

City of Akron

Akron, Iowa

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

June 30, 2011

City of Akron

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**City of Akron
City Officials
Year Ended June 30, 2011**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Before January 2011</u>		
Harold Higman, Jr.	Mayor	January 2012
Bob Frerichs	Member	January 2012
Deanna Boe	Member	January 2012
Barb Johnson	Member	January 2012
Sharon Frerichs	Member	January 2014
Chad Ericson	Member	January 2014
<u>After January 2011</u>		
Harold Higman, Jr.	Mayor	January 2012
Bob Frerichs	Member	January 2012
Denise Loutsch-Betelspacher	Member	January 2012
Barb Johnson	Member	January 2012
Sharon Frerichs	Member	January 2014
Chad Ericson	Member	January 2014
<u>APPOINTED OFFICIALS</u>		
Nicolle DeRocher	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, 2011, which collectively comprise the City's basic financial statements as 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 did not audit the financial statements of the Akron Care Center, Inc. (blended component unit). Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Akron Care Center, Inc., is based solely on the report of the other auditors.

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 and the report of other auditors, 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, 2011, 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 February 27, 2012 on our consideration of the City of Akron's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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. The supplementary information included on pages 24 through 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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. The management's discussion and analysis on pages 4 through 10 and the budgetary comparison information on pages 29 and 30 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Sioux City, Iowa
February 27, 2012

King, Heinsch, 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, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2011 Financial Highlights

- Receipts of the City's governmental activities were approximately \$1.3 million and \$1.4 million in fiscal 2011 and 2010.
- Disbursements of the City's governmental activities were approximately \$1.4 million in both fiscal years 2011 and 2010. Capital projects and public works disbursements increased approximately \$30,000 and \$32,000, respectively. General government, public safety, and culture and recreation disbursements decreased approximately \$18,000, \$18,000, and \$24,000 respectively.
- The City's total cash basis net assets decreased from \$1,551,342 at June 30, 2010 to \$1,451,360 at June 30, 2011. The assets of the governmental activities increased approximately \$262,000 and the assets of the business-type activities decreased by approximately \$362,000.

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.

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

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

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, Inc. (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, Inc. 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.

Blended Component Unit

The Akron Care Center, Inc. (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 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.

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 \$796,017 to \$1,076,113. The analysis that follows focuses on the changes in cash balances for governmental activities.

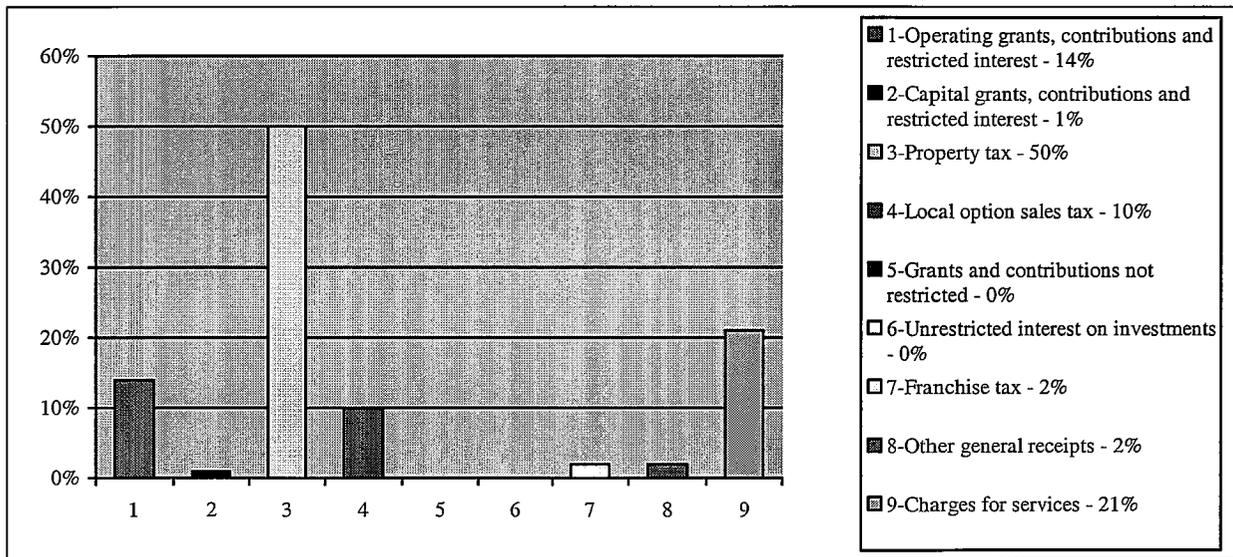
Changes in Cash Basis Net Assets of Governmental Activities
Year Ended June 30,

	<u>2011</u>	<u>2010</u>
Receipts:		
Program receipts:		
Charges for service	\$ 272,631	\$ 259,439
Operating grants, contributions and restricted interest	186,352	171,742
Capital grants, contributions and restricted interest	7,621	22,377
General receipts:		
Property tax	652,073	665,698
Local option sales tax	131,927	137,217
Franchise tax	20,745	21,218
Grants and contributions not restricted to specific purposes	550	817
Unrestricted investment earnings	839	673
Other general receipts	<u>32,136</u>	<u>105,629</u>
Total receipts	<u>\$ 1,304,874</u>	<u>\$ 1,384,810</u>

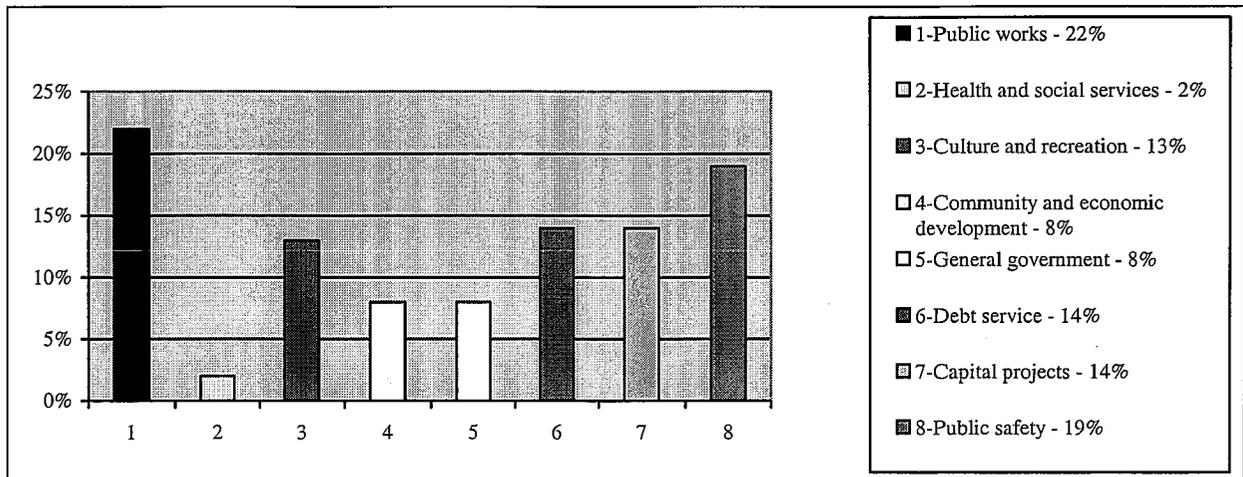
Changes in Cash Basis Net Assets of Governmental Activities
Year Ended June 30, (Continued)

	<u>2011</u>	<u>2010</u>
Disbursements:		
Public safety	\$ 270,846	\$ 288,823
Public works	313,244	281,159
Health and social services	21,234	14,850
Culture and recreation	189,137	213,368
Community and economic development	109,100	111,841
General government	114,545	132,770
Debt service	198,645	191,493
Capital projects	<u>205,244</u>	<u>175,717</u>
Total disbursements	<u>\$ 1,421,995</u>	<u>\$ 1,410,021</u>
Change in cash basis net assets before transfers	\$ (117,121)	\$ (25,211)
Transfers, net	<u>378,735</u>	<u>89,868</u>
Change in cash basis net assets	\$ 261,614	\$ 64,657
Cash basis net assets beginning of year, as restated	<u>814,499</u>	<u>731,360</u>
Cash basis net assets end of year	<u>\$ 1,076,113</u>	<u>\$ 796,017</u>

2011 Receipts by Source



2011 Disbursements by Function



The City's total receipts for governmental activities decreased by 6 percent, or \$79,936. The total cost of all programs and services increased by \$11,974, or 1 percent. The decrease in receipts was primarily the result of a decrease in proceeds from the sale of assets.

The cost of all governmental activities this year was \$1,421,995 compared to \$1,410,021 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 \$955,391 because some of the cost was paid by those directly benefited from the programs (\$272,631) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$193,973). The City's program receipts, including intergovernmental aid and fees for service increased in 2011 from 2010 by approximately \$12,000. The City paid for the remaining "public benefit" portion of governmental activities with approximately \$805,000 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>2011</u>	<u>2010</u>
Receipts:		
Program receipts:		
Charges for service:		
Electric utility	\$ 1,443,942	\$ 1,330,378
Akron Care Center	2,190,149	2,051,946
Water utility	138,116	141,945
Sewer utility	104,012	101,344
Utility deposits	1,446	3,468
Operating grants, contributions and restricted interest	119,407	8,225
General receipts:		
Unrestricted interest on investments	16,275	8,416
Miscellaneous	<u>8,694</u>	<u>257</u>
Total receipts	<u>\$ 4,022,041</u>	<u>\$ 3,645,979</u>
Disbursements:		
Electric utility	\$ 1,332,336	\$ 1,030,870
Akron Care Center	2,405,981	1,957,965
Electric project	89,700	93,815
Water utility	121,377	118,606
Sewer utility	55,508	58,718
Utility deposits	<u>-</u>	<u>2,465</u>
Total disbursements	<u>\$ 4,004,902</u>	<u>\$ 3,262,439</u>
Change in cash basis net assets before transfers	\$ 17,139	\$ 383,540
Transfers, net	<u>(378,735)</u>	<u>(89,868)</u>
Change in cash basis net assets	\$ (361,596)	\$ 293,672
Cash basis net assets beginning of year	<u>736,843</u>	<u>443,171</u>
Cash basis net assets end of year	<u>\$ 375,247</u>	<u>\$ 736,843</u>

Total business-type activities receipts for the fiscal year were \$4,022,041 compared to \$3,645,979 last year, an increase of approximately \$376,000. The Akron Care Center and electric utility charges for service increased by approximately \$138,000 and \$114,000 respectively. Total disbursements for fiscal 2011 increased by approximately 23 percent to a total of \$4,004,902.

Individual Governmental Fund Analysis

As City of Akron completed the year, its governmental funds reported a combined fund balance of \$1,076,113, an increase of \$261,614 from last year's total of \$814,499. 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 \$534,121 at June 30, 2011, an increase of \$257,888 from the previous year. Receipts and transfers in for fiscal year 2011 were \$449,672 and disbursements and transfers out were \$191,784. The city authorized internal loan payments during the current year to pay back the internally generated certified debt.
- The Road Use Tax Fund cash balance was \$13,558 at June 30, 2011, a decrease of \$285,376 from the previous year. The Road Use Tax Fund received payments from the Urban Renewal Tax Increment Fund on their internal loan during the prior fiscal year.
- The Downtown Street cash balance was \$210,545 at June 30, 2011. This is a new capital project in the current year. Transfers in for the current year were \$210,545 from the Electric fund.

Individual Major Business-Type Fund Analysis

- The Sewer Utility cash balance decreased by \$2,848 to \$206,632.
- The Electric Utility cash balance decreased by \$301,648 to (\$110,430), due primarily to an increase in the amount of transfers made to other funds.
- The water utility cash balance increased by \$24,622 to \$123,729.
- The Akron Care Center cash balance increased by \$83,168 to \$137,247, due primarily to an increase in charges for service.

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.

During the year, the City amended its budget. The amendment was approved on June 28, 2011 and resulted in an increase in disbursements related to approved capital projects and debt service as well as an increase in TIF revenues.

The City's receipts were approximately \$245,000 more than the amended budget. The City's disbursements were approximately \$73,000 more than the amended budget. The City exceeded disbursements in the business-type activities function by approximately \$494,000.

Debt Administration

At June 30, 2011, the City had \$1,087,812 in bonds and other long-term debt, compared to \$1,348,051 last year, as shown below.

	<u>Outstanding Debt at Year-End</u>	
	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 760,000	\$ 917,351
Revenue notes	-	85,000
Bank notes	<u>327,812</u>	<u>345,700</u>
Total	<u>\$ 1,087,812</u>	<u>\$ 1,348,051</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 \$760,000 is below its constitutional debt limit of \$3,087,663.

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 2011 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 \$5.8 million. The disbursements were budgeted at \$5.2 million. The City has added no major new programs or initiatives to the 2012 budget.

If these estimates are realized, the City's budgeted cash balance is expected to increase by approximately \$100,000 by the close of 2012.

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 Nicolle DeRocher, 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, 2011

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, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 114,545	\$ 17,797	\$ -	\$ -	\$ (96,748)	\$ -	\$ (96,748)
Public safety	270,846	63,640	12,560	-	(194,646)	-	(194,646)
Public works	313,244	153,373	152,851	-	(7,020)	-	(7,020)
Health and social services	21,234	-	-	-	(21,234)	-	(21,234)
Culture and recreation	189,137	37,821	15,459	7,621	(128,236)	-	(128,236)
Community and economic development	109,100	-	5,482	-	(103,618)	-	(103,618)
Debt service	198,645	-	-	-	(198,645)	-	(198,645)
Capital projects	205,244	-	-	-	(205,244)	-	(205,244)
Total governmental activities	<u>1,421,995</u>	<u>272,631</u>	<u>186,352</u>	<u>7,621</u>	<u>(955,391)</u>	<u>-</u>	<u>(955,391)</u>
Business-Type Activities:							
Water	121,377	138,116	-	-	-	16,739	16,739
Sewer	55,508	104,012	-	-	-	48,504	48,504
Electric	1,332,336	1,443,942	-	-	-	111,606	111,606
Akron Care Center	2,405,981	2,190,149	119,407	-	-	(96,425)	(96,425)
Electric project	89,700	-	-	-	-	(89,700)	(89,700)
Utility deposits	-	1,446	-	-	-	1,446	1,446
Total business-type activities	<u>4,004,902</u>	<u>3,877,665</u>	<u>119,407</u>	<u>-</u>	<u>-</u>	<u>(7,830)</u>	<u>(7,830)</u>
Total	<u>\$ 5,426,897</u>	<u>\$ 4,150,296</u>	<u>\$ 305,759</u>	<u>\$ 7,621</u>	<u>\$ (955,391)</u>	<u>\$ (7,830)</u>	<u>\$ (963,221)</u>
General receipts:							
Property and other city tax levied for:							
General purposes					\$ 256,728	\$ -	\$ 256,728
Employee benefits					88,901	-	88,901
Tax increment financing					306,444	-	306,444
Local option sales tax					131,927	-	131,927
Franchise tax					20,745	-	20,745
Grants and contributions not restricted to specific programs					550	-	550
Unrestricted investment earnings					839	16,275	17,114
Miscellaneous					22,836	2,118	24,954
Proceeds from debt					810,000	-	810,000
Refinancing of debt					(810,000)	-	(810,000)
Sale of assets					9,300	6,576	15,876
Transfers					378,735	(378,735)	-
Total general receipts and transfers					<u>1,217,005</u>	<u>(353,766)</u>	<u>863,239</u>
Change in cash basis net assets					261,614	(361,596)	(99,982)
Cash basis net assets beginning of year, as restated					814,499	736,843	1,551,342
Cash basis net assets end of year					<u>\$ 1,076,113</u>	<u>\$ 375,247</u>	<u>\$ 1,451,360</u>
CASH BASIS NET ASSETS:							
Restricted:							
Streets					\$ 13,558	\$ -	\$ 13,558
Local option sales tax					70,092	-	70,092
Urban renewal purposes					534,121	-	534,121
Debt service					43,814	-	43,814
Other purposes					107,750	-	107,750
Unrestricted					306,778	375,247	682,025
Total cash basis net assets					<u>\$ 1,076,113</u>	<u>\$ 375,247</u>	<u>\$ 1,451,360</u>

City of Akron
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds
As of and for the Year Ended June 30, 2011

	General	Special Revenue	Capital Projects	Nonmajor	Total
		Urban Renewal Tax Increment	Downtown Street		
RECEIPTS:					
Property tax	\$ 256,728	\$ -	\$ -	\$ 88,901	\$ 345,629
Tax increment financing	-	306,444	-	-	306,444
Other city tax	20,745	-	-	131,927	152,672
Licenses and permits	3,367	-	-	-	3,367
Intergovernmental	38,957	-	-	135,430	174,387
Charges for services	224,373	-	-	18,018	242,391
Use of money and property	17,778	4,362	-	4,031	26,171
Miscellaneous	35,959	-	-	8,554	44,513
Total receipts	<u>597,907</u>	<u>310,806</u>	<u>-</u>	<u>386,861</u>	<u>1,295,574</u>
DISBURSEMENTS:					
Current:					
General government	89,950	-	-	24,595	114,545
Public safety	235,476	-	-	35,370	270,846
Public works	199,066	-	-	114,178	313,244
Health and social services	21,234	-	-	-	21,234
Culture and recreation	166,872	-	-	22,265	189,137
Community and economic development	58,866	50,234	-	-	109,100
Debt service	-	-	-	198,645	198,645
Capital outlay	-	-	-	205,244	205,244
Total disbursements	<u>771,464</u>	<u>50,234</u>	<u>-</u>	<u>600,297</u>	<u>1,421,995</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(173,557)</u>	<u>260,572</u>	<u>-</u>	<u>(213,436)</u>	<u>(126,421)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from debt	-	-	-	810,000	810,000
Refinancing of debt	-	-	-	(810,000)	(810,000)
Sale of capital assets	9,300	-	-	-	9,300
Transfers in	179,777	138,866	210,545	465,337	994,525
Transfers out	-	(141,550)	-	(474,240)	(615,790)
Total other financing sources and (uses)	<u>189,077</u>	<u>(2,684)</u>	<u>210,545</u>	<u>(8,903)</u>	<u>388,035</u>
Net change in cash balances	15,520	257,888	210,545	(222,339)	261,614
Cash balance beginning of year, as restated	88,585	276,233	-	449,681	814,499
Cash balance end of year	<u>\$ 104,105</u>	<u>\$ 534,121</u>	<u>\$ 210,545</u>	<u>\$ 227,342</u>	<u>\$ 1,076,113</u>
CASH BASIS FUND BALANCES:					
Restricted for:					
Local option sales tax	\$ -	\$ -	\$ -	\$ 70,092	\$ 70,092
Streets	-	-	-	13,558	13,558
Debt service	-	-	-	43,814	43,814
Urban renewal purposes	-	534,121	-	-	534,121
Other purposes	7,872	-	-	99,878	107,750
Assigned to:					
Capital projects	-	-	210,545	-	210,545
Unassigned	96,233	-	-	-	96,233
Total cash basis fund balances	<u>\$ 104,105</u>	<u>\$ 534,121</u>	<u>\$ 210,545</u>	<u>\$ 227,342</u>	<u>\$ 1,076,113</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, 2011

	Sewer	Electric	Water	Akron Care Center	Nonmajor	Total
OPERATING RECEIPTS:						
Charges for services	\$ 104,012	\$ 1,443,942	\$ 138,116	\$ 2,157,574	\$ -	\$ 3,843,644
Miscellaneous	-	-	-	32,575	1,446	34,021
Total operating receipts	<u>104,012</u>	<u>1,443,942</u>	<u>138,116</u>	<u>2,190,149</u>	<u>1,446</u>	<u>3,877,665</u>
OPERATING DISBURSEMENTS:						
Personal services	29,266	198,847	67,859	1,367,750	-	1,663,722
Repairs and maintenance	3,018	16,336	9,941	32,528	-	61,823
Utilities	4,439	9,675	13,157	55,911	-	83,182
Contractual services	3,355	9,931	5,726	353,021	-	372,033
Commodities	4,868	871,887	23,577	247,402	-	1,147,734
Total operating disbursements	<u>44,946</u>	<u>1,106,676</u>	<u>120,260</u>	<u>2,056,612</u>	<u>-</u>	<u>3,328,494</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>59,066</u>	<u>337,266</u>	<u>17,856</u>	<u>133,537</u>	<u>1,446</u>	<u>549,171</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):						
Interest	2,520	1,834	782	11,139	-	16,275
Contributions	-	-	-	119,407	-	119,407
Sale of capital assets	-	6,576	-	-	-	6,576
Miscellaneous revenue	-	-	-	2,118	-	2,118
Debt service:						
Principal	-	-	-	(17,888)	(85,000)	(102,888)
Interest	-	-	-	(15,990)	(4,700)	(20,690)
Capital outlay	(10,562)	(225,660)	(1,117)	(315,491)	-	(552,830)
Net non-operating receipts (disbursements)	<u>(8,042)</u>	<u>(217,250)</u>	<u>(335)</u>	<u>(216,705)</u>	<u>(89,700)</u>	<u>(532,032)</u>
Excess (deficiency) of receipts over (under) disbursements	51,024	120,016	17,521	(83,168)	(88,254)	17,139
Transfers in	3,597	100,554	12,502	-	89,700	206,353
Transfers out	(57,469)	(522,218)	(5,401)	-	-	(585,088)
Net change in cash balances	(2,848)	(301,648)	24,622	(83,168)	1,446	(361,596)
Cash balance beginning of year	209,480	191,218	99,107	220,415	16,623	736,843
Cash balance end of year	<u>\$ 206,632</u>	<u>\$ (110,430)</u>	<u>\$ 123,729</u>	<u>\$ 137,247</u>	<u>\$ 18,069</u>	<u>\$ 375,247</u>
CASH BASIS FUND BALANCES:						
Unrestricted	<u>\$ 206,632</u>	<u>\$ (110,430)</u>	<u>\$ 123,729</u>	<u>\$ 137,247</u>	<u>\$ 18,069</u>	<u>\$ 375,247</u>

City of Akron
Notes To Financial Statements
June 30, 2011

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.

- A. 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 Care Center, Inc. (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 \$33,500 for the year ended June 30, 2011.

City of Akron
Notes To Financial Statements
June 30, 2011

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. The City is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets - Cash Basis reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for 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 not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

City of Akron
Notes To Financial Statements
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

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.

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.

Capital Projects:

Downtown Street Fund is used to account for the resources to be used to pay for construction and engineering services related to the Downtown Street project.

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.

City of Akron
Notes To Financial Statements
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

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

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

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 restriction classifications committed assigned and then unassigned fund balance.

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

- D. Governmental Cash Basis Fund Balances - In the governmental fund financial statements, cash basis fund balances are classified as follows:

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

City of Akron
Notes To Financial Statements
June 30, 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in restricted or assigned fund balance.

- E. Budgets and Budgetary Accounting - The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the business-type activities function.

CASH AND POOLED INVESTMENTS:

The City's deposits in banks at June 30, 2011 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, 2011, the City held no investments.

BONDS AND NOTES PAYABLE:

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

Year Ended June 30,	General Obligation Notes		Bank Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 70,000	\$ 18,108	\$ 20,306	\$ 13,573	\$ 90,306	\$ 31,681
2013	80,000	17,163	21,229	12,650	101,229	29,813
2014	95,000	15,883	22,128	11,751	117,128	27,634
2015	95,000	14,173	23,087	10,792	118,087	24,965
2016	100,000	12,225	24,072	9,807	124,072	22,032
2017-2021	320,000	20,348	137,041	32,355	457,041	52,703
2022-2024	-	-	79,949	4,482	79,949	4,482
Total	<u>\$ 760,000</u>	<u>\$ 97,900</u>	<u>\$ 327,812</u>	<u>\$ 95,410</u>	<u>\$ 1,087,812</u>	<u>\$ 193,310</u>

City of Akron
Notes To Financial Statements
June 30, 2011

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.

Bank Note Payable - The City pledged future Care Center receipts, net of specified operating disbursements, to repay \$375,000 in bank notes issued November 24, 2008. Proceeds from the notes refinanced the Village North Apartment Complex, an 8-unit assisted living facility. 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 the final payment is payable in 2024. The total principal and interest remaining to be paid on the notes is \$423,222. For the current year, principal and interest paid and total customer net receipts including operating grants and contributions were \$33,878 and (\$62,547), respectively.

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 4.50 percent of their annual covered salary and the City is required to contribute 6.95 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, 2011, 2010 and 2009 were \$108,124, \$91,412, and \$92,063, respectively, equal to the required contribution for each year.

OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 9 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

City of Akron
Notes To Financial Statements
June 30, 2011

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$426 for single coverage and \$1,065 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2011, there were no participants and no contributions to the plan.

COMPENSATED ABSENCES:

City employees accumulate a limited amount of earned but unused vacation 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 payable to employees at June 30, 2011 was \$16,000 for the primary government and \$23,000 for the Care Center. This liability has been computed based on rates of pay as of June 30, 2011.

City of Akron
Notes To Financial Statements
June 30, 2011

INTERFUND TRANSFERS:

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 46,661
	Enterprise:	
	Sewer Utility	\$ 57,133
	Water Utility	5,015
	Electric Utility	<u>67,176</u>
		<u>\$ 129,324</u>
	Capital Project:	
	Kiosk	<u>\$ 3,792</u>
		<u>\$ 179,777</u>
Urban Renewal Tax Increment	Enterprise:	
	Electric Utility	<u>\$ 138,866</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	\$ 90,586
	Road Use Tax	110,323
	Urban Renewal Tax Increment	<u>41,550</u>
		<u>\$ 242,459</u>
Capital Projects:	Special Revenue:	
Portlandville Phase 6	Road Use Tax	\$ 202,878
Akron Business Park	Road Use Tax	20,000
	Enterprise:	
Downtown Street	Electric Utility	<u>210,545</u>
		<u>\$ 433,423</u>
		<u>\$ 994,525</u>
Enterprise:	Enterprise:	
Sewer Utility	Electric Utility	<u>\$ 3,597</u>
Electric Utility	Special Revenue:	
	Urban Renewal Tax Increment	\$ 100,000
	Enterprise:	
	Water Utility	386
	Sewer Utility	<u>168</u>
		<u>\$ 100,554</u>
Electric Project	Enterprise:	
	Electric Utility	<u>\$ 89,700</u>
Water Utility	Enterprise:	
	Electric Utility	\$ 12,334
	Sewer Utility	<u>168</u>
		<u>\$ 12,502</u>
		<u>\$ 206,353</u>
		<u>\$ 1,200,878</u>
	Total	

City of Akron
Notes To Financial Statements
June 30, 2011

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, 2011, there were no claims in excess of the minimum contributions to the claim fund.

COMMITMENTS:

The City has entered into a contract for the 69 KV transmission line rebuild. The total contract is approximately \$168,000 of which approximately \$147,000 has been disbursed.

SUBSEQUENT EVENTS:

On September 22, 2011, the City of Akron was approved for a \$4,000,000 loan from United States Department of Agriculture (USDA) Rural Development. The City will loan Akron Care Center, Inc. \$4,000,000 to finance the construction of a new nursing home facility.

City of Akron
Notes To Financial Statements
June 30, 2011

HEALTHCARE FACILITY REVENUE BONDS:

The City has issued a total of \$326,364 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.

RESTATEMENT:

The general fund cash balance at June 30, 2010 was restated by \$13,834 to include the cash accounts of the volunteer fire department.

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, 2011

	Special Revenue				Capital Projects				Total
	Local Option Sales Tax	Road Use Tax	Employee Benefits	Library Improvement Trust	Akron Business Park	Portlandville Phase 6	Kiosk	Debt Service	
RECEIPTS:									
Property taxes	\$ -	\$ -	\$ 88,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,901
Other city tax	131,927	-	-	-	-	-	-	-	131,927
Intergovernmental	-	135,430	-	-	-	-	-	-	135,430
Charges for services	-	18,018	-	-	-	-	-	-	18,018
Interest	1,120	1,778	1,115	18	-	-	-	-	4,031
Miscellaneous	7,706	-	-	848	-	-	-	-	8,554
Total receipts	<u>140,753</u>	<u>155,226</u>	<u>90,016</u>	<u>866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,861</u>
DISBURSEMENTS:									
Current:									
General government	-	-	24,595	-	-	-	-	-	24,595
Public safety	913	-	34,457	-	-	-	-	-	35,370
Public works	-	107,401	6,777	-	-	-	-	-	114,178
Culture and recreation	-	-	22,265	-	-	-	-	-	22,265
Debt service	-	-	-	-	-	-	198,645	-	198,645
Capital outlay	-	-	-	-	2,366	202,878	-	-	205,244
Total disbursements	<u>913</u>	<u>107,401</u>	<u>88,094</u>	<u>-</u>	<u>2,366</u>	<u>202,878</u>	<u>-</u>	<u>198,645</u>	<u>600,297</u>
Excess (deficiency) of receipts (under) over disbursements	<u>139,840</u>	<u>47,825</u>	<u>1,922</u>	<u>866</u>	<u>(2,366)</u>	<u>(202,878)</u>	<u>-</u>	<u>(198,645)</u>	<u>(213,436)</u>
OTHER FINANCING SOURCES (USES):									
Proceeds from debt								810,000	810,000
Refinancing of debt								(810,000)	(810,000)
Transfers in	-	-	-	-	20,000	202,878	-	242,459	465,337
Transfers out	(137,247)	(333,201)	-	-	-	-	(3,792)	-	(474,240)
Total other financing sources and (uses)	<u>(137,247)</u>	<u>(333,201)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>202,878</u>	<u>(3,792)</u>	<u>242,459</u>	<u>(8,903)</u>
Net change in cash balances	2,593	(285,376)	1,922	866	17,634	-	(3,792)	43,814	(222,339)
Cash balance beginning of year	67,499	298,934	75,585	3,871	-	-	3,792	-	449,681
Cash balance end of year	<u>\$ 70,092</u>	<u>\$ 13,558</u>	<u>\$ 77,507</u>	<u>\$ 4,737</u>	<u>\$ 17,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,814</u>	<u>\$ 227,342</u>
CASH BASIS FUND BALANCES:									
Restricted for:									
Local option sales tax	\$ 70,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,092
Streets	-	13,558	-	-	-	-	-	-	13,558
Debt Service	-	-	-	-	-	-	43,814	-	43,814
Other purposes	-	-	77,507	4,737	17,634	-	-	-	99,878
Total cash basis fund balances	<u>\$ 70,092</u>	<u>\$ 13,558</u>	<u>\$ 77,507</u>	<u>\$ 4,737</u>	<u>\$ 17,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,814</u>	<u>\$ 227,342</u>

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, 2011

	<u>Electric Project</u>	<u>Utility Deposits</u>	<u>Total</u>
OPERATING RECEIPTS:			
Miscellaneous	\$ -	\$ 1,446	\$ 1,446
Total operating receipts	<u>-</u>	<u>1,446</u>	<u>1,446</u>
OPERATING DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>
Excess of operating receipts over operating disbursements	<u>-</u>	<u>1,446</u>	<u>1,446</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):			
Debt service:		-	-
Principal	(85,000)	-	(85,000)
Interest	(4,700)	-	(4,700)
Total non-operating receipts (disbursements)	<u>(89,700)</u>	<u>-</u>	<u>(89,700)</u>
Excess (deficiency) of receipts over (under) disbursements before transfers	<u>(89,700)</u>	<u>1,446</u>	<u>(88,254)</u>
Transfers in	89,700	-	89,700
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	<u>-</u>	<u>1,446</u>	<u>1,446</u>
Cash balance beginning of year	<u>-</u>	<u>16,623</u>	<u>16,623</u>
Cash balance end of year	<u>\$ -</u>	<u>\$ 18,069</u>	<u>\$ 18,069</u>
CASH BASIS FUND BALANCES:			
Unrestricted	<u>\$ -</u>	<u>\$ 18,069</u>	<u>\$ 18,069</u>

**City of Akron
Schedule of Indebtedness
Year Ended June 30, 2011**

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
General Obligation Notes:									
Fire Station Project	10-08-03	4.75%	\$ 550,000	\$ 381,295	\$ -	\$ 381,295	\$ -	\$ 10,567	\$ -
2007 Summer Projects and LMI	10-09-07	4.72%	700,000	536,056	-	536,056	-	21,489	-
2011 Refinancing	02-14-11	1.10-3.35%	810,000	-	810,000	50,000	760,000	173	-
Total				<u>\$ 917,351</u>	<u>\$ 810,000</u>	<u>\$ 967,351</u>	<u>\$ 760,000</u>	<u>\$ 32,229</u>	<u>\$ -</u>
Revenue Notes:									
Electric Project	05-01-99	4.25-5.00%	\$ 820,000	<u>\$ 85,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ -</u>	<u>\$ 4,700</u>	<u>\$ -</u>
Bank Note Payable:									
8-Plex Assisted Living Project	11-24-08	4.25	\$ 375,000	<u>\$ 345,700</u>	<u>\$ -</u>	<u>\$ 17,888</u>	<u>\$ 327,812</u>	<u>\$ 15,990</u>	<u>\$ -</u>

**City of Akron
Bond and Note Maturities
June 30, 2010**

General Obligation Notes			Bank Note Payable		
Year Ending	2011 Refinancing February 4, 2011		Year Ending	8-Plex Assisted Living Note November	
June 30,	Interest Rate	Amount	June 30,	Interest Rates	Amount
2012	1.35 - 3.35%	\$ 70,000	2012	4.25%	\$ 20,306
2013	1.60 - 3.35%	80,000	2013	4.25%	21,229
2014	1.80 - 3.35%	95,000	2014	4.25%	22,128
2015	2.05 - 3.35%	95,000	2015	4.25%	23,087
2016	2.45 - 3.35%	100,000	2016	4.25%	24,072
2017	2.75 - 3.35%	105,000	2017	4.25%	25,145
2018	3.05 - 3.35%	105,000	2018	4.25%	26,220
2019	3.35%	<u>110,000</u>	2019	4.25%	27,356
		<u>\$ 760,000</u>	2020	4.25%	28,534
			2021	4.25%	29,786
			2022	4.25%	31,069
			2023	4.25%	32,416
			2024	4.25%	<u>16,464</u>
					<u>\$ 327,812</u>

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
RECEIPTS:										
Property tax	\$ 345,629	\$ 365,615	\$ 328,616	\$ 318,793	\$ 345,474	\$ 303,104	\$ 288,889	\$ 266,448	\$ 274,470	\$ 281,329
Tax increment financing collections	306,444	300,083	236,968	208,071	48,477	99,365	139,900	58,541	66,311	42,497
Other city tax	152,672	158,435	169,104	154,167	156,724	146,391	118,445	138,625	76,940	22,589
Licenses and permits	3,367	4,456	2,738	4,610	3,356	3,851	3,943	3,173	3,322	2,550
Use of money and property	26,171	21,544	26,976	33,312	13,602	7,871	8,478	5,043	53,702	19,693
Intergovernmental	174,387	179,319	186,415	147,264	244,459	227,890	146,842	420,861	218,060	176,097
Charges for services	242,391	235,290	248,471	201,160	217,418	205,761	206,129	218,758	193,651	215,133
Miscellaneous	44,513	30,038	53,411	86,126	27,216	51,017	44,801	45,698	35,066	42,089
Total	\$ 1,295,574	\$ 1,294,780	\$ 1,252,699	\$ 1,153,503	\$ 1,056,726	\$ 1,045,250	\$ 957,427	\$ 1,157,147	\$ 921,522	\$ 801,977
DISBURSEMENTS:										
Current:										
Public safety	\$ 270,846	\$ 288,823	\$ 292,417	\$ 379,719	\$ 278,252	\$ 319,839	\$ 377,707	\$ 204,469	\$ 224,168	\$ 172,517
Public works	313,244	281,159	335,956	259,389	328,074	213,891	289,255	221,875	363,248	199,465
Health and social services	21,234	14,850	15,099	27,551	21,390	20,471	38,492	27,523	7,466	9,088
Culture and recreation	189,137	213,368	224,828	178,703	243,324	185,696	182,410	215,187	203,441	193,315
Community and economic development	109,100	111,841	62,221	96,122	148,049	56,743	32,000	104,605	-	-
General government	114,545	132,770	152,186	110,092	120,134	128,807	123,579	117,622	111,495	102,995
Debt service	198,645	191,493	198,083	167,701	105,855	102,836	167,199	61,356	100,487	104,547
Capital projects	205,244	175,717	394,350	342,529	270,154	244,085	130,271	833,315	174,357	23,328
Total	\$ 1,421,995	\$ 1,410,021	\$ 1,675,140	\$ 1,561,806	\$ 1,515,232	\$ 1,272,368	\$ 1,340,913	\$ 1,785,952	\$ 1,184,662	\$ 805,255

OTHER 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
Other Information
Year Ended June 30, 2011

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Total Variance
	Funds Actual	Funds Actual		Original	Final	
RECEIPTS:						
Property tax	\$ 345,629	\$ -	\$ 345,629	\$ 341,512	\$ 341,512	\$ 4,117
Tax increment financing	306,444	-	306,444	324,120	462,268	(155,824)
Other city tax	152,672	-	152,672	158,683	158,683	(6,011)
Licenses and permits	3,367	-	3,367	4,580	4,580	(1,213)
Use of money and property	26,171	-	26,171	48,460	48,460	(22,289)
Intergovernmental	174,387	-	174,387	162,938	162,938	11,449
Charges for services	242,391	3,843,644	4,086,035	3,682,673	3,682,673	403,362
Miscellaneous	44,513	178,397	222,910	210,637	210,637	12,273
Total receipts	<u>1,295,574</u>	<u>4,022,041</u>	<u>5,317,615</u>	<u>4,933,603</u>	<u>5,071,751</u>	<u>245,864</u>
DISBURSEMENTS:						
Public safety	270,846	-	270,846	285,836	285,836	14,990
Public works	313,244	-	313,244	387,723	387,723	74,479
Health and social services	21,234	-	21,234	15,824	24,824	3,590
Culture and recreation	189,137	-	189,137	221,886	221,886	32,749
Community and economic development	109,100	-	109,100	126,918	126,918	17,818
General government	114,545	-	114,545	136,574	136,574	22,029
Debt service	198,645	-	198,645	142,512	235,484	36,839
Capital projects	205,244	-	205,244	-	422,878	217,634
Business-type activities	-	4,004,902	4,004,902	3,510,317	3,510,317	(494,585)
Total disbursements	<u>1,421,995</u>	<u>4,004,902</u>	<u>5,426,897</u>	<u>4,827,590</u>	<u>5,352,440</u>	<u>(74,457)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(126,421)	17,139	(109,282)	106,013	(280,689)	171,407
OTHER FINANCING SOURCES (USES), NET	388,035	(378,735)	9,300	-	142,573	(133,273)
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	261,614	(361,596)	(99,982)	106,013	(138,116)	38,134
BALANCE, BEGINNING OF YEAR	<u>814,499</u>	<u>736,843</u>	<u>1,551,342</u>	<u>1,532,860</u>	<u>1,532,860</u>	<u>18,482</u>
BALANCE, END OF YEAR	<u>\$ 1,076,113</u>	<u>\$ 375,247</u>	<u>\$ 1,451,360</u>	<u>\$ 1,638,873</u>	<u>\$ 1,394,744</u>	<u>\$ (56,616)</u>

City of Akron
Notes to Other Information - Budgetary Reporting
June 30, 2011

The budgetary comparison is presented as Other Information. 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. 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, 2011, disbursements exceeded the amount budgeted in the business-type activities function.



**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 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 27, 2012. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings and Responses to be a material weakness (I-A-11).



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 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, 2011 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 Akron's responses to the 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 the 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
February 27, 2012

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

City of Akron
Schedule of Findings and Responses
Year Ended June 30, 2011

Part I: Findings Related to the Financial Statements:

Significant Deficiencies

I-A-11 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.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget - Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the business-type activities 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 - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

II-B-11 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.

City of Akron
Schedule of Findings and Responses
Year Ended June 30, 2011

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

- II-C-11 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- II-D-11 Business Transactions - No business transactions between the City and City officials or employees were noted.

- II-E-11 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-11 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

- II-G-11 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-11 Revenue Bonds - No instances of non-compliance with the revenue bonds resolutions were noted.