

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

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

June 28, 2019

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on the City of Robins, Iowa.

The City's receipts totaled \$3,962,455 for the year ended June 30, 2018, a 51.1% decrease from the prior year. The receipts included \$1,324,171 in property tax, \$505,832 from charges for service, \$491,124 from operating grants, contributions and restricted interest, \$6,201 from capital grants, contributions and restricted interest, \$1,201,431 from tax increment financing, \$412,269 from local option sales tax, \$19,382 from unrestricted interest on investments and \$2,045 from other general receipts.

Disbursements for the year ended June 30, 2018 totaled \$5,051,304 a 2.1% decrease from the prior year, and included \$1,844,154 for capital projects, \$1,383,994 for debt service and \$596,462 for public works. Also, disbursements for business type activities totaled \$366,343.

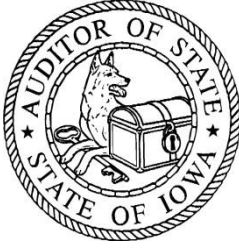
The significant decrease in receipts is primarily due to bond proceeds received in the prior year.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**CITY OF ROBINS**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**SUPPLEMENTARY AND OTHER INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2018**

**City of Robins**



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Rob Sand  
Auditor of State

June 4, 2019

Officials of the City of Robins  
Robins, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Robins for the year ended June 30, 2018. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Robins throughout the audit. If I or this office can be of any further assistance, please contact me or Marlys Gaston of my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

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**City of Robins**

**Officials**

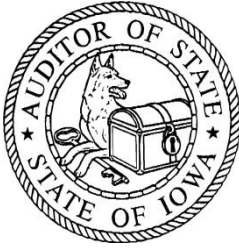
**(Before January 2018)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chuck Hinz	Mayor	Jan 2018
Don Norton	Council Member	Jan 2018
Brad Sevcik	Council Member	Jan 2018
Marilyn Cook	Council Member	Jan 2020
Roger Overbeck	Council Member	Jan 2020
Dick Pilcher	Council Member	Jan 2020
Lori Pickart	City Clerk/Treasurer	Indefinite
Liz Schura	Deputy Clerk	Indefinite
Don Hoskins	Attorney	(Retired Dec 2017)

**(After January 2018)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chuck Hinz	Mayor	Jan 2022
Marilyn Cook	Council Member	Jan 2020
Roger Overbeck	Council Member	Jan 2020
Dick Pilcher	Council Member	Jan 2020
Don Norton	Council Member	Jan 2022
Brad Sevcik	Council Member	Jan 2022
Lori Pickart	City Clerk/Treasurer	Indefinite
Liz Schura	Deputy Clerk	Indefinite
Kara Bullerman (Appointed Jan 2018)	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, 2018, 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, 2018, 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 discussed 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*

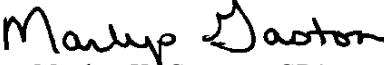
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robins' basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. 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, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 9 through 14 and 32 through 38, 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 June 4, 2019 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 solely 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 effectiveness of the City's 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.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

June 4, 2019

**City of Robins**

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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, 2018. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2018 FINANCIAL HIGHLIGHTS**

- The cash basis net position of the City's governmental activities decreased 21.6%, or approximately \$1,160,000, to approximately \$4,210,000. The decrease is due primarily to utilizing prior year bond proceeds during fiscal year 2018.
- The cash basis net position of the City's business type activities increased 15.6%, or approximately \$71,000, to approximately \$526,000. The increase is primarily due to an increase in sewer rates over the prior year rates.
- The City's total cash basis net position decreased 18.7%, or approximately \$1,089,000, from June 30, 2017 to June 30, 2018.

### **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 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 and the City's proportionate share of the net pension liability and related contributions.

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 water and the sewer systems. 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 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.

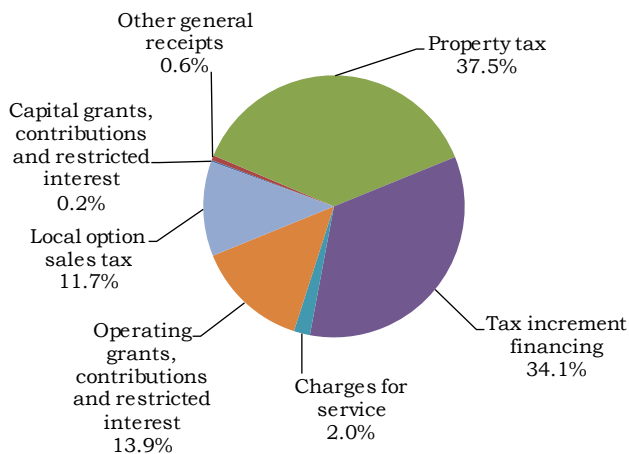
## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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 \$5,370,000 to approximately \$4,210,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

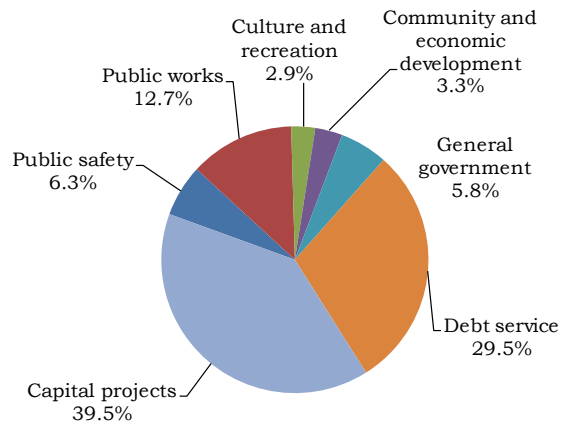
Changes in Cash Basis Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2018	2017
Receipts:		
Program receipts:		
Charges for service	\$ 71	92
Operating grants, contributions and restricted interest	491	435
Capital grants, contributions and restricted interest	6	425
General receipts:		
Property tax	1,324	1,297
Tax increment financing	1,201	1,188
Local option sales tax	412	422
Bond proceeds	-	3,790
Other general receipts	20	35
Total receipts	<u>3,525</u>	<u>7,684</u>
Disbursements:		
Public safety	296	308
Public works	596	556
Culture and recreation	136	703
Community and economic development	156	124
General government	273	324
Debt service	1,384	2,185
Capital projects	1,844	616
Total disbursements	<u>4,685</u>	<u>4,816</u>
Change in cash basis net position	(1,160)	2,868
Cash basis net position beginning of year	5,370	2,502
Cash basis net position end of year	<u>\$ 4,210</u>	<u>5,370</u>

**Receipts by Source**



**Disbursements by Function**



The City's total receipts for governmental activities decreased 54.1%, or approximately \$4,159,000. The total cost of all programs and services decreased approximately \$131,000 or 2.7%. The decrease in receipts was primarily due to the bond proceeds received during the prior fiscal year.

The cost of all governmental activities this year was approximately \$4,685,000. However, as shown in the Cash Basis 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 \$4,116,000, 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,	
	2018	2017
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 23	27
Sewer	412	387
General receipts:		
Unrestricted interest on investments	2	1
Total receipts	<u>437</u>	<u>415</u>
Disbursements:		
Water	8	8
Sewer	358	334
Total disbursements	<u>366</u>	<u>342</u>
Change in cash basis net position	71	73
Cash basis net position beginning of year	<u>455</u>	<u>382</u>
Cash basis net position end of year	<u>\$ 526</u>	<u>455</u>

The business type activities receipts for the fiscal year were approximately \$437,000, a 5.3% increase over last year. Disbursements for the fiscal year increased 7.0%, primarily due to more disbursements for sewer infiltration repairs.

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

As the City of Robins completed the year, its governmental funds reported a combined fund balance of \$4,210,603, a decrease of \$1,159,079 from last year's total of \$5,369,682. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$345,528 to \$1,504,246. This increase is primarily due to a decrease in disbursements for the South Park Trail project which was completed in the prior fiscal year.
- The Special Revenue, Road Use Tax Fund cash balance increased \$193,763 to \$707,312, partially due to no vehicle purchases and less road projects during the fiscal year.

- The Special Revenue, Urban Renewal Tax Increment Fund was established to account for tax increment financing collections and the repayment of tax increment financing indebtedness. At the end of the fiscal year, the cash balance was \$29,795, a decrease of \$2,599 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 Fund cash balance decreased \$40,387 to \$1,064,615. The decrease was the result of two capital projects completed with Linn County during fiscal year 2018.
- The Debt Service Fund cash balance increased \$1,323 to \$14,946.
- The Capital Projects Fund cash balance decreased \$1,650,022 from the prior year to a balance of \$859,975. The decrease is primarily due to more costs related to the East Main Street Reconstruction project during the year.

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

- The Enterprise, Water Fund cash balance increased \$15,878 to \$224,809.
- The Enterprise, Sewer Fund cash balance increased \$54,352 to \$300,914. This was due primarily to an increase in sewer fees for sewer services in the current year.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget once. The amendment resulted in an increase in governmental disbursements of \$651,670. The increase in governmental budgeted disbursements related to \$240,000 in the public works function to be used for the County Home road project with Linn County and \$411,670 in the capital projects function for the Main Street reconstruction project.

The City's receipts were \$112,110 more than budgeted. This was primarily due to receiving more intergovernmental receipts, interest and rental income receipts than anticipated.

Total disbursements were \$1,931,018 less than the amended budget. The capital projects function disbursements were \$665,842 less than the amended budget, primarily due to the East Main Street construction project not being completely finished in the current fiscal year. The City exceeded the amount budgeted in the community and economic development function for the year ended June 30, 2018 due to not budgeting for economic development payments made to Emery Place.

#### **DEBT ADMINISTRATION**

At June 30, 2018, the City had \$6,435,000 of general obligation bonds outstanding, compared to \$7,645,000 of general obligation bonds last year.

The City redeemed \$1,210,000 of general obligation bonds during fiscal year 2018.

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 \$6,435,000 is below its constitutional debt limit of approximately \$18,301,670.



## **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 2019 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 anticipates 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 on January 1, 2016 was \$164,964,064 compared with the January 1, 2017 taxable valuation of \$167,440,177. This is due to an increase in the number of residential homes within the City.
- With the continued growth, the City has been very diligent relating to not significantly raise the property tax levy rate. The property tax levy rate decreased slightly for the fiscal year 2019 budget to \$7.92171 per \$1,000 of taxable valuation compared to \$7.67714 per \$1,000 of taxable valuation for the fiscal year 2018 budget.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

City of Robins

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2018

	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	\$ 295,849	50,631	19,332	-
Public works	596,462	-	439,165	-
Culture and recreation	135,884	11,220	8,876	-
Community and economic development	155,724	-	-	-
General government	272,894	9,498	23,751	-
Debt service	1,383,994	-	-	-
Capital projects	1,844,154	-	-	6,201
Total governmental activities	4,684,961	71,349	491,124	6,201
Business type activities:				
Water	7,984	22,863	-	-
Sewer	358,359	411,620	-	-
Total business type activities	366,343	434,483	-	-
Total	\$ 5,051,304	505,832	491,124	6,201
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Total general receipts				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Streets				
Debt service				
Local option sales tax				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				

See notes to financial statements.

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

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Governmental		Business Type	
Activities	Activities		Total
(225,886)	-		(225,886)
(157,297)	-		(157,297)
(115,788)	-		(115,788)
(155,724)	-		(155,724)
(239,645)	-		(239,645)
(1,383,994)	-		(1,383,994)
(1,837,953)	-		(1,837,953)
(4,116,287)	-		(4,116,287)
-	14,879		14,879
-	53,261		53,261
-	68,140		68,140
(4,116,287)	68,140		(4,048,147)
1,142,884	-		1,142,884
181,287	-		181,287
1,201,431	-		1,201,431
412,269	-		412,269
17,292	2,090		19,382
2,045	-		2,045
2,957,208	2,090		2,959,298
(1,159,079)	70,230		(1,088,849)
5,369,682	455,493		5,825,175
\$ 4,210,603	525,723		4,736,326
\$ 707,312	-		707,312
44,741	-		44,741
1,064,615	-		1,064,615
859,975	-		859,975
29,714	-		29,714
1,504,246	525,723		2,029,969
\$ 4,210,603	525,723		4,736,326

City of Robins

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

As of and for the year ended June 30, 2018

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Local Option Sales Tax
Receipts:				
Property tax	\$ 1,142,884	-	-	-
Tax increment financing	-	-	1,201,431	-
Local option sales tax	-	-	-	412,269
Licenses and permits	42,021	-	-	-
Use of money and property	23,091	-	-	5,295
Intergovernmental	1,194	439,165	-	-
Charges for service	10,791	-	-	-
Miscellaneous	33,233	-	-	-
Total receipts	1,253,214	439,165	1,201,431	417,564
Disbursements:				
Operating:				
Public safety	267,404	-	-	-
Public works	144,486	245,402	-	206,574
Culture and recreation	130,624	-	-	-
Community and economic development	92,278	-	-	63,446
General government	272,894	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	187,931
Total disbursements	907,686	245,402	-	457,951
Excess (deficiency) of receipts over (under) disbursements	345,528	193,763	1,201,431	(40,387)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(1,204,030)	-
Total other financing sources (uses)	-	-	(1,204,030)	-
Change in cash balances	345,528	193,763	(2,599)	(40,387)
Cash balances beginning of year	1,158,718	513,549	32,394	1,105,002
Cash balances end of year	\$ 1,504,246	707,312	29,795	1,064,615
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Streets	\$ -	707,312	-	-
Debt service	-	-	29,795	-
Local option sales tax	-	-	-	1,064,615
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	1,504,246	-	-	-
Total cash basis fund balances	\$ 1,504,246	707,312	29,795	1,064,615

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
181,287	-	-	1,324,171
-	-	-	1,201,431
-	-	-	412,269
-	-	-	42,021
-	6,201	6	34,593
-	-	-	440,359
-	-	-	10,791
-	-	27,014	60,247
181,287	6,201	27,020	3,525,882
-	-	28,445	295,849
-	-	-	596,462
-	-	5,260	135,884
-	-	-	155,724
-	-	-	272,894
1,383,994	-	-	1,383,994
-	1,656,223	-	1,844,154
1,383,994	1,656,223	33,705	4,684,961
(1,202,707)	(1,650,022)	(6,685)	(1,159,079)
1,204,030	-	-	1,204,030
-	-	-	(1,204,030)
1,204,030	-	-	-
1,323	(1,650,022)	(6,685)	(1,159,079)
13,623	2,509,997	36,399	5,369,682
14,946	859,975	29,714	4,210,603
-	-	-	707,312
14,946	-	-	44,741
-	-	-	1,064,615
-	859,975	-	859,975
-	-	29,714	29,714
-	-	-	1,504,246
14,946	859,975	29,714	4,210,603

**Exhibit C**

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## City of Robins

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

As of and for the year ended June 30, 2018

	<u>Enterprise</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating receipts:			
Charges for service	\$ 22,863	411,620	434,483
Operating disbursements:			
Business type activities	7,984	358,359	366,343
Excess of operating receipts over operating disbursements	<u>14,879</u>	<u>53,261</u>	<u>68,140</u>
Non-operating receipts:			
Interest on investments	999	1,091	2,090
Change in cash balances	15,878	54,352	70,230
Cash balances beginning of year	208,931	246,562	455,493
Cash balances end of year	<u>\$ 224,809</u>	<u>300,914</u>	<u>525,723</u>
<b>Cash Basis Fund Balances</b>			
Unrestricted	<u>\$ 224,809</u>	<u>300,914</u>	<u>525,723</u>

See notes to financial statements.

City of Robins

Notes to Financial Statements

June 30, 2018

**(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, Linn County Joint 911 Service Board and Indian Creek/Dry Run Creek Sanitary Sewer System Board.



B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position 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 receipts, 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:

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. Enabling legislation did not result in any restricted net position.

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

#### C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net 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 statement, 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, 2018, 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, 2018 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 ensure 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. 72.

**(3) Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 1,220,000	138,758	1,358,758
2020	975,000	117,062	1,092,062
2021	780,000	96,715	876,715
2022	800,000	79,735	879,735
2023	825,000	60,931	885,931
2024-2027	1,835,000	84,890	1,919,890
Total	\$ 6,435,000	578,091	7,013,091

**(4) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally at age 55. The formula used to calculate a protection occupation member's monthly IPERS' benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount contribution rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2018 were \$32,434.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the City reported a liability of \$240,468 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the City's proportion was 0.003610%, which was an increase of 0.000024% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$41,397, \$115,257 and \$66,126, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 447,220	240,468	66,812

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory leave 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 and compensatory leave payable to employees at June 30, 2018, primarily relating to the General Fund and the Special Revenue, Road Use Tax Fund, totaled \$11,000. This liability has been computed based on rates of pay in effect at June 30, 2018.

**(6) Industrial Development Revenue Bonds**

The City has issued a total of \$8,800,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$3,899,677 is outstanding at June 30, 2018. 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.

**(7) 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.

**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue: Urban Renewal Tax Increment	<u>\$ 1,204,030</u>

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

**(9) 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.

**(10) Indian Creek and Dry Run Creek Sanitary Sewer System Program**

On January 11, 2007, the City entered into a 28E agreement with Linn County and the cities of Cedar Rapids, Marion and Hiawatha for the planning, construction and maintenance of the Indian Creek and Dry Run Creek Sanitary Sewer System. This agreement provides for construction costs totaling approximately \$25.5 million for the Dry Run and Indian Creek Trunk Sewers upgrade which will be accomplished in multiple phases through the year 2023. The construction costs will be proportionally allocated to each jurisdiction as defined in the agreement. The portion to be paid by the City is estimated to be approximately \$12 million. The City intends to use available funds from the sewer utility and capital projects tax receipts to pay its portion of construction costs. During the year ended June 30, 2018, the City paid \$46,600 under the agreement. The cumulative amount paid toward the project at June 30, 2018 was \$1,898,046.

**(11) Development Agreements**

The City entered into two development agreements to assist in urban renewal projects as follows:

In accordance with the 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, 2018, the City made payments totaling \$7,134 pursuant to the agreement. The cumulative amount rebated at June 30, 2018 was \$47,170.

In accordance with the development agreement entered into during fiscal year 2015, 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 five years beginning with the tax year in which property tax on the completed value of the improvements is first paid (fiscal year 2018). The total amount rebated shall represent 75% of the incremental property tax received by the City in fiscal year 2018 and fiscal year 2019 and 50% in fiscal 2020 through 2022, not to exceed the total projected costs of up to \$725,000. During the year ended June 30, 2018, the City made the first payment totaling \$6,345 pursuant to the agreement.

**(12) Economic Development Agreement**

On May 4, 2015, the City entered into an economic development agreement to assist a developer in the construction of assisted living and memory care units. The City agreed to provide financial support to the developer in the form of two annual economic development payments provided that the aggregate total amount of the payments do not exceed \$125,000.

During the year ended June 30, 2018, the City made its first payment to the developer totaling \$63,446 from the Special Revenue, Local Option Sales Tax Fund.



**(13) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2018, the City abated \$3,390 of property tax under the urban renewal and economic development agreements

**(14) Construction Commitment**

The City has entered into a construction contract with BWC Excavating totaling approximately \$1,679,000 for the East Main Street construction project. As of June 30, 2018, approximately \$1,547,000 has been paid on the contract. The remaining \$132,000 will be paid as work on the project progresses.

**(15) Subsequent Event**

On May 20, 2019, the City entered into a contract with Peak Construction of North Liberty for \$477,586 for the City's South Troy Park restroom project.

## **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, 2018

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,324,171	-	-
Tax increment financing	1,201,431	-	-
Local option sales tax	412,269	-	-
Licenses and permits	42,021	-	-
Use of money and property	34,593	2,090	6
Intergovernmental	440,359	-	-
Charges for service	10,791	434,483	-
Miscellaneous	60,247	-	18,138
Total receipts	<u>3,525,882</u>	<u>436,573</u>	<u>18,144</u>
Disbursements:			
Public safety	295,849	-	28,445
Public works	596,462	-	-
Culture and recreation	135,884	-	-
Community and economic development	155,724	-	-
General government	272,894	-	-
Debt service	1,383,994	-	-
Capital projects	1,844,154	-	-
Business type activities	-	366,343	-
Total disbursements	<u>4,684,961</u>	<u>366,343</u>	<u>28,445</u>
Excess (deficiency) of receipts over (under) disbursements	(1,159,079)	70,230	(10,301)
Balances beginning of year	<u>5,369,682</u>	<u>455,493</u>	<u>22,752</u>
Balances end of year	<u>\$ 4,210,603</u>	<u>525,723</u>	<u>12,451</u>

See accompanying independent auditor's report.

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Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,324,171	1,310,068	1,310,068	14,103
1,201,431	1,200,552	1,200,552	879
412,269	434,283	434,283	(22,014)
42,021	31,500	31,500	10,521
36,677	6,300	6,300	30,377
440,359	411,319	411,319	29,040
445,274	438,179	438,179	7,095
42,109	-	-	42,109
<u>3,944,311</u>	<u>3,832,201</u>	<u>3,832,201</u>	<u>112,110</u>
267,404	404,825	404,825	137,421
596,462	1,346,415	1,586,415	989,953
135,884	159,352	159,352	23,468
155,724	58,000	58,000	(97,724)
272,894	292,318	292,318	19,424
1,383,994	1,440,515	1,440,515	56,521
1,844,154	2,098,326	2,509,996	665,842
366,343	502,456	502,456	136,113
<u>5,022,859</u>	<u>6,302,207</u>	<u>6,953,877</u>	<u>1,931,018</u>
(1,078,548)	(2,470,006)	(3,121,676)	2,043,128
<u>5,802,423</u>	<u>4,184,059</u>	<u>4,835,729</u>	<u>966,694</u>
<u>4,723,875</u>	<u>1,714,053</u>	<u>1,714,053</u>	<u>3,009,822</u>

City of Robins

Notes to Other Information – Budgetary Reporting

June 30, 2018

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 nine major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$651,670. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the community and economic development function.

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City of Robins

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Four Years\*  
(In Thousands)

Other Information

	2018	2017	2016	2015
City's proportion of the net pension liability	0.003610%	0.003586%	0.003422%	0.002928%
City's proportionate share of the net pension liability	\$ 240	226	169	116
City's covered payroll	\$ 358	343	337	305
City's proportionate share of the net pension liability as a percentage of its covered payroll	67.04%	65.89%	50.15%	38.03%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

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City of Robins

Schedule of City Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Other Information

	2018	2017	2016	2015
Statutorily required contribution	\$ 32	33	31	31
Contributions in relation to the statutorily required contribution	(32)	(33)	(31)	(31)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered payroll	\$ 355	358	343	337
Contributions as a percentage of covered payroll	9.01%	9.22%	9.04%	9.20%

\* City's covered-employee payroll information was not readily available. Therefore, contribution as a percentage of covered-employee payroll could not be calculated.

See accompanying independent auditor's report.

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2014	2013	2012	2011	2010	2009
28	26	23	20	18	16
(28)	(26)	(23)	(20)	(18)	(16)
-	-	-	-	-	-
305	292	258	241	227	*
9.18%	8.90%	8.91%	8.30%	7.93%	*

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City of Robins

Notes to Other Information – Pension Liability

Year ended June 30, 2018

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2015. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

## **Supplementary Information**

**City of Robins**

## 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, 2018

	Robins		
	Baseball		
	Instructional	Firefighters	
	League	Association	Total
Receipts:			
Use of money and property	\$ -	6	6
Miscellaneous	8,876	18,138	27,014
Total receipts	8,876	18,144	27,020
Disbursements:			
Operating:			
Public safety	-	28,445	28,445
Culture and recreation	5,260	-	5,260
Total disbursements	5,260	28,445	33,705
Change in cash balances	3,616	(10,301)	(6,685)
Cash balances beginning of year	13,647	22,752	36,399
Cash balances end of year	\$ 17,263	12,451	29,714
<b>Cash Basis Fund Balances</b>			
Restricted for:			
Other purposes	\$ 17,263	12,451	29,714

See accompanying independent auditor's report.

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City of Robins  
Schedule of Indebtedness  
Year ended June 30, 2018

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Corporate purpose and refunding	Feb 1, 2011	1.00-3.55%	\$ 3,130,000
Corporate purpose and refunding	Oct 8, 2013	2.25-3.15	4,225,000
Corporate purpose and refunding	Nov 17, 2016	0.80-1.95	3,805,000
Total			

See accompanying independent auditor's report.

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Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,370,000	-	210,000	1,160,000	41,825
2,730,000	-	445,000	2,285,000	69,365
3,545,000	-	555,000	2,990,000	47,825
<u>\$ 7,645,000</u>	<u>-</u>	<u>1,210,000</u>	<u>6,435,000</u>	<u>159,015</u>

City of Robins

Bond Maturities

June 30, 2018

Year Ending June 30,	General Obligation				
	Corporate Purpose and Refunding – Street and Utility System Improvements			Corporate Purpose and Refunding – Street, Sidewalk and Utility System Improvements	
	Issued Feb 1, 2011			Issued Oct 8, 2013	
	Interest Rates	Amount		Interest Rates	Amount
2019	2.80%	\$	215,000	2.25%	\$ 450,000
2020	3.00		225,000	2.25	465,000
2021	3.10		230,000	2.45	260,000
2022	3.25		240,000	2.65	265,000
2023	3.55		250,000	2.85	275,000
2024			-	3.00	280,000
2025			-	3.15	290,000
2026			-		-
2027			-		-
	Total		<u>\$ 1,160,000</u>		<u>\$ 2,285,000</u>

See accompanying independent auditor's report.

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Bonds

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Corporate Purpose and  
Refunding – Street, Sidewalk and  
Utility System Improvements

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Issued Nov 17, 2016

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Interest Rates		Amount	Total
1.00%	\$	555,000	1,220,000
1.10		285,000	975,000
1.20		290,000	780,000
1.35		295,000	800,000
1.45		300,000	825,000
1.60		305,000	585,000
1.70		315,000	605,000
1.80		320,000	320,000
1.95		325,000	325,000
	\$	2,990,000	6,435,000



City of Robins

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

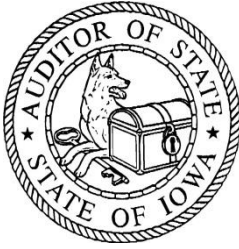
For the Last Ten Years

	2018	2017	2016	2015
Receipts:				
Property tax	\$ 1,324,171	1,297,374	1,208,993	1,132,829
Tax increment financing	1,201,431	1,187,737	1,210,548	1,227,525
Local option sales tax	412,269	421,842	400,367	370,093
Licenses and permits	42,021	58,805	78,347	66,141
Use of money and property	34,593	28,399	19,692	22,910
Intergovernmental	440,359	830,244	657,730	359,103
Charges for service	10,791	14,744	113,422	15,480
Miscellaneous	60,247	49,918	17,375	31,737
Total	<u>\$ 3,525,882</u>	<u>3,889,063</u>	<u>3,706,474</u>	<u>3,225,818</u>
Disbursements:				
Operating:				
Public safety	\$ 295,849	307,955	754,211	243,937
Public works	596,462	556,548	292,169	582,234
Culture and recreation	135,884	702,677	306,211	159,261
Community and economic development	155,724	123,894	250,854	188,917
General government	272,894	324,113	224,269	241,146
Debt service	1,383,994	2,185,021	1,382,558	1,391,500
Capital projects	1,844,154	616,039	1,148,551	1,205,060
Total	<u>\$ 4,684,961</u>	<u>4,816,247</u>	<u>4,358,823</u>	<u>4,012,055</u>

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
1,103,858	1,053,158	990,607	994,591	918,796	746,839
1,022,665	1,050,732	1,129,477	985,627	1,007,776	976,424
374,629	354,228	376,780	311,935	264,959	-
78,932	38,204	35,320	38,721	89,384	41,782
23,368	22,786	35,250	40,501	43,751	50,450
354,347	332,494	315,331	303,240	1,133,937	413,461
14,349	6,890	8,020	7,970	12,398	65,708
34,078	40,193	180,025	42,027	31,053	22,902
<u>3,006,226</u>	<u>2,898,685</u>	<u>3,070,810</u>	<u>2,724,612</u>	<u>3,502,054</u>	<u>2,317,566</u>
248,751	261,343	225,268	218,291	221,403	188,362
274,371	297,093	590,332	425,325	321,988	386,834
261,115	206,047	365,190	77,021	67,203	314,790
125,346	111,383	62,256	53,809	53,100	51,864
324,893	216,025	268,188	190,427	207,718	218,209
2,613,283	1,353,834	1,320,919	1,819,261	1,058,388	1,135,986
1,539,032	1,950,216	874,081	1,533,425	1,860,575	900,965
<u>5,386,791</u>	<u>4,395,941</u>	<u>3,706,234</u>	<u>4,317,559</u>	<u>3,790,375</u>	<u>3,197,010</u>

**City of Robins**



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

Rob Sand  
Auditor of State

State Capitol Building  
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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 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, 2018, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 4, 2019. 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We consider the deficiency 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, 2018 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.

  
Marlys K. Gaston, CPA  
Deputy Auditor of State

June 4, 2019

City of Robins  
 Schedule of Findings  
 Year ended June 30, 2018

**Finding Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCY:**

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Bank reconciliations are not prepared by someone who doesn’t sign checks, handle or record cash, and handle disbursement functions.	City and the Robins Firefighters Association
(2) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	City
(3) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash.	City and the Robins Firefighters Association
(4) An independent person is not entering new/updated payroll rates into the computer or recording vacation/sick leave.	City
(5) Duties are not segregated for computer system functions.	City

Cause – The City and Robins Firefighter Association have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City’s and Robins Firefighter Association’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

City of Robins

Schedule of Findings

Year ended June 30, 2018

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

City – We will continue to work on this problem.

Robins Firefighters Association – The Robins Firefighters Association is a very small organization with only 19 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 that includes our current checkbook balance and any outstanding bills that are known at that time. The Robins Firefighters Association continues the practice of reconciling our checking account using the back of the monthly statements and reviewing our bank statements with the Association President and Vice President at each association meeting. All three of these officers, Secretary/Treasurer, President and Vice President, review and initial all of the monthly bank statements. Also, any expenditure of more than \$100 requires approval from our membership and the minutes of our meetings reflect these actions.

Conclusion – Responses acknowledged. Each office should continue to review the control activities of their office to obtain the maximum internal control possible under the circumstances.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Robins  
Schedule of Findings  
Year ended June 30, 2018

**Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2018, 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 perform this process accurately.

Conclusion – Response accepted.

- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – No business transactions between City and City officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – Except as noted below, no transactions were found that we believe should have been approved in the City Council minutes but were not.

Six of eight credit card transactions tested were not approved by the City Council prior to disbursement. In addition, three of thirty non-credit card transactions were not approved by the City Council prior to disbursement.

Although minutes of City Council proceedings were published, five of 25 City Council meeting minutes tested were not published within fifteen days of the meeting in accordance with Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should publish minutes timely, as required. The City Council should approve all transactions prior to disbursement.

Response – The City Clerk will ensure the minutes are published in the Gazette in a timely manner. Resolution No. 0219-3 was passed in February 2019 approving the timely payment of certain bills, including those for credit card transactions, prior to City Council approval in order to eliminate excessive late fees.

Conclusion – Response accepted.



City of Robins

Schedule of Findings

Year ended June 30, 2018

- (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) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the tax increment financing (TIF) debt outstanding was understated by \$1,850,210. The amount reported for the general obligation bond Series 2011 and Series 2013 were at 100% rather than the TIF portion of the general obligation bonds. The general obligation bond Series 2009 was refunded during the fiscal year but was included on the report. The general obligation bond Series 2016 was issued during the fiscal year 2017 but was not included on the report. In addition, the City incorrectly reported the balances on the tax increment rebate agreements.

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

Response – We will strive to perform this accurately.

Conclusion – Response accepted.

City of Robins

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Suzanne R. Dahlstrom, CPA, Manager  
Premnarayan Gobin, Senior Auditor  
Alex W. Case, Senior Auditor  
Andy J. Salwolke, Staff Auditor