public works	297,093	-	-
Culture and recreation	206,047	-	-
Community and economic development	111,383	-	-
General government	216,025	-	-
Debt service	1,353,834	-	-
Capital projects	1,950,216	-	-
Business type activities	-	303,345	-
Total disbursements	4,395,941	303,345	6,697
Excess (deficiency) of receipts over (under) disbursements	(1,497,256)	45,678	1,021
Other financing sources, net	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,497,256)	45,678	1,021
Balances beginning of year	3,543,015	1,036,865	8,725
Balances end of year	\$ 2,045,759	1,082,543	9,746

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
1,053,158	1,046,884	1,046,884	6,274
1,050,732	1,079,404	1,079,404	(28,672)
354,228	356,348	356,348	(2,120)
38,204	20,000	20,000	18,204
28,994	24,250	24,250	4,744
332,494	300,348	300,348	32,146
349,696	317,200	317,200	32,496
32,484	5,000	8,263	24,221
3,239,990	3,149,434	3,152,697	87,293
254,646	240,267	272,530	17,884
297,093	540,978	540,978	243,885
206,047	199,268	258,268	52,221
111,383	76,081	76,081	(35,302)
216,025	246,170	281,170	65,145
1,353,834	1,344,825	1,364,825	10,991
1,950,216	1,930,549	2,512,549	562,333
303,345	983,874	983,874	680,529
4,692,589	5,562,012	6,290,275	1,597,686
(1,452,599)	(2,412,578)	(3,137,578)	1,684,979
-	194,020	219,020	(219,020)
(1,452,599)	(2,218,558)	(2,918,558)	1,465,959
4,571,155	4,134,748	8,705,903	(4,134,748)
3,118,556	1,916,190	5,787,345	(2,668,789)

City of Robins

Notes to Other Information – Budgetary Reporting

June 30, 2013

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

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

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased disbursements \$728,263. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded the amount budgeted for the community and economic development function.

City of Robins

Supplementary Information

City of Robins

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

As of and for the year ended June 30, 2013

	Special Revenue		
	Jimmy Shimek Trust	Firefighters Association	Total
Receipts:			
Use of money and property	\$ 766	9	775
Miscellaneous	-	7,709	7,709
Total receipts	766	7,718	8,484
Disbursements:			
Operating:			
Public safety	-	6,697	6,697
Change in cash balances	766	1,021	1,787
Cash balances beginning of year	150,091	8,725	158,816
Cash balances end of year	\$ 150,857	9,746	160,603
Cash Basis Fund Balances			
Restricted for other purposes	\$ 150,857	9,746	160,603

See accompanying independent auditor's report.

City of Robins
Schedule of Indebtedness
Year ended June 30, 2013

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Refunding	Apr 1, 2005	3.20-4.00%	\$ 3,640,000
Corporate purpose	Jul 18, 2007	3.90-4.15	2,200,000
Corporate purpose	Apr 15, 2009	2.00-4.05	2,200,000
Total			
General obligation bonds:			
Corporate purpose and refunding	Feb 1, 2011	1.00-3.55%	\$ 3,130,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,495,000	-	160,000	1,335,000	56,410
1,315,000	-	245,000	1,070,000	53,756
1,750,000	-	230,000	1,520,000	61,428
<u>\$ 4,560,000</u>	<u>-</u>	<u>635,000</u>	<u>3,925,000</u>	<u>171,594</u>
<u>2,730,000</u>	<u>-</u>	<u>435,000</u>	<u>2,295,000</u>	<u>62,230</u>

City of Robins
Bond and Note Maturities
June 30, 2013

Year Ending June 30,	General Obligation Notes							Total
	Refunding		Corporate Purpose		Corporate Purpose			
	Issued Apr 1, 2005		Issued Jul 18, 2007		Issued Apr 15, 2009			
Interest			Interest			Interest		
Rates	Amount	Rates	Amount	Rates	Amount			
2014	3.55%	\$ 170,000	4.05%	\$ 250,000	3.00%	\$ 235,000	655,000	
2015	3.65	175,000	4.10	260,000	3.25	245,000	680,000	
2016	3.75	180,000	4.13	275,000	3.50	250,000	705,000	
2017	3.80	190,000	4.15	285,000	3.80	255,000	730,000	
2018	3.90	200,000	-	-	4.00	265,000	465,000	
2019	3.95	205,000	-	-	4.05	270,000	475,000	
2020	4.00	215,000	-	-	-	-	215,000	
2021	-	-	-	-	-	-	-	
2022	-	-	-	-	-	-	-	
2023	-	-	-	-	-	-	-	
Total		<u>\$ 1,335,000</u>		<u>\$ 1,070,000</u>		<u>\$ 1,520,000</u>	<u>3,925,000</u>	

See accompanying independent auditor's report.

Year Ending June 30,	General Obligation Bonds	
	Corporate Purpose and Refunding	
	Issued Feb 1, 2011	
	Interest	
	Rates	Amount
2014	1.30%	\$ 325,000
2015	1.65	195,000
2016	2.00	200,000
2017	2.25	205,000
2018	2.50	210,000
2019	2.80	215,000
2020	3.00	225,000
2021	3.10	230,000
2022	3.25	240,000
2023	3.55	250,000
Total		<u>\$ 2,295,000</u>

City of Robins

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

For the Last Eight Years

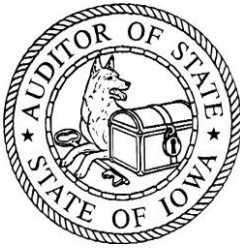
	2013	2012	2011	2010	2009
Receipts:					
Property tax	\$ 1,053,158	990,607	994,591	918,796	746,839
Tax increment financing	1,050,732	1,129,477	985,627	1,007,776	976,424
Local option sales tax	354,228	376,780	311,935	264,959	-
Licenses and permits	38,204	35,320	38,721	89,384	41,782
Use of money and property	22,786	35,250	40,501	43,751	50,450
Intergovernmental	332,494	315,331	303,240	1,133,937	413,461
Charges for service	6,890	8,020	7,970	12,398	65,708
Miscellaneous	40,193	180,025	42,027	31,053	22,902
Total	\$ 2,898,685	3,070,810	2,724,612	3,502,054	2,317,566
Disbursements:					
Operating:					
Public safety	\$ 261,343	225,268	218,291	221,403	188,362
Public works	297,093	590,332	425,325	321,988	386,834
Culture and recreation	206,047	365,190	77,021	67,203	314,790
Community and economic development	111,383	62,256	53,809	53,100	51,864
General government	216,025	268,188	190,427	207,718	218,209
Debt service	1,353,834	1,320,919	1,819,261	1,058,388	1,135,986
Capital projects	1,950,216	874,081	1,533,425	1,860,575	900,965
Total	\$ 4,395,941	3,706,234	4,317,559	3,790,375	3,197,010

See accompanying independent auditor's report.

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

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

City of Robins



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Mary Mosiman, 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 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, the 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, 2013, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 8, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Robins' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Robins' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Robins' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


The City of Robins' Responses to the Findings


The City of Robins' responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Robins' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 8, 2014

City of Robins

City of Robins

Schedule of Findings

Year ended June 30, 2013

Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(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) Receipts – opening mail, collecting, depositing, journalizing and posting.
- (3) Utility receipts – entering rates, billing, collecting, depositing, posting and reconciling.
- (4) Disbursements – purchasing, recording and reconciling.
- (5) Payroll – entering rates, preparing and distributing.
- (6) Computer system – performing all general accounting functions and controlling all data input and output.

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

- (1) Receipts – collecting, depositing, posting and reconciling.
- (2) Disbursements – preparing, recording and reconciling.
- (3) Cash – handling, reconciling and recording.

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

Responses:

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

Firefighters Association – The Robins Firefighters Association is a very small organization with only 20 members and a handful of officers and, therefore, it is difficult to segregate the duties of the secretary and the management of our financial records. The Robins Firefighters Association conducts a meeting almost every month and a financial report is given to the membership at each meeting which includes our current checkbook balance and any outstanding bills that are known of at that time. I will continue to the practice of reconciling our checking account using the back of the monthly statements and reviewing our bank statements with an Association officer at each meeting and have them initial the statements in order to provide evidence of an independent review.

City of Robins
Schedule of Findings
Year ended June 30, 2013

Conclusions – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Robins

Schedule of Findings

Year ended June 30, 2013

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the community and economic development function. 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 strive to eliminate this from happening in the future.

Conclusion – Response accepted.

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

Name, Title and Business Transaction	Transaction Description	Amount
Brad Sevcik, City Council member, employed by Delaney Concrete Contractor	Signs	\$ 1,822
Marilyn Cook, City Council member, Son owns Cook Fence Co.	Fence repair	200

In accordance with Chapter 362.5(3) of the Code of Iowa, these transactions do not appear to represent conflicts of interest since the total transactions with each individual did not exceed \$2,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (7) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (8) Tax Increment Financing (TIF) – Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid.

City of Robins

Schedule of Findings

Year ended June 30, 2013

Based on a review of the TIF reconciliation provided to the City by the County Auditor, the City has under certified TIF debt by \$671,341. Previous amounts certified by the City for the 2007, 2009 and 2011 general obligation notes/bonds included the principal but excluded the interest portion of these obligations. The City certified 100% of the Series 2011 general obligation bonds rather than the TIF portion of 79%. During the year ended June 30, 2013, the City requested TIF funding for a rebate agreement from the County Auditor using Form 2, but the City had not certified the development agreement as a TIF obligation on Form 1.

Recommendation – The City should use Form 1 to certify portions of TIF obligations which have not been certified and use Form 3 to de-certify amounts which have been over certified.

Response – We will work with Linn County to get this resolved.

Conclusion – Response accepted.

- (9) Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on November 20, 2012, prior to the December 1 deadline for filing. The TIF debt outstanding was understated by \$436,786. The City reported the June 30, 2012 balances rather than the June 30, 2011 balances and the amount reported for the general obligation bond Series 2011 was at 100% rather than the TIF portion of 79%.

Recommendation – The City should ensure the amounts reported as TIF debt outstanding agree with the City's records.

Response – We will strive for better accuracy in future reporting.

Conclusion – Response accepted.

- (10) Financial Condition – The Debt Service Fund had a deficit balance of \$40,627 at June 30, 2013.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return the fund to a sound financial position.

Response – We will investigate alternatives to ensure this does not happen in the future.

Conclusion – Response accepted.

- (11) Road Use Tax – The City purchased a lawn mower for \$12,775 from the Special Revenue, Road Use Tax Fund. The mower is used approximately 50% to maintain City park grounds. Chapter 312.6 of the Code of Iowa states, in part, road use tax funds “shall be used for any purpose relating to the construction, maintenance, and supervision of the public streets”.

Recommendation – The City should reimburse the Special Revenue, Road Use Tax Fund \$6,387 from the General Fund for the use of the mower for parks.

Response – We will make the adjustment immediately.


Conclusion – Response accepted.

City of Robins

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Kelly L. Hilton, Senior Auditor
Thomas S. Hebert, Staff Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State