

# **City of Akron**

Akron, Iowa

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**Independent Auditors' Reports  
Basic Financial Statements and  
Supplementary Information  
Schedule of Findings and Responses**

June 30, 2009

# City of Akron

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**City of Akron  
City Officials  
Year Ended June 30, 2009**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Before January 2009</u>		
Harold Higman, Jr.	Mayor	January 2012
Bob Frerichs	Member	January 2012
Brent James	Member	January 2012
Barb Johnson	Member	January 2012
Deanna Boe	Member	January 2010
Chad Ericson	Member	January 2010

<u>After January 2009</u>		
Harold Higman, Jr.	Mayor	January 2012
Bob Frerichs	Member	January 2012
Brent James	Member	January 2012
Barb Johnson	Member	January 2012
Deanna Boe	Member	January 2010
Chad Ericson	Member	January 2010

APPOINTED OFFICIALS

Mindee Weinschenk	Clerk	Indefinite
Karen Wardrip	Treasurer	Indefinite
David Stuart	Attorney	Indefinite



## Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council  
City of Akron, Iowa

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 Akron, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of City of Akron's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Akron, Iowa, as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in the notes to the financial statements.



In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010 on our consideration of the City of Akron's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 23 through 24 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Akron's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sioux City, Iowa  
January 25, 2010

King, Reinsch, Prosser + Co., L.L.P.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Akron provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2009 Financial Highlights

- Receipts of the City's governmental activities were approximately \$1.3 million in fiscal 2009 compared to \$1.9 million in fiscal 2008. The decrease is largely due to the \$700,000 received from bond proceeds in the prior year. Property taxes increased approximately \$39,000 from fiscal 2008 to fiscal 2009.
- Disbursements of the City's governmental activities were approximately \$1.7 million in fiscal 2009, an increase of 7 percent. Public works, culture and recreation, general government, debt service, and capital project disbursements increased approximately \$77,000, \$46,000, \$42,000, \$30,000 and \$52,000. Public safety and community and economic development disbursements decreased approximately \$87,000 and \$34,000, respectively.
- The City's total cash basis net assets decreased from \$1,326,123 at June 30, 2008 to \$1,174,531 at June 30, 2009. The assets of the governmental activities increased approximately \$15,000 and the assets of the business-type activities decreased by approximately \$166,000.

### Using This Annual Report

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets - Cash Basis. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and proprietary funds.

## **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, the reader 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 Statements*

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

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

The Statement of Activities and Net Assets - Cash Basis is divided into two kinds of activities:

- Governmental Activities includes public safety, public works, health and social services, 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, the electric system, the sanitary sewer system, and the Akron Care Center (a blended component unit). 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 Urban Renewal Tax Increment, Road Use Tax and Local Option Sales Tax, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include 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 six Enterprise Funds to provide separate information for the funds. Electric Utility, Sewer Utility, Water Utility and Akron Care Center funds are considered to be major enterprise funds of the City.

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

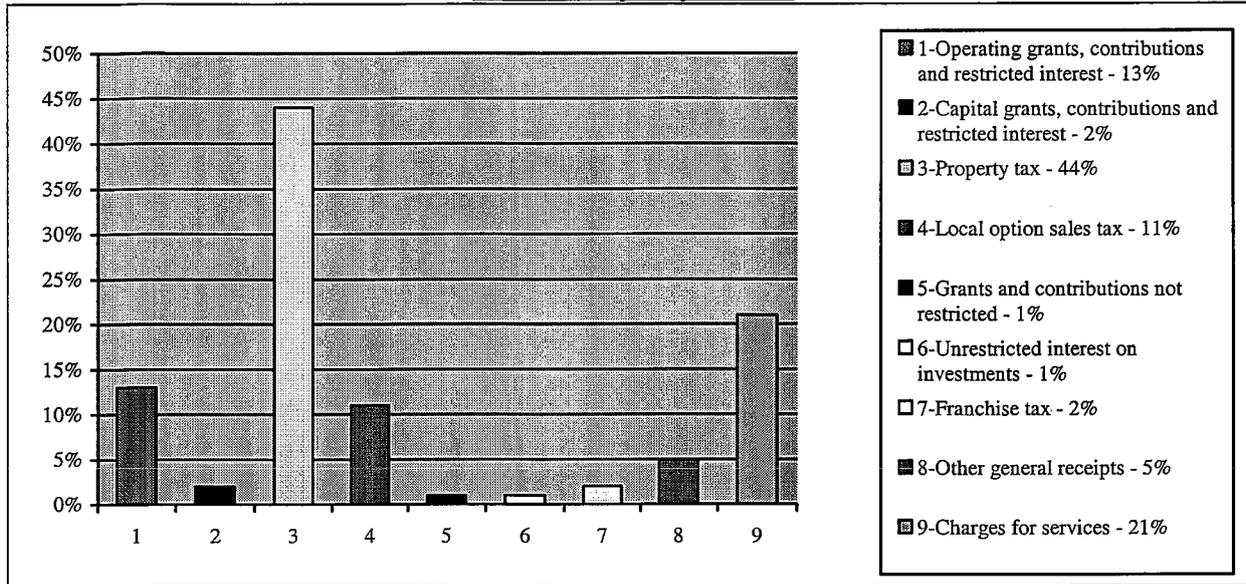
### Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$716,711 to \$731,360. The analysis that follows focuses on the changes in cash balances for governmental activities.

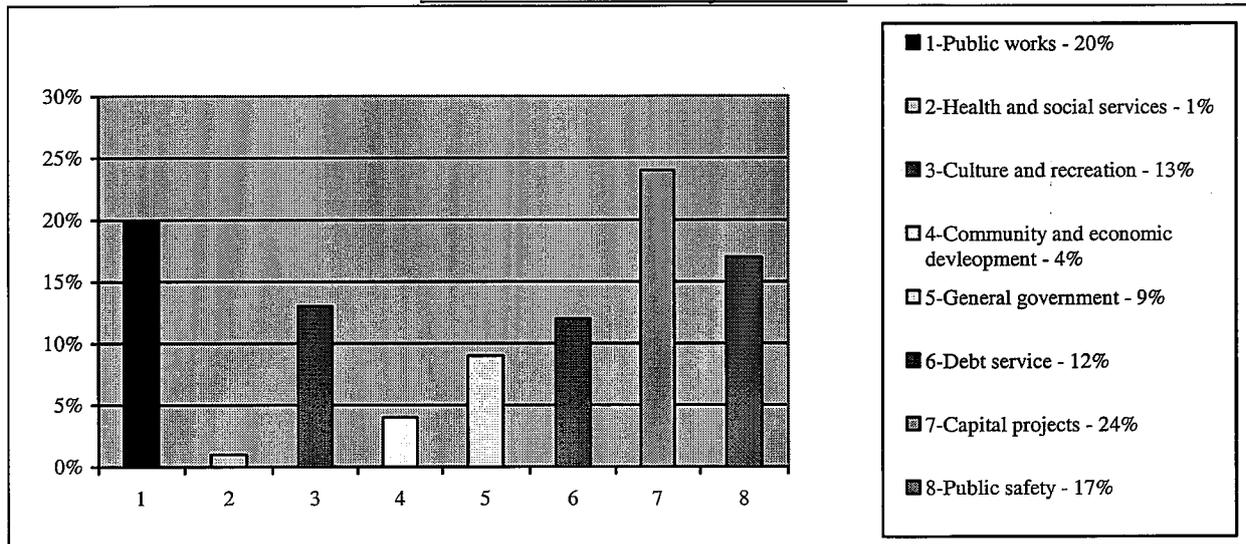
#### Changes in Cash Basis Net Assets of Governmental Activities Year Ended June 30,

	<u>2009</u>	<u>2008</u>
Receipts:		
Program receipts:		
Charges for service	\$ 270,212	\$ 219,928
Operating grants, contributions and restricted interest	171,559	177,055
Capital grants, contributions and restricted interest	28,762	21,185
General receipts:		
Property tax	565,584	526,864
Local option sales tax	142,761	129,317
Franchise tax	26,343	24,850
Grants and contributions not restricted to specific purposes	9,934	4,563
Unrestricted investment earnings	11,465	25,976
Bond Proceeds	-	700,000
Insurance Proceeds	-	52,742
Other general receipts	<u>59,854</u>	<u>63,440</u>
Total receipts	<u>\$ 1,286,474</u>	<u>\$ 1,945,920</u>
Disbursements:		
Public safety	\$ 292,417	\$ 379,719
Public works	335,956	259,389
Health and social services	15,099	27,551
Culture and recreation	224,828	178,703
Community and economic development	62,221	96,122
General government	152,186	110,092
Debt service	198,083	167,701
Capital projects	<u>394,350</u>	<u>342,529</u>
Total disbursements	<u>\$ 1,675,140</u>	<u>\$ 1,561,806</u>
Change in cash basis net assets before transfers	\$ (388,666)	\$ 384,114
Transfers, net	<u>403,315</u>	<u>111,134</u>
Change in cash basis net assets	\$ 14,649	\$ 495,248
Cash basis net assets beginning of year	<u>716,711</u>	<u>221,463</u>
Cash basis net assets end of year	<u>\$ 731,360</u>	<u>\$ 716,711</u>

### 2009 Receipts by Source



### 2009 Disbursements by Function



The City's total receipts for governmental activities decreased by 34 percent, or \$659,446. The total cost of all programs and services increased by \$113,334, or 7 percent, with no new programs added this year. The significant decrease in receipts was primarily the result of bond proceeds received from the issuance of general obligation bonds in the prior year.

The cost of all governmental activities this year was \$1,675,140 compared to \$1,561,806 last year. However, as shown in the Statement of Activities and Net Assets - Cash Basis on page 11, the amount taxpayers ultimately financed for these activities was \$1,204,607 because some of the cost was paid by those directly benefited from the programs (\$270,212) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$200,321). The City's program receipts, including intergovernmental aid and fees for service, increased in 2009 from 2008 by approximately \$52,000. The City paid for the remaining "public benefit" portion of governmental activities with approximately \$735,000 in tax (some of which could only be used for certain programs).

Changes in Cash Basis Net Assets of Business-Type Activities  
Year Ended June 30,

	<u>2009</u>	<u>2008</u>
Receipts:		
Program receipts:		
Charges for service:		
Electric utility	\$ 1,251,846	\$ 1,195,197
Akron Care Center	1,781,133	1,751,951
Water utility	143,192	150,985
Sewer utility	102,135	97,218
Utility deposits	5,522	6,882
Operating grant and contributions	39,465	106,879
General receipts:		
Unrestricted interest on investments	12,877	15,748
Debt Proceeds	375,000	-
Miscellaneous	<u>2,044</u>	<u>-</u>
Total receipts	<u>\$ 3,713,214</u>	<u>\$ 3,324,860</u>
Disbursements:		
Electric utility	\$ 1,011,057	\$ 924,092
Akron Care Center	2,183,391	1,912,970
Electric project	92,695	91,295
Water utility	123,122	129,537
Sewer utility	61,738	29,278
Utility deposits	<u>4,137</u>	<u>3,842</u>
Total disbursements	<u>\$ 3,476,140</u>	<u>\$ 3,091,014</u>
Change in cash basis net assets before transfers	\$ 237,074	\$ 233,846
Transfers, net	<u>(403,315)</u>	<u>(111,134)</u>
Change in cash basis net assets	\$ (166,241)	\$ 122,712
Cash basis net assets beginning of year	<u>609,412</u>	<u>486,700</u>
Cash basis net assets end of year	<u>\$ 443,171</u>	<u>\$ 609,412</u>

Total business-type activities receipts for the fiscal year were \$3,713,214 compared to \$3,324,860 last year. This net increase of approximately \$388,000 was due primarily to the receipt of debt proceeds of \$375,000 for the refinancing of the Akron Care Center debt. Total disbursements for fiscal 2009 increased by approximately 12 percent to a total of \$3,476,140.

**Individual Governmental Fund Analysis**

As City of Akron completed the year, its governmental funds reported a combined fund balance of \$731,360, an increase of \$14,649 from last year's total of \$716,711. The following are the major reasons for the changes in fund balances of the funds from the prior year.

- The Urban Renewal Tax Increment Fund cash balance was \$440,345 at June 30, 2009, a decrease of \$63,855 from the previous year. Receipts for fiscal year 2009 were \$236,968 and disbursements and transfers out were \$300,823.

- The Road Use Tax Fund cash balance was \$126,640 at June 30, 2009, an increase of \$27,419 from the previous year.
- The Local Option Sales Tax cash balance was \$93,238 at June 30, 2009, a decrease of \$60,391 from the previous year. The decrease is due to transfers of \$192,049 made to other funds.
- The Debt Service Fund had a deficit balance of \$112,121 at fiscal year end 2008. During fiscal year end 2009, appropriate transfers were made and the deficit balance was eliminated.

**Individual Major Business-Type Fund Analysis**

- The Sewer Utility cash balance decreased by \$38,958 to \$134,365, due primarily to an increase in the amount of transfers made to other funds.
- The Electric Utility cash balance decreased by \$346,800 to \$77,648, due primarily to an increase in the amount of transfers made to other funds.
- The water utility cash balance increased by \$12,902 to \$77,968.
- The Akron Care Center cash balance increased by \$113,935 to \$137,570, due primarily to a capital contribution of \$100,000 by the City.

**Budgetary Highlights**

In accordance with the Code of Iowa, the City Council adopted a budget on the cash basis following required public notice and hearing for all funds except internal service funds and fiduciary funds.

**Debt Administration**

At June 30, 2009, the City had \$1,592,335 in bonds and other long-term debt, compared to \$1,826,671 last year, as shown below.

**Outstanding Debt at Year-End**  
**June 30,**

	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 1,057,547	\$ 1,197,385
Revenue notes	170,000	250,000
Bank notes	<u>364,788</u>	<u>379,286</u>
Total	<u>\$ 1,592,335</u>	<u>\$ 1,826,671</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,057,547 is below its constitutional debt limit of \$3,067,191.

### **Economic Factors and Next Year's Budget and Rates**

City of Akron's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and fees charged for various City activities. One of those factors is the economy.

Amounts available for appropriation in the operating budget are \$5.5 million, which remains nearly the same as the amount available in 2009. Budgeted disbursements are expected to decrease by approximately \$360,000. The decrease is largely due to the completion of the 2008 street improvements capital project. The City has added no major new programs or initiatives to the 2010 budget.

If these estimates are realized, the City's budgeted cash balance is expected to increase by approximately \$79,000 by the close of 2010.

### **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 Desirae Willms, City Clerk, 220 Reed Street, Akron, Iowa 51001.

# **BASIC FINANCIAL STATEMENTS**

**City of Akron**  
**Statement of Activities and Net Assets - Cash Basis**  
**As of and for the Year Ended June 30, 2009**

Functions/Programs	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
	Disbursements	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 152,186	\$ 24,902	\$ -	\$ -	\$ (127,284)	\$ -	\$ (127,284)
Public safety	292,417	57,404	4,464	14,500	(216,049)	-	(216,049)
Public works	335,956	157,108	125,538	-	(53,310)	-	(53,310)
Health and social services	15,099	-	-	-	(15,099)	-	(15,099)
Culture and recreation	224,828	30,798	22,362	14,262	(157,406)	-	(157,406)
Community and economic development	62,221	-	19,195	-	(43,026)	-	(43,026)
Debt service	198,083	-	-	-	(198,083)	-	(198,083)
Capital projects	394,350	-	-	-	(394,350)	-	(394,350)
Total governmental activities	1,675,140	270,212	171,559	28,762	(1,204,607)	-	(1,204,607)
<b>Business-Type Activities:</b>							
Water	123,122	143,192	-	-	-	20,070	20,070
Sewer	61,738	102,135	-	-	-	40,397	40,397
Electric	1,011,057	1,251,846	-	-	-	240,789	240,789
Akron Care Center	2,183,391	1,781,133	39,465	-	-	(362,793)	(362,793)
Electric project	92,695	-	-	-	-	(92,695)	(92,695)
Utility deposits	4,137	5,522	-	-	-	1,385	1,385
Total business-type activities	3,476,140	3,283,828	39,465	-	-	(152,847)	(152,847)
<b>Total</b>	<b>\$ 5,151,280</b>	<b>\$ 3,534,040</b>	<b>\$ 211,024</b>	<b>\$ 28,762</b>	<b>\$ (1,204,607)</b>	<b>\$ (152,847)</b>	<b>\$ (1,357,454)</b>
<b>General receipts:</b>							
Property and other city tax levied for:							
General purposes					\$ 231,985	\$ -	\$ 231,985
Employee benefits					96,631	-	96,631
Tax increment financing					236,968	-	236,968
Local option sales tax					142,761	-	142,761
Franchise tax					26,343	-	26,343
Grants and contributions not restricted to specific programs					9,934	-	9,934
Unrestricted investment earnings					11,465	12,877	24,342
Debt proceeds					-	375,000	375,000
Miscellaneous					26,079	2,044	28,123
Sale of assets					33,775	-	33,775
Transfers					403,315	(403,315)	-
Total general receipts and transfers					1,219,256	(13,394)	1,205,862
Change in cash basis net assets					14,649	(166,241)	(151,592)
Cash basis net assets beginning of year					716,711	609,412	1,326,123
Cash basis net assets end of year					\$ 731,360	\$ 443,171	\$ 1,174,531
<b>CASH BASIS NET ASSETS:</b>							
Restricted:							
Streets					\$ 126,640	\$ -	\$ 126,640
Local option sales tax					93,238	-	93,238
Urban renewal purposes					440,345	-	440,345
Other purposes					71,137	-	71,137
Unrestricted					-	443,171	443,171
Total cash basis net assets					\$ 731,360	\$ 443,171	\$ 1,174,531

**City of Akron**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Governmental Funds**  
**As of and for the Year Ended June 30, 2009**

	Special Revenue			Capital Project		Total	
	General	Urban Renewal Tax Increment	Road Use Tax	Local Option Sales Tax	2008 Street Improvements		Nonmajor
<b>RECEIPTS:</b>							
Property tax	\$ 231,985	\$ -	\$ -	\$ -	\$ -	\$ 96,631	\$ 328,616
Tax increment financing	-	236,968	-	-	-	-	236,968
Sales and miscellaneous taxes	26,343	-	-	142,761	-	-	169,104
Licenses and permits	2,738	-	-	-	-	-	2,738
Intergovernmental	62,766	-	123,649	-	-	-	186,415
Charges for services	222,688	-	25,783	-	-	-	248,471
Investment earnings	25,050	-	1,889	-	-	37	26,976
Miscellaneous	48,916	-	-	500	-	3,995	53,411
Total receipts	<u>620,486</u>	<u>236,968</u>	<u>151,321</u>	<u>143,261</u>	<u>-</u>	<u>100,663</u>	<u>1,252,699</u>
<b>DISBURSEMENTS:</b>							
Current:							
General government	141,654	-	-	-	-	10,532	152,186
Public safety	242,346	-	-	11,603	-	38,468	292,417
Public works	212,054	-	123,902	-	-	-	335,956
Health and social services	15,099	-	-	-	-	-	15,099
Culture and recreation	194,659	-	-	-	-	30,169	224,828
Community and economic development	54,348	7,873	-	-	-	-	62,221
Debt service	-	-	-	-	-	198,083	198,083
Capital outlay	-	-	-	-	386,490	7,860	394,350
Total disbursements	<u>860,160</u>	<u>7,873</u>	<u>123,902</u>	<u>11,603</u>	<u>386,490</u>	<u>285,112</u>	<u>1,675,140</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(239,674)</u>	<u>229,095</u>	<u>27,419</u>	<u>131,658</u>	<u>(386,490)</u>	<u>(184,449)</u>	<u>(422,441)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Sale of assets	33,775	-	-	-	-	-	33,775
Transfers in	216,459	-	-	-	398,710	321,688	936,857
Transfers out	(3,909)	(292,950)	-	(192,049)	-	(44,634)	(533,542)
Total other financing sources and (uses)	<u>246,325</u>	<u>(292,950)</u>	<u>-</u>	<u>(192,049)</u>	<u>398,710</u>	<u>277,054</u>	<u>437,090</u>
Net change in cash balances	6,651	(63,855)	27,419	(60,391)	12,220	92,605	14,649
Cash balance beginning of year	(6,651)	504,200	99,221	153,629	(12,220)	(21,468)	716,711
Cash balance end of year	<u>\$ -</u>	<u>\$ 440,345</u>	<u>\$ 126,640</u>	<u>\$ 93,238</u>	<u>\$ -</u>	<u>\$ 71,137</u>	<u>\$ 731,360</u>
<b>CASH BASIS FUND BALANCES:</b>							
Unreserved:							
General fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	440,345	126,640	93,238	-	66,947	727,170
Capital projects funds	-	-	-	-	-	4,190	4,190
Debt service funds	-	-	-	-	-	-	-
Total cash basis fund balances	<u>\$ -</u>	<u>\$ 440,345</u>	<u>\$ 126,640</u>	<u>\$ 93,238</u>	<u>\$ -</u>	<u>\$ 71,137</u>	<u>\$ 731,360</u>

**City of Akron**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Proprietary Funds**  
**As of and for the Year Ended June 30, 2009**

	Sewer	Electric	Water	Akron Care Center	Nonmajor	Total
<b>OPERATING RECEIPTS:</b>						
Charges for services	\$ 102,135	\$ 1,251,846	\$ 143,192	\$ 1,770,751	\$ -	\$ 3,267,924
Miscellaneous	-	-	-	10,382	5,522	15,904
Total operating receipts	<u>102,135</u>	<u>1,251,846</u>	<u>143,192</u>	<u>1,781,133</u>	<u>5,522</u>	<u>3,283,828</u>
<b>OPERATING DISBURSEMENTS:</b>						
Personal services	31,095	207,372	61,485	1,361,214	-	1,661,166
Contractual services	-	-	-	135,013	-	135,013
Utilities	-	-	-	59,519	-	59,519
Repairs and maintenance	-	-	-	48,197	-	48,197
Other supplies and expenses	15,750	753,395	57,878	157,972	4,137	989,132
Capital outlay	14,893	50,290	3,759	17,738	-	86,680
Total operating disbursements	<u>61,738</u>	<u>1,011,057</u>	<u>123,122</u>	<u>1,779,653</u>	<u>4,137</u>	<u>2,979,707</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>40,397</u>	<u>240,789</u>	<u>20,070</u>	<u>1,480</u>	<u>1,385</u>	<u>304,121</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS):</b>						
Interest and investment revenue	3,008	8,004	1,681	184	-	12,877
Proceeds from debt	-	-	-	375,000	-	375,000
Operating grants and contributions	-	-	-	39,465	-	39,465
Miscellaneous revenue	500	-	-	1,544	-	2,044
Debt service:						
Principal	-	-	-	(389,498)	(80,000)	(469,498)
Interest	-	-	-	(14,240)	(12,695)	(26,935)
Net non-operating receipts (disbursements)	<u>3,508</u>	<u>8,004</u>	<u>1,681</u>	<u>12,455</u>	<u>(92,695)</u>	<u>(67,047)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>43,905</u>	<u>248,793</u>	<u>21,751</u>	<u>13,935</u>	<u>(91,310)</u>	<u>237,074</u>
Transfers in	-	-	-	100,000	183,990	283,990
Transfers out	<u>(82,863)</u>	<u>(595,593)</u>	<u>(8,849)</u>	<u>-</u>	<u>-</u>	<u>(687,305)</u>
Net change in cash balances	<u>(38,958)</u>	<u>(346,800)</u>	<u>12,902</u>	<u>113,935</u>	<u>92,680</u>	<u>(166,241)</u>
Cash balance beginning of year	<u>173,323</u>	<u>424,448</u>	<u>65,066</u>	<u>23,635</u>	<u>(77,060)</u>	<u>609,412</u>
Cash balance end of year	<u>\$ 134,365</u>	<u>\$ 77,648</u>	<u>\$ 77,968</u>	<u>\$ 137,570</u>	<u>\$ 15,620</u>	<u>\$ 443,171</u>
<b>CASH BASIS FUND BALANCES:</b>						
Unreserved	<u>\$ 134,365</u>	<u>\$ 77,648</u>	<u>\$ 77,968</u>	<u>\$ 137,570</u>	<u>\$ 15,620</u>	<u>\$ 443,171</u>

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Akron, Iowa, is a political subdivision of the State of Iowa located in Plymouth County. It was first incorporated in 1882 and operates under the Home Rule provision of the Constitution of Iowa. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and electric utilities for its citizens.

Reporting Entity - For financial reporting purposes, the City of Akron, Iowa, 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 Akron, Iowa (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. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from the component unit's administrative offices.

Blended Component Unit - The Akron City Convalescent Care Center (Care Center) is an administrative agency of the City established under Section 392 of the Code of Iowa. The Care Center's relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Care Center is governed by an elected board of trustees.

The City includes the Care Center in its adopted cash basis budget.

The Care Center purchases its electricity, water, and sewer and garbage services from the City. Total Utility purchases were \$30,485 for the year ended June 30, 2009.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The Care Center prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The Care Center's financial information, as presented in these financial statements, has been adjusted to reflect financial information on the basis of cash receipts and cash disbursements. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued. The audited financial statements are available at the Care Center's office.

Jointly Governed Organizations - The City also participates in 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: Community Education Program, Rural Fire Association and E-911 Board.

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

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

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

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

The Statement of Activities and Net Assets - Cash Basis 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.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 and proprietary funds are aggregated and reported as nonmajor funds.

In the fund financial statements, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

*Reserved fund balance* consists of the portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

*Unreserved fund balance* is composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represents tentative plans for future use of financial resources.

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 that are 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 that are not paid from other funds.

Special Revenue:

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

The Road Use Tax Fund is used to account for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for receipt of the City's share of the 1 percent local option sales tax.

Capital Project:

2008 Street Improvements Fund used to account for the activity related to the 2008 Street Improvements project.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The City reports the following major proprietary funds:

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

The Electric Utility Fund accounts for the operation and maintenance of the City's electric system.

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

The Akron Care Center Fund accounts for the blended component unit described above.

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

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

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

Budgets and Budgetary Accounting - The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, general government, debt service, capital projects, and business-type activity functions.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

**CASH AND POOLED INVESTMENTS:**

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. During the year ended June 30, 2009, the City held no investments.

**BONDS AND NOTES PAYABLE:**

Annual debt service requirements to maturity for general obligation bonds, revenue notes, and the bank note payable are as follows:

Year Ended June 30,	General Obligation Notes		Revenue Notes	
	Principal	Interest	Principal	Interest
2010	\$ 141,539	\$ 49,543	\$ 85,000	\$ 8,415
2011	99,895	42,616	85,000	4,250
2012	104,655	37,856	-	-
2013	109,642	32,868	-	-
2014	114,838	27,644	-	-
2015-2019	474,147	57,104	-	-
2020	12,831	100	-	-
<b>Total</b>	<b>\$ 1,057,547</b>	<b>\$ 247,731</b>	<b>\$ 170,000</b>	<b>\$ 12,665</b>

Year Ended June 30,	Bank Note Payable		Total	
	Principal	Interest	Principal	Interest
2010	\$ 17,102	\$ 13,954	\$ 243,641	\$ 71,912
2011	19,479	14,400	204,374	61,266
2012	20,323	13,556	124,978	51,412
2013	21,204	12,675	130,846	45,543
2014	22,123	11,756	136,961	39,400
2015-2019	125,853	43,542	600,000	100,646
2020-2024	138,704	13,949	151,535	14,049
<b>Total</b>	<b>\$ 364,788</b>	<b>\$ 123,832</b>	<b>\$ 1,592,335</b>	<b>\$ 384,228</b>

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

**BONDS AND NOTES PAYABLE (CONTINUED):**

The Code of Iowa requires principal and interest on general obligation bonds to be paid from the Debt Service Fund.

Revenue Notes - The City has pledged future electric customer receipts, net of specified operating disbursements, to repay \$820,000 in electric revenue notes issued May 1999. Proceeds from the notes provided financing for an upgrade to the municipal electric system. The notes are payable solely from electric customer net receipts and are payable through 2011. The total principal and interest remaining to be paid on the notes is \$182,665. For the current year, principal and interest paid and total customer net receipts were \$92,695 and \$240,789, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

- a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. Sufficient transfers shall be made to a separate electric revenue note sinking account, (Electric Project Fund) for the purpose of making the note principal and interest payments when due.

Bank Note Payable - The City has pledged future Care Center receipts, net of specified operating disbursements, to repay \$375,000 in bank notes issued November 2008. Proceeds from the notes refinanced the Village North Apartment Complex, an 8-unit assisted living facility. Interest on the note is 4.25 percent per annum. The note is payable in 180 equal monthly installments of \$2,823, including interest at 4.25 percent. The notes are payable solely from Care Center net receipts and are payable in 2024. The total principal and interest remaining to be paid on the notes is \$488,620. For the current year, principal and interest paid and total customer net receipts including operating grants and contributions were \$19,763 and \$40,945, respectively.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

**PENSION AND RETIREMENT BENEFITS:**

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

Most regular plan members are required to contribute 4.10 percent of their annual covered salary and the City is required to contribute 6.35 percent of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$92,063, \$92,637, and \$85,982, respectively, equal to the required contribution for each year.

**COMPENSATED ABSENCES:**

City employees accumulate a limited amount of earned but unused vacation and sick 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 sick leave termination payments payable to employees at June 30, 2009 was \$13,598 for the primary government and \$24,981 for the Care Center. This liability has been computed based on rates of pay as of June 30, 2009.

**JOINT VENTURE:**

Effective October 1, 2005 the City became a member of the Northwest Iowa Area Solid Waste Agency (Agency). The City will pay the Agency a membership assessment of \$52,115 in five annual installments of \$10,423. Three installments have been paid leaving a balance of \$20,846. As stated in the intergovernmental agreement, the City is responsible for its pro-rata share of all operating expenses, land acquisition and bonds or other encumbrances as determined by the Agency. The user fee for the year ended June 30, 2009 was \$11,986. Financial statements of the Agency are available from the Northwest Iowa Area Solid Waste Agency.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

INTERFUND TRANSFERS:

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 91,241
	Capital Projects:	
	Storm Sewer	\$ 2,051
	Country Club	31,287
	Davis Blvd	<u>11,296</u>
		\$ 44,634
	Enterprise:	
	Water Utility	\$ 8,849
	Sewer Utility	32,863
	Electric Utility	<u>38,872</u>
		\$ 80,584
		<u>\$ 216,459</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	\$ 50,808
	Urban Renewal Tax Increment	<u>259,396</u>
		\$ 310,204
Capital Projects:		
2008 Street Improvements	Enterprise:	
	Electric Utility	\$ 372,731
	Urban Renewal Tax Increment	7,575
Sargent Field	General Fund	73
7th St. Drainage	General Fund	3,836
Akron Business Park	Urban Renewal Tax Increment	<u>25,979</u>
		\$ 410,194
		<u>\$ 936,857</u>
Enterprise:	Enterprise:	
Electric Project	Electric Utility	\$ 183,990
Akron Care Center	Enterprise:	
	Sewer Utility	50,000
	Special Revenue:	
	Local Option Sales Tax	<u>50,000</u>
		\$ 283,990
	Total	<u>\$ 1,220,847</u>

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2009**

**INTERFUND TRANSFERS (CONTINUED):**

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources and account for internal loan activity.

**RISK MANAGEMENT:**

The City of Akron, Iowa, and its component unit are 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 for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Care Center's workers' compensation insurance coverage is purchased from an association of Iowa long-term care providers. The program includes a minimum contribution to cover projected claims and administration costs as well as a potential maximum contribution level. If a member's actual claims for any policy year exceed the claim fund amount included in the minimum contribution, after adjustment for actual payrolls, the member is required to contribute the excess, up to the stated maximum contribution.

Losses for claims in excess of the minimum contributions to the claim fund are accrued when information provided by the Association indicates an assessment is probable and can be reasonably estimated. At June 30, 2009, there were no claims in excess of the minimum contributions to the claim fund.

**COMMITMENTS:**

The City has entered into a contract for engineering services related to the 69KV transmission line relocation project. The total contract is \$200,000 of which approximately \$22,000 has been disbursed.

**HEALTHCARE FACILITY REVENUE BONDS:**

The City has issued a total of \$813,476 of healthcare facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the Akron Health Care's revenues, and the bond principal and interest do not constitute liabilities of the City.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Akron**  
**Budgetary Comparison Schedule**  
**of Receipts, Disbursements, and Changes in Balances -**  
**Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds**  
**Required Supplementary Information**  
**Year Ended June 30, 2009**

	Governmental	Proprietary	Less Funds	<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total</u> <u>Variance</u>
	Funds	Funds	Not Required		<u>Original</u>	<u>Final</u>	
	<u>Actual</u>	<u>Actual</u>	To Be <u>Budgeted</u>				
<b>RECEIPTS:</b>							
Property tax	\$ 328,616	\$ -	\$ -	\$ 328,616	\$ 324,957	\$ 324,957	\$ 3,659
Tax increment financing	236,968	-	-	236,968	250,515	250,515	(13,547)
Sales and miscellaneous taxes	169,104	-	-	169,104	132,178	132,178	36,926
Licenses and permits	2,738	-	-	2,738	3,630	3,630	(892)
Investment earnings	26,976	-	-	26,976	37,530	37,530	(10,554)
Intergovernmental	186,415	-	-	186,415	168,688	168,688	17,727
Charges for services	248,471	3,267,924	-	3,516,395	3,440,127	3,440,127	76,268
Miscellaneous	<u>53,411</u>	<u>445,290</u>	<u>-</u>	<u>498,701</u>	<u>72,188</u>	<u>72,188</u>	<u>426,513</u>
Total receipts	<u>1,252,699</u>	<u>3,713,214</u>	<u>-</u>	<u>4,965,913</u>	<u>4,429,813</u>	<u>4,429,813</u>	<u>536,100</u>
<b>DISBURSEMENTS:</b>							
Public safety	292,417	-	-	292,417	260,907	260,907	(31,510)
Public works	335,956	-	-	335,956	375,678	375,678	39,722
Health and social services	15,099	-	-	15,099	26,985	26,985	11,886
Culture and recreation	224,828	-	-	224,828	210,099	210,099	(14,729)
Community and economic development	62,221	-	-	62,221	68,000	68,000	5,779
General government	152,186	-	-	152,186	142,580	142,580	(9,606)
Debt service	198,083	-	-	198,083	195,275	195,275	(2,808)
Capital projects	394,350	-	-	394,350	241,544	241,544	(152,806)
Business-type activities	<u>-</u>	<u>3,476,140</u>	<u>-</u>	<u>3,476,140</u>	<u>3,319,758</u>	<u>3,319,758</u>	<u>(156,382)</u>
Total disbursements	<u>1,675,140</u>	<u>3,476,140</u>	<u>-</u>	<u>5,151,280</u>	<u>4,840,826</u>	<u>4,840,826</u>	<u>\$ (310,454)</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS</b>							
<b>OVER (UNDER) DISBURSEMENTS</b>	(422,441)	237,074	-	(185,367)	(411,013)	(411,013)	
<b>OTHER FINANCING SOURCES (USES), NET</b>	<u>437,090</u>	<u>(403,315)</u>	<u>-</u>	<u>33,775</u>	<u>281,544</u>	<u>281,544</u>	
<b>EXCESS OF RECEIPTS AND OTHER</b>							
<b>FINANCING SOURCES OVER</b>							
<b>DISBURSEMENTS AND OTHER</b>							
<b>FINANCING USES</b>	14,649	(166,241)	-	(151,592)	(129,469)	(129,469)	
<b>BALANCE, BEGINNING OF YEAR</b>	<u>716,711</u>	<u>609,412</u>	<u>-</u>	<u>1,326,123</u>	<u>1,036,585</u>	<u>1,036,585</u>	
<b>BALANCE, END OF YEAR</b>	<u>\$ 731,360</u>	<u>\$ 443,171</u>	<u>\$ -</u>	<u>\$ 1,174,531</u>	<u>\$ 907,116</u>	<u>\$ 907,116</u>	

**City of Akron**  
**Notes to Required Supplementary Information -**  
**Budgetary Reporting**  
**June 30, 2009**

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds. 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 nine 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 Funds 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 ended June 30, 2009, disbursements exceeded the amount budgeted in the public safety, culture and recreation, general government, debt service, capital projects, and business-type activities functions.

**OTHER SUPPLEMENTARY INFORMATION**

**City of Akron**  
**Schedule of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Nonmajor Governmental Funds**  
**As of and for the Year Ended June 30, 2009**

	Capital Projects										Total	
	Special Revenue		Akron Business Park	Storm Sewer	Davis Blvd	Country Club	7th Street Drainage	Kiosk	Sargent Field	Debt Service		
<b>RECEIPTS:</b>	Employee Benefits	Library Improvement Trust										
Property taxes	\$ 96,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,631
Investment earnings	-	37	-	-	-	-	-	-	-	-	-	37
Miscellaneous	-	500	-	-	-	-	-	3,495	-	-	-	3,995
Total receipts	96,631	537	-	-	-	-	-	3,495	-	-	-	100,663
<b>DISBURSEMENTS:</b>												
Current:												
General government	10,532	-	-	-	-	-	-	-	-	-	-	10,532
Public safety	38,468	-	-	-	-	-	-	-	-	-	-	38,468
Culture and recreation	30,169	-	-	-	-	-	-	-	-	-	-	30,169
Debt service	-	-	-	-	-	-	-	-	198,083	-	-	198,083
Capital outlay	-	-	6,460	-	-	-	-	1,400	-	-	-	7,860
Total disbursements	79,169	-	6,460	-	-	-	-	1,400	-	-	-	85,029
Excess (deficiency) of receipts (under) over disbursements	17,462	537	(6,460)	-	-	-	-	2,095	-	(198,083)	-	(184,449)
<b>OTHER FINANCING SOURCES (USES):</b>												
Transfers in	-	-	7,575	-	-	-	-	-	-	-	-	7,575
Transfers out	-	-	-	(2,051)	(11,296)	(31,287)	3,836	-	73	310,204	-	(44,634)
Total other financing sources and (uses)	-	-	7,575	(2,051)	(11,296)	(31,287)	3,836	-	73	310,204	-	277,054
Net change in cash balances	17,462	537	1,115	2,051	(11,296)	(31,287)	3,836	2,095	73	112,121	-	92,605
Cash balance beginning of year	43,577	5,371	(1,115)	2,051	11,296	31,287	(3,836)	2,095	(73)	(112,121)	-	(21,468)
Cash balance end of year	\$ 61,039	\$ 5,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,190	\$ -	\$ -	\$ -	\$ 71,137
<b>CASH BASIS FUND BALANCES:</b>												
Unreserved												
Special revenue funds	\$ 61,039	\$ 5,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,947
Capital projects funds	-	-	-	-	-	-	-	4,190	-	-	-	4,190
Debt service funds	-	-	-	-	-	-	-	-	-	-	-	-
Total cash basis fund balances	\$ 61,039	\$ 5,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,190	\$ -	\$ -	\$ -	\$ 71,137

**City of Akron**  
**Schedule of Cash Receipts, Disbursements and Changes in Cash Balances**  
**Nonmajor Proprietary Funds**  
**As of and for the Year Ended June 30, 2009**

	<u>Electric Project</u>	<u>Utility Deposits</u>	<u>Total</u>
<b>OPERATING RECEIPTS:</b>			
Miscellaneous	\$ -	\$ 5,522	\$ 5,522
Total operating receipts	<u>-</u>	<u>5,522</u>	<u>5,522</u>
<b>OPERATING DISBURSEMENTS:</b>			
Other supplies and expenses	-	4,137	4,137
Total operating disbursements	<u>-</u>	<u>4,137</u>	<u>4,137</u>
Excess of operating receipts over operating disbursements	<u>-</u>	<u>1,385</u>	<u>1,385</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS):</b>			
Debt service:			
Principal	(80,000)	-	(80,000)
Interest	(12,695)	-	(12,695)
Total non-operating receipts (disbursements)	<u>(92,695)</u>	<u>-</u>	<u>(92,695)</u>
Excess (deficiency) of receipts over (under) disbursements before transfers	<u>(92,695)</u>	<u>1,385</u>	<u>(91,310)</u>
Transfers in	<u>183,990</u>	<u>-</u>	<u>183,990</u>
Net change in cash balances	<u>91,295</u>	<u>1,385</u>	<u>92,680</u>
Cash balance beginning of year	<u>(91,295)</u>	<u>14,235</u>	<u>(77,060)</u>
Cash balance end of year	<u>\$ -</u>	<u>\$ 15,620</u>	<u>\$ 15,620</u>
<b>CASH BASIS FUND BALANCES:</b>			
Unreserved	<u>\$ -</u>	<u>\$ 15,620</u>	<u>\$ 15,620</u>

**City of Akron  
Schedule of Indebtedness  
Year Ended June 30, 2009**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
<b>General Obligation Notes:</b>									
Fire Station Project	10-08-03	4.75%	\$ 550,000	\$ 444,823	\$ -	\$ 32,928	\$ 411,895	\$ 22,114	\$ -
Housing Development	12-01-97	4.3-5.15%	470,000	100,000	-	50,000	50,000	5,325	-
2007 Summer Projects and LMI	10-09-07	4.72%	700,000	652,562	-	56,910	595,652	30,806	-
<b>Total</b>				<b>\$ 1,197,385</b>	<b>\$ -</b>	<b>\$ 139,838</b>	<b>\$ 1,057,547</b>	<b>\$ 58,245</b>	<b>\$ -</b>
<b>Revenue Notes:</b>									
Electric Project	05-01-99	4.25-5.00%	\$ 820,000	\$ 250,000	\$ -	\$ 80,000	\$ 170,000	\$ 12,695	\$ -
<b>Bank Note Payable:</b>									
8-Plex Assisted Living Project	06-10-03	3.30%	\$ 625,000	\$ 379,286	\$ -	\$ 379,286	\$ -	\$ 5,774	\$ -
8-Plex Assisted Living Project	11-24-08	4.25	\$ 375,000	-	375,000	10,212	364,788	8,466	-
<b>Total</b>				<b>\$ 379,286</b>	<b>\$ 375,000</b>	<b>\$ 389,498</b>	<b>\$ 364,788</b>	<b>\$ 14,240</b>	<b>\$ -</b>

**City of Akron**  
**Bond and Note Maturities**  
**June 30, 2009**

General Obligation Notes

Year Ending	Fire Station October 8, 2003		Housing Development December 1, 1997		Summer Projects 2007 and LMI October 9, 2007		Total
	Interest Rate	Amount	Interest Rates	Amount	Interest Rates	Amount	
June 30,							
2010	4.75%	\$ 31,943	5.15%	\$ 50,000	4.72%	\$ 59,596	\$ 141,539
2011	4.75%	33,493	-	-	4.72%	66,402	99,895
2012	4.75%	35,120	-	-	4.72%	69,535	104,655
2013	4.75%	36,825	-	-	4.72%	72,817	109,642
2014	4.75%	38,613	-	-	4.72%	76,225	114,838
2015	4.75%	40,487	-	-	4.72%	79,854	120,341
2016	4.75%	42,453	-	-	4.72%	83,623	126,076
2017	4.75%	44,513	-	-	4.72%	87,600	132,113
2018	4.75%	46,676	-	-	4.72%	-	46,676
2019	4.75%	48,941	-	-	4.72%	-	48,941
2020	4.75%	12,831	-	-	4.72%	-	12,831
		<u>\$ 411,895</u>		<u>\$ 50,000</u>		<u>\$ 595,652</u>	<u>\$ 1,057,547</u>

Revenue Note			Bank Note Payable		
Year Ending	Electric Revenue Capital Note May 1, 1999		Year Ending	8-Plex Assisted Living Note November 24, 2008	
	Interest Rates	Amount		June 30,	Interest Rates
June 30,			June 30,		
2010	4.90%	\$ 85,000	2010	4.25%	\$ 17,102
2011	5.00%	85,000	2011	4.25%	19,479
2012		-	2012	4.25%	20,323
2013		-	2013	4.25%	21,204
2014		-	2014	4.25%	22,123
2015		-	2015	4.25%	23,082
		<u>\$ 170,000</u>	2016	4.25%	24,082
			2017	4.25%	25,125
			2018	4.25%	26,214
			2019	4.25%	27,350
			2020	4.25%	28,536
			2021	4.25%	29,772
			2022	4.25%	31,063
			2023	4.25%	32,409
			2024	4.25%	16,924
					<u>\$ 364,788</u>

**City of Akron**  
**Schedule of Receipts by Source and Disbursements by Function**  
**All Governmental Funds**  
**For the Last Nine Years**

	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>RECEIPTS:</b>									
Property tax	\$ 328,616	\$ 318,793	\$ 345,474	\$ 303,104	\$ 288,889	\$ 266,448	\$ 274,470	\$ 281,329	\$ 275,979
Tax increment financing collections	236,968	208,071	48,477	99,365	139,900	58,541	66,311	42,497	5,358
Other city tax	169,104	154,167	156,724	146,391	118,445	138,625	76,940	22,589	-
Licenses and permits	2,738	4,610	3,356	3,851	3,943	3,173	3,322	2,550	2,694
Use of money and property	26,976	33,312	13,602	7,871	8,478	5,043	53,702	19,693	43,159
Intergovernmental	186,415	147,264	244,459	227,890	146,842	420,861	218,060	176,097	166,938
Charges for services	248,471	201,160	217,418	205,761	206,129	218,758	193,651	215,133	181,162
Miscellaneous	53,411	86,126	27,216	51,017	44,801	45,698	35,066	42,089	59,948
<b>Total</b>	<b>\$ 1,252,699</b>	<b>\$ 1,153,503</b>	<b>\$ 1,056,726</b>	<b>\$ 1,045,250</b>	<b>\$ 957,427</b>	<b>\$ 1,157,147</b>	<b>\$ 921,522</b>	<b>\$ 801,977</b>	<b>\$ 735,238</b>
<b>DISBURSEMENTS:</b>									
<b>Operating:</b>									
Public safety	\$ 292,417	\$ 379,719	\$ 278,252	\$ 319,839	\$ 377,707	\$ 204,469	\$ 224,168	\$ 172,517	\$ 155,074
Public works	335,956	259,389	328,074	213,891	289,255	221,875	363,248	199,465	214,586
Health and social services	15,099	27,551	21,390	20,471	38,492	27,523	7,466	9,088	8,709
Culture and recreation	224,828	178,703	243,324	185,696	182,410	215,187	203,441	193,315	163,431
Community and economic development	62,221	96,122	148,049	56,743	32,000	104,605	-	-	-
General government	152,186	110,092	120,134	128,807	123,579	117,622	111,495	102,995	94,625
Debt service	198,083	167,701	105,855	102,836	167,199	61,356	100,487	104,547	108,532
Capital projects	394,350	342,529	270,154	244,085	130,271	833,315	174,357	23,328	9,291
<b>Total</b>	<b>\$ 1,675,140</b>	<b>\$ 1,561,806</b>	<b>\$ 1,515,232</b>	<b>\$ 1,272,368</b>	<b>\$ 1,340,913</b>	<b>\$ 1,785,952</b>	<b>\$ 1,184,662</b>	<b>\$ 805,255</b>	<b>\$ 754,248</b>



**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  
City of Akron, Iowa

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 Akron, Iowa as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 25, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Akron's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Akron's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Akron's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.



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

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

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Akron's responses to findings identified in our audit are described in the accompanying schedule of findings and responses. While we have expressed our conclusions on the City's responses, we did not audit City of Akron's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Akron, Iowa and other parties to whom the City of Akron, Iowa may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Sioux City, Iowa  
January 25, 2010

King, Reinsch, Prosser & Co., L.L.P.

**City of Akron**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2009**

Part I: Findings Related to the Financial Statements:

Significant Deficiencies

I-A-09     Recording Cash Receipts and Disbursements in the Proper Fund and Account - We proposed and management approved numerous adjusting and reclassifying journal entries. The nature of the journal entries were to record cash receipts and disbursements in the correct fund and account. It is important to record cash receipts and disbursements correctly in order to prepare accurate budgets, monitor actual results with budgeted amounts, prepare accurate Annual Financial Reports, prepare accurate monthly information by fund and function, and approve appropriate transfers between funds as needed.

Recommendation - We recommend the City improve the procedures related to posting cash receipts and disbursements in order to strengthen internal controls.

Response - The City agrees with the recommendations and will review the procedures related to posting cash receipts and disbursements.

Conclusion - Response accepted.

I-B-09     Financial Statement Preparation - The financial statements are the responsibility of the City's management. A system of internal control over financial reporting includes control over financial statement preparation, including note disclosures. We drafted the financial statements and note disclosure and management approved the draft. It is acceptable for the auditors to draft the financial statements but because we can not be a part of the City's internal control auditing standards require that this be communicated to those charged with governance.

Recommendation - We recommend the Council review this process in order to maximize internal controls and assess the cost/benefit of this process.

Response - The City will review this process.

Conclusion - Response accepted.

Instances of Noncompliance

No matters were noted.

**City of Akron**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2009**

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the public safety, community and economic development, general government, debt service, capital projects, and business-type activities functions. Chapter 384.20 of the Code of Iowa states in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

II-B-09 Questionable Disbursements - No disbursements were noted that did not appear to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-09 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-09 Business Transactions - No business transactions between the City and City officials or employees were noted.

II-E-09 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 that the coverage is adequate for current operations.

II-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

Minutes of Council proceedings are required by the Code of Iowa to be published within 15 days. We found one instance in our testing where the minutes were not published timely. Total expenditures by fund and a summary of receipts for January through June 2009 were not included in the respective months publication of the minutes. In addition, a summary of all receipts for July to December 2008 were not published.

Recommendation - The City should publish minutes as required. The City should publish total expenditures by fund and a summary of receipts as required.

**City of Akron**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2009**

Part II: Other Findings Related to Required Statutory Reporting (Continued):

Response - The City will review the publication requirements of the Code of Iowa and comply with the requirements.

Conclusion - Response accepted.

II-G-09 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy.

II-H-09 Revenue Bonds - No instances of non-compliance with the revenue bonds resolutions were noted.