

**City of Akron**

Akron, Iowa

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Independent Auditors' Reports  
Financial Statements and  
Supplementary and Other Information  
Schedule of Findings and Questioned Costs

June 30, 2013

# City of Akron

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**City of Akron  
City Officials  
Year Ended June 30, 2013**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Harold Higman, Jr.	Mayor	January 2016
Bob Frerichs	Member	January 2016
Denise Loutsch-Betelspacher	Member	January 2016
Barb Johnson	Member	January 2016
Sharon Frerichs	Member	January 2014
Chad Ericson	Member	January 2014

APPOINTED OFFICIALS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Akron, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the financial statements of the City's primary government as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



### *Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Business-type activities	Adverse
Major governmental funds	Unmodified
Major enterprise funds:	
Sewer	Unmodified
Electric	Unmodified
Water	Unmodified
Akron Care Center, Inc.	Adverse
Aggregate remaining fund information	Qualified

### *Basis for Adverse Opinions and Qualified Opinion*

The financial statements do not include financial data for the City's legally separate component units; Akron Care Center, Inc. and Akron Volunteer Fire Association. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis net position, cash basis fund balance, receipts, and disbursements of the opinion units outlined above in the "Summary of Opinions" has not been determined.

### *Adverse Opinions*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinions and Qualified Opinion" paragraph, the financial statements referred to above do not present fairly, the cash basis financial position of the business-type activities and the Akron Care Center, Inc. enterprise fund of the City of Akron, Iowa, as of June 30, 2013, or the changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinions and Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the aggregate remaining fund information of the City of Akron, Iowa as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in the notes to the financial statements.

### *Unmodified Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major governmental fund and the following major enterprise funds; sewer, electric, and water of the City of Akron, Iowa, as of



June 30, 2013, 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.

### ***Basis of Accounting***

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

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Akron, Iowa's primary government basic financial statements. The supplementary information included in Schedules 1 through 5, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information, Management's Discussion and Analysis and budgetary comparison information on pages 5 through 12 and 30 through 31 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2014 on our consideration of the City of Akron, Iowa'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Akron, Iowa's internal control over financial reporting and compliance.

Sioux City, Iowa  
March 19, 2014

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Akron provides this Management's Discussion and Analysis of its primary government financial statements. The Akron Care Center, Inc. and Akron Volunteer Fire Association, which are component units of the City of Akron, have been excluded from the City's reporting entity. Complete financial statements of the Akron Care Center, Inc., which issued separate financial statements, can be obtained from the Care Center's administrative offices. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2013 Financial Highlights**

- Receipts of the City's governmental activities were \$4.9 million and \$2.6 million in fiscal year 2013 and 2012.
- Disbursements of the City's governmental activities were \$6.3 million and \$1.4 million in fiscal year 2013 and 2012. The increase in disbursements was largely due to a \$4.7 million increase in capital project disbursements.
- The City's total cash basis net position decreased from \$2,733,023 at June 30, 2012 to \$1,213,068 at June 30, 2013. The cash basis net position of the governmental activities decreased by \$1.3 million and the cash basis net position of the business-type activities decreased by \$0.25 million.

### **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 financial statements and provides an analytical overview of the City's financial activities.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of federal programs benefiting the City.

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 Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

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

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

- Governmental Activities include public safety, public works, 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, and the sanitary sewer system. These activities are financed primarily by user charges.

#### *Fund Financial Statements*

The City has two kinds of funds:

- 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 Project Funds. 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.

- Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains four Enterprise Funds to provide separate information for the funds. Electric Utility, Sewer Utility, and Water Utility 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 position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$2.3 million to \$1.0 million. The analysis that follows focuses on the changes in cash balances for governmental activities.

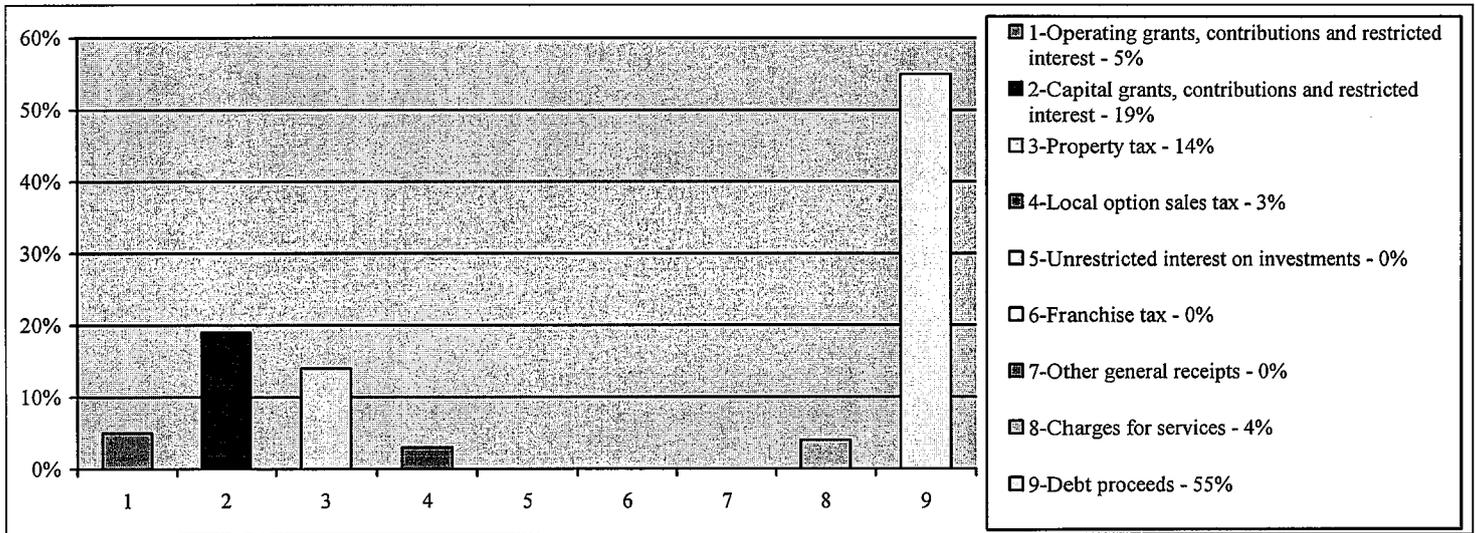
**Changes in Cash Basis Net Position of Governmental Activities**  
**Year Ended June 30,**

	<u>2013</u>	<u>2012</u>
Receipts:		
Program receipts:		
Charges for service	\$ 201,275	\$ 258,272
Operating grants, contributions and restricted interest	247,034	166,376
Capital grants, contributions and restricted interest	899,260	43,090
General receipts:		
Property tax	659,853	675,035
Local option sales tax	140,306	144,323
Franchise tax	18,678	18,890
Unrestricted investment earnings	733	754
Debt proceeds	2,677,809	1,246,265
Other general receipts	<u>7,845</u>	<u>11,628</u>
Total receipts	<u>\$ 4,852,793</u>	<u>\$ 2,564,633</u>

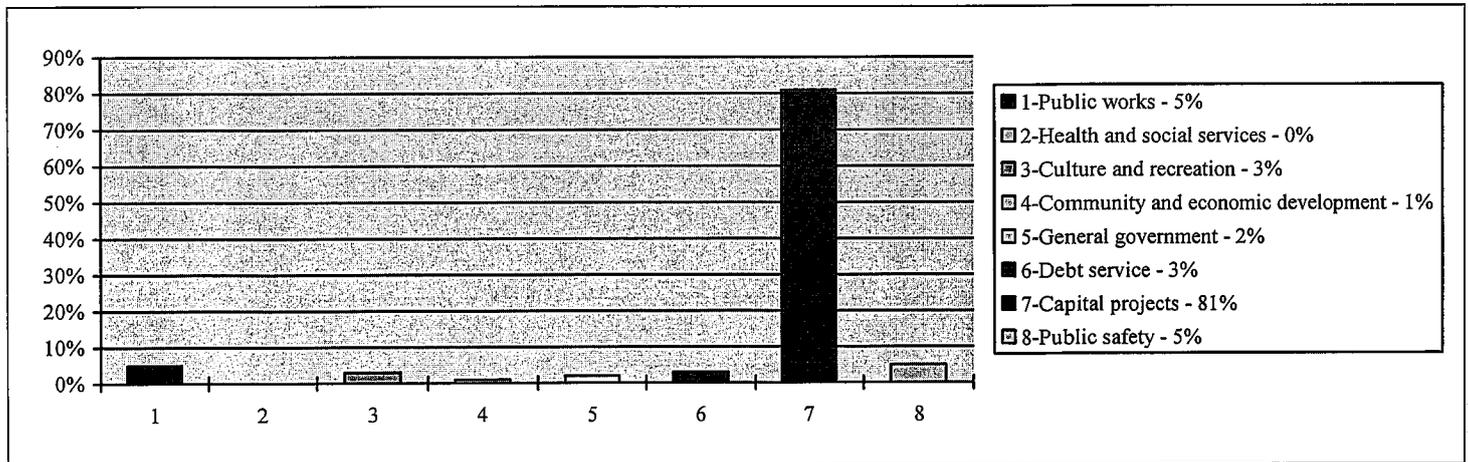
Changes in Cash Basis Net Position of Governmental Activities  
Year Ended June 30, (Continued)

	<u>2013</u>	<u>2012</u>
Disbursements:		
Public safety	\$ 318,453	\$ 353,359
Public works	320,114	288,665
Health and social services	22,428	16,182
Culture and recreation	215,213	210,846
Community and economic development	42,029	58,113
General government	121,302	119,811
Debt service	208,487	88,108
Capital projects	<u>5,031,844</u>	<u>305,091</u>
Total disbursements	<u>\$ 6,279,870</u>	<u>\$ 1,440,175</u>
Change in cash basis net position before transfers	\$ (1,427,077)	\$ 1,124,458
Transfers, net	<u>159,051</u>	<u>86,633</u>
Change in cash basis net position	\$ (1,268,026)	\$ 1,211,091
Cash basis net position beginning of year, as restated	<u>2,279,332</u>	<u>1,068,241</u>
Cash basis net position end of year	<u>\$ 1,011,306</u>	<u>\$ 2,279,332</u>

2013 Receipts by Source



2013 Disbursements by Function



The City's total receipts for governmental activities increased by 89 percent, or \$2.3 million. The increase in receipts was largely attributable to \$2.7 million in debt proceeds. The total cost of all programs and services increased by \$4.8 million largely due to capital project disbursements of \$5.0 million.

The cost of all governmental activities this year was \$6,279,870 compared to \$1,440,175 last year. However, as shown in the Cash Basis Statement of Activities and Net Position on page 13, the amount taxpayers ultimately financed for these activities was \$4,932,301 because some of the cost was paid by those directly benefited from the programs (\$201,275) or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,146,294). The City paid for the remaining "public benefit" portion of governmental activities with approximately \$818,837 in tax (some of which could only be used for certain programs).

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

	<u>2013</u>	<u>2012</u>
Receipts:		
Program receipts:		
Charges for service:		
Water utility	\$ 181,547	\$ 146,963
Sewer utility	104,489	106,891
Electric utility	1,496,746	1,352,996
Utility deposits	2,897	3,254
Capital grants and contributions and restricted interest	-	223,386
General receipts:		
Unrestricted interest on investments	2,412	2,323
Miscellaneous	<u>4,406</u>	<u>22,009</u>
Total receipts	<u>\$ 1,792,497</u>	<u>\$ 1,857,822</u>
Disbursements:		
Water utility	\$ 419,067	\$ 185,342
Sewer utility	119,631	95,510
Electric utility	1,345,025	1,273,719
Utility deposits	<u>1,652</u>	<u>927</u>
Total disbursements	<u>\$ 1,885,375</u>	<u>\$ 1,555,498</u>
Change in cash basis net position before transfers	\$ (92,878)	\$ 302,324
Transfers, net	<u>(159,051)</u>	<u>(86,633)</u>
Change in cash basis net position	\$ (251,929)	\$ 215,691
Cash basis net position beginning of year, as restated	<u>453,691</u>	<u>238,000</u>
Cash basis net position end of year	<u>\$ 201,762</u>	<u>\$ 453,691</u>

Total business-type activities' receipts for the fiscal year were \$1,792,497 compared to \$1,857,822 last year, a decrease of \$65,325. The electric utility charges for service increased by \$143,750 due to a current year rate increase. Capital grants and contributions decreased by \$223,386 due to the prior year electric utility federal reimbursement grant that was received. Total disbursements for fiscal 2013 increased by 21.2 percent to a total of \$1,885,375.

## **Individual Major Governmental Fund Analysis**

As the City of Akron completed the year, its governmental funds reported a combined fund balance of \$1,011,306, a decrease of \$1,268,026 from last year's total of \$2,279,332. 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 \$165,534 at June 30, 2013, a decrease of \$338,433 from the previous year. Receipts for fiscal year 2013 were \$297,041 and disbursements and transfers out were \$635,474. 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 increased by \$9,375 from the prior year. The Road Use Tax Fund's current year receipts of \$148,695 were in excess of the current year disbursements and transfers out of \$139,320.
- The General Fund cash balance was \$253,769 at June 30, 2013, an increase of \$66,180 from the previous year. Transfers in for the current year were \$286,581 from the Local Option Sales Tax, Electric, Water and Sewer funds and were used for operations.
- The Local Option Sales Tax cash balance was \$118,852 at June 30, 2013, an increase of \$79,998 from the previous year. Transfers in were received from the Urban Renewal Tax Increment Fund during the year as payment on the outstanding internally generated certified debt.
- The Downtown Street Capital Project Fund cash balance was \$210,545 at June 30, 2013 and 2012. The funding for this project was provided in previous years; however construction on the project has not started as of June 30, 2013.
- Construction on the municipal care center facility commenced during the fiscal year. The Municipal Care Center Facility disbursements were \$5.0 million. The disbursements were funded by note proceeds of \$2.7 million, other sources and transfers of \$1.3 million, and fund balance of \$1.1 million.

## **Individual Major Business-Type Fund Analysis**

- The Sewer Utility cash balance decreased by \$89,483 to \$27,070 primarily due to a transfer to the Municipal Care Center Facility capital project fund to be used for capital outlay.
- The Electric Utility cash balance decreased by \$24,771 to \$100,351. The current year electric rate increase resulted in an increase in charges for services of \$143,750 which was sufficient to cover the increase in operating costs. The current year excess of operating receipts over operating disbursements was \$272,513. This excess was used for capital outlay disbursements of \$120,792 and transfers to the General Fund of \$163,394 for operations.

- The Water Utility cash balance decreased by \$138,920 to \$52,700. The Water Fund started construction on a new well project during the fiscal year. Capital outlay disbursements for this project totaled \$289,755.

**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 May 28, 2013 and resulted in various changes to receipts and disbursements.

The City's receipts were approximately \$1.3 million less than the amended budget. The City's disbursements were approximately \$5 million more than the amended budget. The City exceeded disbursements in the general government function by approximately \$3,400, debt service function by approximately \$24,000, capital projects function by approximately \$5 million, and business-type activities function by approximately \$116,000.

**Debt Administration**

At June 30, 2013, the City had \$4,482,809 in bonds and other debt, compared to \$1,940,000 last year, as shown below.

<u>Outstanding Debt at Year-End</u>		
<u>June 30,</u>		
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 1,805,000	\$ 1,940,000
Bank notes	<u>2,677,809</u>	<u>-</u>
Total	<u>\$ 4,482,809</u>	<u>\$ 1,940,000</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 \$1,805,000 is below its constitutional debt limit of \$3,138,966.

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

The City of Akron's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates, and fees charged for various City activities. One of those factors is the economy.

Amounts available in the 2014 budget for appropriation, including other financing sources, are \$3.9 million. The 2014 budgeted disbursements were \$4.0 million. The City will finish construction on the new Municipal Care Center Facility during 2014. Budgeted note proceeds of approximately \$1.3 million will be used to fund the remaining Municipal Care Center Facility capital outlay disbursements.

If these estimates are realized, the City's budgeted cash balance is expected to decrease by approximately \$100,000 by the close of 2014.

**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 the City Clerk, 220 Reed Street, Akron, Iowa 51001.

# **FINANCIAL STATEMENTS**

**City of Akron**  
**Cash Basis Statement of Activities and Net Position**  
**As of and for the Year Ended June 30, 2013**

EXHIBIT A

<u>Functions/Programs</u>	<u>Program Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Position</u>		
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 121,302	\$ 13,816	\$ -	\$ -	\$ (107,486)	\$ -	\$ (107,486)
Public safety	318,453	14,720	69,045	-	(234,688)	-	(234,688)
Public works	320,114	135,845	142,928	-	(41,341)	-	(41,341)
Health and social services	22,428	-	-	-	(22,428)	-	(22,428)
Culture and recreation	215,213	36,894	32,364	-	(145,955)	-	(145,955)
Community and economic development	42,029	-	2,697	-	(39,332)	-	(39,332)
Debt service	208,487	-	-	-	(208,487)	-	(208,487)
Capital projects	5,031,844	-	-	899,260	(4,132,584)	-	(4,132,584)
Total governmental activities	<u>\$ 6,279,870</u>	<u>\$ 201,275</u>	<u>\$ 247,034</u>	<u>\$ 899,260</u>	<u>\$ (4,932,301)</u>	<u>\$ -</u>	<u>\$ (4,932,301)</u>
Business-type activities:							
Water utility	\$ 419,067	\$ 181,547	\$ -	\$ -	\$ -	\$ (237,520)	\$ (237,520)
Sewer utility	119,631	104,489	-	-	-	(15,142)	(15,142)
Electric utility	1,345,025	1,496,746	-	-	-	151,721	151,721
Utility deposits	1,652	2,897	-	-	-	1,245	1,245
Total business-type activities	<u>\$ 1,885,375</u>	<u>\$ 1,785,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (99,696)</u>	<u>\$ (99,696)</u>
Total	<u>\$ 8,165,245</u>	<u>\$ 1,986,954</u>	<u>\$ 247,034</u>	<u>\$ 899,260</u>	<u>\$ (4,932,301)</u>	<u>\$ (99,696)</u>	<u>\$ (5,031,997)</u>
General receipts:							
Property and other city tax levied for:							
General purposes					\$ 268,375	\$ -	\$ 268,375
Employee benefits					96,708	-	96,708
Tax increment financing					294,770	-	294,770
Local option sales tax					140,306	-	140,306
Franchise tax					18,678	-	18,678
Unrestricted investment earnings					733	2,412	3,145
Miscellaneous					7,845	4,406	12,251
Proceeds from debt					2,677,809	-	2,677,809
Transfers					159,051	(159,051)	-
Total general receipts and transfers					<u>\$ 3,664,275</u>	<u>\$ (152,233)</u>	<u>\$ 3,512,042</u>
Change in cash basis net position					\$ (1,268,026)	\$ (251,929)	\$ (1,519,955)
Cash basis net position beginning of year, as restated					<u>2,279,332</u>	<u>453,691</u>	<u>2,733,023</u>
Cash basis net position end of year					<u>\$ 1,011,306</u>	<u>\$ 201,762</u>	<u>\$ 1,213,068</u>
Cash basis net position:							
Restricted:							
Streets					\$ 140,825	\$ -	\$ 140,825
Local option sales tax					118,852	-	118,852
Urban renewal purposes					165,534	-	165,534
Debt service					43,814	-	43,814
Pool replacement					50,685	-	50,685
Other purposes					77,967	-	77,967
Unrestricted					<u>413,629</u>	<u>201,762</u>	<u>615,391</u>
Total cash basis net position					<u>\$ 1,011,306</u>	<u>\$ 201,762</u>	<u>\$ 1,213,068</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, 2013**

	Special Revenue				Capital Projects		Nonmajor	Total
	General	Urban	Local Option		Downtown Street	Municipal		
		Renewal Tax Increment	Sales Tax	Road Use Tax		Care Center Facility		
<b>RECEIPTS:</b>								
Property tax	\$ 268,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,708	\$ 365,083
Tax increment financing	-	294,770	-	-	-	-	-	294,770
Other city tax	18,678	-	140,306	-	-	-	-	158,984
Licenses and permits	3,670	-	-	-	-	-	-	3,670
Intergovernmental	94,681	-	-	142,308	-	-	25,600	262,589
Charges for services	172,132	-	-	5,767	-	-	-	177,899
Use of money and property	14,542	2,271	426	620	-	1,973	345	20,177
Miscellaneous	20,125	-	-	-	-	-	10,275	30,400
Total receipts	<u>\$ 592,203</u>	<u>\$ 297,041</u>	<u>\$ 140,732</u>	<u>\$ 148,695</u>	<u>\$ -</u>	<u>\$ 1,973</u>	<u>\$ 132,928</u>	<u>\$ 1,313,572</u>
<b>DISBURSEMENTS:</b>								
Current:								
General government	\$ 99,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,356	\$ 121,302
Public safety	278,020	-	-	-	-	-	40,433	318,453
Public works	185,224	-	-	121,199	-	-	13,691	320,114
Health and social services	22,428	-	-	-	-	-	-	22,428
Culture and recreation	185,137	-	-	-	-	-	30,076	215,213
Community and economic development	41,849	180	-	-	-	-	-	42,029
Debt service	-	-	-	-	-	24,617	183,870	208,487
Capital outlay	-	-	-	-	-	4,983,501	48,343	5,031,844
Total disbursements	<u>\$ 812,604</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 121,199</u>	<u>\$ -</u>	<u>\$ 5,008,118</u>	<u>\$ 337,769</u>	<u>\$ 6,279,870</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (220,401)</u>	<u>\$ 296,861</u>	<u>\$ 140,732</u>	<u>\$ 27,496</u>	<u>\$ -</u>	<u>\$ (5,006,145)</u>	<u>\$ (204,841)</u>	<u>\$ (4,966,298)</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Note proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,677,809	\$ -	\$ 2,677,809
Other sources	-	-	-	-	-	861,412	-	861,412
Transfers in	286,581	-	233,330	-	-	476,988	196,338	1,193,237
Transfers out	-	(635,294)	(294,064)	(18,121)	-	(86,707)	-	(1,034,186)
Total other financing sources and (uses)	<u>\$ 286,581</u>	<u>\$ (635,294)</u>	<u>\$ (60,734)</u>	<u>\$ (18,121)</u>	<u>\$ -</u>	<u>\$ 3,929,502</u>	<u>\$ 196,338</u>	<u>\$ 3,698,272</u>
Net change in cash balances	\$ 66,180	\$ (338,433)	\$ 79,998	\$ 9,375	\$ -	\$ (1,076,643)	\$ (8,503)	\$ (1,268,026)
Cash balance beginning of year, as restated	187,589	503,967	38,854	131,450	210,545	1,076,765	130,162	2,279,332
Cash balance end of year	<u>\$ 253,769</u>	<u>\$ 165,534</u>	<u>\$ 118,852</u>	<u>\$ 140,825</u>	<u>\$ 210,545</u>	<u>\$ 122</u>	<u>\$ 121,659</u>	<u>\$ 1,011,306</u>
<b>CASH BASIS FUND BALANCES:</b>								
Restricted for:								
Local option sales tax	\$ -	\$ -	\$ 118,852	\$ -	\$ -	\$ -	\$ -	\$ 118,852
Streets	-	-	-	140,825	-	-	-	140,825
Debt service	-	-	-	-	-	-	43,814	43,814
Urban renewal purposes	-	165,534	-	-	-	-	-	165,534
Pool replacement	50,685	-	-	-	-	-	-	50,685
Other purposes	-	-	-	-	-	122	77,845	77,967
Assigned to:								
Street vehicle replacement	159,343	-	-	-	-	-	-	159,343
Public safety	40,023	-	-	-	-	-	-	40,023
Other purposes	3,718	-	-	-	-	-	-	3,718
Capital projects	-	-	-	-	210,545	-	-	210,545
Total cash basis fund balances	<u>\$ 253,769</u>	<u>\$ 165,534</u>	<u>\$ 118,852</u>	<u>\$ 140,825</u>	<u>\$ 210,545</u>	<u>\$ 122</u>	<u>\$ 121,659</u>	<u>\$ 1,011,306</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, 2013**

	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>	<u>Nonmajor Utility Deposits</u>	<u>Total</u>
<b>OPERATING RECEIPTS:</b>					
Charges for services	\$ 104,489	\$ 1,496,746	\$ 181,547	\$ -	\$ 1,782,782
Miscellaneous	-	-	-	2,897	2,897
Total operating receipts	<u>\$ 104,489</u>	<u>\$ 1,496,746</u>	<u>\$ 181,547</u>	<u>\$ 2,897</u>	<u>\$ 1,785,679</u>
<b>OPERATING DISBURSEMENTS:</b>					
Personal services	\$ 31,314	\$ 218,640	\$ 75,193	\$ -	\$ 325,147
Repairs and maintenance	6,310	2,670	327	-	9,307
Utilities	4,087	9,275	15,824	-	29,186
Contractual services	4,440	12,566	7,919	-	24,925
Commodities	9,652	981,082	30,049	1,652	1,022,435
Total operating disbursements	<u>\$ 55,803</u>	<u>\$ 1,224,233</u>	<u>\$ 129,312</u>	<u>\$ 1,652</u>	<u>\$ 1,411,000</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>\$ 48,686</u>	<u>\$ 272,513</u>	<u>\$ 52,235</u>	<u>\$ 1,245</u>	<u>\$ 374,679</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS):</b>					
Interest	\$ 871	\$ 711	\$ 830	\$ -	\$ 2,412
Miscellaneous revenue	-	4,406	-	-	4,406
Capital outlay	(63,828)	(120,792)	(289,755)	-	(474,375)
Net non-operating receipts (disbursements)	<u>\$ (62,957)</u>	<u>\$ (115,675)</u>	<u>\$ (288,925)</u>	<u>\$ -</u>	<u>\$ (467,557)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (14,271)</u>	<u>\$ 156,838</u>	<u>\$ (236,690)</u>	<u>\$ 1,245</u>	<u>\$ (92,878)</u>
Transfers in	53,242	276	110,417	-	163,935
Transfers out	(128,454)	(181,885)	(12,647)	-	(322,986)
Net change in cash balances	<u>\$ (89,483)</u>	<u>\$ (24,771)</u>	<u>\$ (138,920)</u>	<u>\$ 1,245</u>	<u>\$ (251,929)</u>
Cash balance beginning of year, as restated	116,553	125,122	191,620	20,396	453,691
Cash balance end of year	<u>\$ 27,070</u>	<u>\$ 100,351</u>	<u>\$ 52,700</u>	<u>\$ 21,641</u>	<u>\$ 201,762</u>
<b>CASH BASIS FUND BALANCES:</b>					
Unrestricted	<u>\$ 27,070</u>	<u>\$ 100,351</u>	<u>\$ 52,700</u>	<u>\$ 21,641</u>	<u>\$ 201,762</u>
Total cash basis fund balance	<u>\$ 27,070</u>	<u>\$ 100,351</u>	<u>\$ 52,700</u>	<u>\$ 21,641</u>	<u>\$ 201,762</u>

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

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. 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). The Akron Care Center, Inc. and Akron Volunteer Fire Association (component units) have been excluded from the City's reporting entity. Complete financial statements of Akron Care Center, Inc., which issued separate financial statements, can be obtained from the Care Center's administrative offices.

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.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Presentation

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position 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 receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in two categories:

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

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding category. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

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

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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 Municipal Care Center Facility Fund is used to account for the resources to be used to pay for construction related to the Municipal Care Center Facility 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.

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

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

- 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 is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

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

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

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

- E. Budgets and Budgetary Accounting - The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the general government, debt service, capital projects, and business-type activities functions.

CASH AND POOLED INVESTMENTS:

The City's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. During the year ended June 30, 2013, 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		Bank Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 150,000	\$ 45,883	\$ 2,677,809	\$ -	\$ 2,827,809	\$ 45,883
2015	150,000	43,816	-	-	150,000	43,816
2016	160,000	41,318	-	-	160,000	41,318
2017	165,000	38,268	-	-	165,000	38,268
2018	165,000	34,541	-	-	165,000	34,541
2019-2023	420,000	125,906	-	-	420,000	125,906
2024-2028	350,000	81,050	-	-	350,000	81,050
2029-2031	245,000	18,564	-	-	245,000	18,564
Total	<u>\$ 1,805,000</u>	<u>\$ 429,346</u>	<u>\$ 2,677,809</u>	<u>\$ -</u>	<u>\$ 4,482,809</u>	<u>\$ 429,346</u>

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

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

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

Bank Note Payable - During the year ended June 30, 2012, the City of Akron entered into a \$4,000,000 loan agreement with Peoples Bank to provide short-term financing for the Municipal Care Center Facility project. The loan agreement bears interest at 3.25 percent and the interest is payable monthly. On September 26, 2013, a loan agreement was entered into between the City of Akron and the USDA whereas the USDA loaned to the City \$4,000,000 and the City's obligation to repay is evidenced by the issuance of a Taxable Municipal Care Center Revenue Note, Series 2013. The proceeds from this loan agreement were used to retire the short-term financing. The \$4,000,000 Taxable Municipal Care Center Revenue Note, Series 2013 is payable in 480 equal monthly installments of \$8,333, including interest at a rate not to exceed 4.25 percent. The Taxable Municipal Care Center Revenue Note, Series 2013 is payable solely from the Akron Care Center's net receipts. The completed Municipal Care Center Facility is to be transferred from the City of Akron to the Akron Care Center, Inc. along with the associated Taxable Municipal Care Center Revenue Notes.

**PENSION AND RETIREMENT BENEFITS:**

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

Most regular plan members are required to contribute 5.78 percent of their annual covered salary and the City is required to contribute 8.67 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, 2013, 2012 and 2011 were \$40,546, \$39,285, and \$31,616, respectively, equal to the required contribution for each year.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

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 nine 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.

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 approximately, \$500 to \$600 for single coverage and \$700 to \$2,000 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2013, 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, 2013 was \$22,500. This liability has been computed based on rates of pay as of June 30, 2013.

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

INTERFUND TRANSFERS:

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 109,730
	Enterprise:	
	Sewer Utility	918
	Water Utility	12,539
	Electric Utility	<u>163,394</u>
		<u>\$ 286,581</u>
Special Revenue:	Special Revenue:	
Local Option Sales Tax	Urban Renewal Tax Increment	<u>\$ 233,330</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	\$ 32,024
	Road Use Tax	12,963
	Urban Renewal Tax Increment	52,176
	Municipal Care Center Facility	<u>86,707</u>
		<u>\$ 183,870</u>
Capital Projects:	Special Revenue:	
Akron Business Park	Road Use Tax	<u>\$ 5,158</u>
Boat Ramp	Special Revenue:	
	Local Option Sales Tax	<u>\$ 5,667</u>
Reed Street	Special Revenue:	
	Local Option Sales Tax	<u>\$ 1,643</u>
Municipal Care Center Facility	Special Revenue:	
	Urban Renewal Tax Increment	\$ 349,788
	Enterprise:	
	Sewer Utility	<u>127,200</u>
		<u>\$ 476,988</u>
		<u>\$ 1,193,237</u>
Enterprise:	Enterprise:	
Sewer Utility	Electric Utility	\$ 3,242
	Local Option Sales Tax	<u>50,000</u>
		<u>\$ 53,242</u>
Electric Utility	Enterprise:	
	Water Utility	\$ 108
	Sewer Utility	<u>168</u>
		<u>\$ 276</u>
Water Utility	Special Revenue:	
	Local Option Sales Tax	\$ 95,000
	Enterprise:	
	Electric Utility	15,249
	Sewer Utility	<u>168</u>
		<u>\$ 110,417</u>
		<u>\$ 163,935</u>
	Total	<u>\$ 1,357,172</u>

**City of Akron**  
**Notes To Financial Statements**  
**June 30, 2013**

**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, is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**COMMITMENTS:**

The City entered into a \$5,578,160 construction contract with Gil Haugan Construction, Inc. for the construction of the new municipal care center facility. As of June 30, 2013, \$595,439 remains to be paid on the contract.

**CONTINGENCY:**

During the current year, a claim associated with the new municipal care center facility was filed against the City. The probability of loss, if any, is undeterminable and the amount of loss or range of loss cannot be estimated as of the date of the report.

**HEALTHCARE FACILITY REVENUE BONDS:**

The City has issued a total of \$458,926 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 City of Akron, Iowa's financial statements were restated to exclude Akron Care Center, Inc. and Akron Volunteer Fire Association, component units of the City. The June 30, 2012 cash basis fund balance of the Akron Care Center Fund was \$1,641,229. The June 30, 2012 cash basis fund balance of the Akron Volunteer Fire Association Fund was \$52,495.

In addition, the City's financial statements were restated to report the activity related to the construction of the new municipal care center facility in a capital project fund. The activity related to the municipal care center facility project was previously reported in the Akron Care Center Fund. The Municipal Care Center Facility Capital Project Fund cash balance at June 30, 2012 was \$1,076,765.

## **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, 2013**

SCHEDULE 1

	Special Revenue		Capital Projects				Total
	Employee Benefits	Library Improvement Trust	Akron Business Park	Boat Ramp	Reed Street	Debt Service	
<b>RECEIPTS:</b>							
Property taxes	\$ 96,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,708
Intergovernmental	-	-	-	25,600	-	-	25,600
Interest	334	11	-	-	-	-	345
Miscellaneous	-	-	-	10,275	-	-	10,275
Total receipts	\$ 97,042	\$ 11	\$ -	\$ 35,875	\$ -	\$ -	\$ 132,928
<b>DISBURSEMENTS:</b>							
Current:							
General government	\$ 21,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,356
Public safety	40,433	-	-	-	-	-	40,433
Public works	13,691	-	-	-	-	-	13,691
Culture and recreation	29,171	905	-	-	-	-	30,076
Debt service	-	-	-	-	-	183,870	183,870
Capital outlay	-	-	5,158	41,542	1,643	-	48,343
Total disbursements	\$ 104,651	\$ 905	\$ 5,158	\$ 41,542	\$ 1,643	\$ 183,870	\$ 337,769
Deficiency of receipts under disbursements	\$ (7,609)	\$ (894)	\$ (5,158)	\$ (5,667)	\$ (1,643)	\$ (183,870)	\$ (204,841)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	\$ -	\$ -	5,158	5,667	1,643	183,870	196,338
Total other financing sources and (uses)	\$ -	\$ -	\$ 5,158	\$ 5,667	\$ 1,643	\$ 183,870	\$ 196,338
Net change in cash balances	\$ (7,609)	\$ (894)	\$ -	\$ -	\$ -	\$ -	\$ (8,503)
Cash balance beginning of year, as restated	66,129	3,155	17,064	-	-	43,814	130,162
Cash balance end of year	\$ 58,520	\$ 2,261	\$ 17,064	\$ -	\$ -	\$ 43,814	\$ 121,659
<b>CASH BASIS FUND BALANCES:</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	43,814	43,814
Other purposes	58,520	2,261	17,064	-	-	-	77,845
Total cash basis fund balances	\$ 58,520	\$ 2,261	\$ 17,064	\$ -	\$ -	\$ 43,814	\$ 121,659

**City of Akron  
Schedule of Indebtedness  
Year Ended June 30, 2013**

	<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>
<u>Obligation</u>									
General obligation:									
2012A Care Center Bonds	05-24-12	0.65-3.75%	\$ 1,250,000	\$ 1,246,265	\$ -	\$ 51,265	\$ 1,195,000	\$ 35,442	\$ -
2011 Refinancing	02-04-11	1.10-3.35%	810,000	690,000	-	80,000	610,000	17,163	-
Total				<u>\$ 1,936,265</u>	<u>\$ -</u>	<u>\$ 131,265</u>	<u>\$ 1,805,000</u>	<u>\$ 52,605</u>	<u>\$ -</u>
Bank note payable:									
2012 Care Center Interim Financing	07-11-12	3.25%	\$ 2,677,809	\$ -	\$ 2,677,809	\$ -	\$ 2,677,809	\$ 24,617	\$ -

**City of Akron  
Bond and Note Maturities  
June 30, 2013**

General Obligation					Bank Note Payable		
Year Ending June 30,	2011 Refinancing February 4, 2011		2012A Care Center Bonds May 24, 2012		Year Ending June 30,	2012 Care Center Interim Financing July 11, 2012	
	Interest Rate	Amount	Interest Rate	Amount		Interest Rate	Amount
2014	1.80 - 3.35%	\$ 95,000	0.65 - 3.75%	\$ 55,000	2014	3.25%	\$ 2,677,809
2015	2.05 - 3.35%	95,000	0.65 - 3.75%	55,000			
2016	2.45 - 3.35%	100,000	1.00 - 3.75%	60,000			\$ 2,677,809
2017	2.75 - 3.35%	105,000	1.00 - 3.75%	60,000			
2018	3.05 - 3.35%	105,000	1.40 - 3.75%	60,000			
2019	3.35%	<u>110,000</u>	1.40 - 3.75%	60,000			
2020			1.85 - 3.75%	60,000			
2021		<u>\$ 610,000</u>	1.85 - 3.75%	60,000			
2022			2.20 - 3.75%	65,000			
2023			2.20 - 3.75%	65,000			
2024			2.60 - 3.75%	65,000			
2025			2.60 - 3.75%	70,000			
2026			3.00 - 3.75%	70,000			
2027			3.00 - 3.75%	70,000			
2028			3.50 - 3.75%	75,000			
2029			3.50 - 3.75%	80,000			
2030			3.50 - 3.75%	80,000			
2031			3.75%	<u>85,000</u>			
				<u>\$ 1,195,000</u>			

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>RECEIPTS:</b>										
Property tax	\$ 365,083	\$ 357,537	\$ 345,629	\$ 365,615	\$ 328,616	\$ 318,793	\$ 345,474	\$ 303,104	\$ 288,889	\$ 266,448
Tax increment financing collections	294,770	317,498	306,444	300,083	236,968	208,071	48,477	99,365	139,900	58,541
Other city tax	158,984	163,213	152,672	158,435	169,104	154,167	156,724	146,391	118,445	138,625
Licenses and permits	3,670	3,761	3,367	4,456	2,738	4,610	3,356	3,851	3,943	3,173
Use of money and property	20,177	15,675	26,171	21,544	26,976	33,312	13,602	7,871	8,478	5,043
Intergovernmental	262,589	160,391	174,387	179,319	186,415	147,264	244,459	227,890	146,842	420,861
Charges for services	177,899	239,249	242,391	235,290	248,471	201,160	217,418	205,761	206,129	218,758
Miscellaneous	<u>30,400</u>	<u>41,401</u>	<u>44,513</u>	<u>30,038</u>	<u>53,411</u>	<u>86,126</u>	<u>27,216</u>	<u>51,017</u>	<u>44,801</u>	<u>45,698</u>
<b>Total</b>	<b><u>\$ 1,313,572</u></b>	<b><u>\$ 1,298,725</u></b>	<b><u>\$ 1,295,574</u></b>	<b><u>\$ 1,294,780</u></b>	<b><u>\$ 1,252,699</u></b>	<b><u>\$ 1,153,503</u></b>	<b><u>\$ 1,056,726</u></b>	<b><u>\$ 1,045,250</u></b>	<b><u>\$ 957,427</u></b>	<b><u>\$ 1,157,147</u></b>
<b>DISBURSEMENTS:</b>										
Current:										
Public safety	\$ 318,453	\$ 361,885	\$ 270,846	\$ 288,823	\$ 292,417	\$ 379,719	\$ 278,252	\$ 319,839	\$ 377,707	\$ 204,469
Public works	320,114	288,665	313,244	281,159	335,956	259,389	328,074	213,891	289,255	221,875
Health and social services	22,428	16,182	21,234	14,850	15,099	27,551	21,390	20,471	38,492	27,523
Culture and recreation	215,213	210,846	189,137	213,368	224,828	178,703	243,324	185,696	182,410	215,187
Community and economic development	42,029	58,113	109,100	111,841	62,221	96,122	148,049	56,743	32,000	104,605
General government	121,302	119,811	114,545	132,770	152,186	110,092	120,134	128,807	123,579	117,622
Debt service	208,487	88,108	198,645	191,493	198,083	167,701	105,855	102,836	167,199	61,356
Capital projects	<u>5,031,844</u>	<u>92,501</u>	<u>205,244</u>	<u>175,717</u>	<u>394,350</u>	<u>342,529</u>	<u>270,154</u>	<u>244,085</u>	<u>130,271</u>	<u>833,315</u>
<b>Total</b>	<b><u>\$ 6,279,870</u></b>	<b><u>\$ 1,236,111</u></b>	<b><u>\$ 1,421,995</u></b>	<b><u>\$ 1,410,021</u></b>	<b><u>\$ 1,675,140</u></b>	<b><u>\$ 1,561,806</u></b>	<b><u>\$ 1,515,232</u></b>	<b><u>\$ 1,272,368</u></b>	<b><u>\$ 1,340,913</u></b>	<b><u>\$ 1,785,952</u></b>

**City of Akron**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Direct:			
U.S. Department of Agriculture:			
Community Facilities Loans and Grants	10.766		\$ <u>2,677,809</u>
Indirect:			
U.S. Department of Transportation:			
Passed through the State of Iowa			
Department of Transportation:			
Recreational Trails Program	20.219	2006-NT-002	\$ <u>25,600</u>
Total			\$ <u><u>2,703,409</u></u>

**Basis of Presentation** - The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Akron, Iowa under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Akron, Iowa, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Akron, Iowa.

**Summary of Significant Accounting Policies** - Expenditures reported on the schedule are reported on an other comprehensive basis of accounting, cash receipts and disbursements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**Loans** - The community facilities loans and grant program listed above is included in the City of Akron, Iowa's financial statements. Loan proceeds received during the fiscal year are included in the federal expenditures presented in the schedule. The balance of the community facilities loan outstanding at June 30, 2013 is \$2,677,809.

## **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, 2013**

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Total Variance
	Funds Actual	Funds Actual		Original	Final	
<b>RECEIPTS:</b>						
Property tax	\$ 365,083	\$ -	\$ 365,083	\$ 363,821	\$ 363,821	\$ 1,262
Tax increment financing	294,770	-	294,770	312,430	312,430	(17,660)
Other city tax	158,984	-	158,984	168,324	168,324	(9,340)
Licenses and permits	3,670	-	3,670	3,370	3,370	300
Use of money and property	20,177	2,412	22,589	23,855	23,855	(1,266)
Intergovernmental	262,589	-	262,589	157,815	184,282	78,307
Charges for services	177,899	1,782,782	1,960,681	1,947,927	1,995,942	(35,261)
Miscellaneous	30,400	7,303	37,703	172,895	1,344,744	(1,307,041)
Total receipts	<u>\$ 1,313,572</u>	<u>\$ 1,792,497</u>	<u>\$ 3,106,069</u>	<u>\$ 3,150,437</u>	<u>\$ 4,396,768</u>	<u>\$ (1,290,699)</u>
<b>DISBURSEMENTS:</b>						
Public safety	\$ 318,453	\$ -	\$ 318,453	\$ 307,049	\$ 348,969	\$ 30,516
Public works	320,114	-	320,114	369,718	397,718	77,604
Health and social services	22,428	-	22,428	24,763	25,463	3,035
Culture and recreation	215,213	-	215,213	220,053	226,953	11,740
Community and economic development	42,029	-	42,029	54,400	68,150	26,121
General government	121,302	-	121,302	114,881	117,881	(3,421)
Debt service	208,487	-	208,487	97,163	184,118	(24,369)
Capital projects	5,031,844	-	5,031,844	-	-	(5,031,844)
Business-type activities	-	1,885,375	1,885,375	1,604,065	1,769,565	(115,810)
Total disbursements	<u>\$ 6,279,870</u>	<u>\$ 1,885,375</u>	<u>\$ 8,165,245</u>	<u>\$ 2,792,092</u>	<u>\$ 3,138,817</u>	<u>\$ (5,026,428)</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>\$ (4,966,298)</b>	<b>\$ (92,878)</b>	<b>\$ (5,059,176)</b>	<b>\$ 358,345</b>	<b>\$ 1,257,951</b>	<b>\$ (6,317,127)</b>
<b>OTHER FINANCING SOURCES (USES), NET</b>	<b><u>3,698,272</u></b>	<b><u>(159,051)</u></b>	<b><u>3,539,221</u></b>	<b><u>-</u></b>	<b><u>4,000,000</u></b>	<b><u>(460,779)</u></b>
<b>EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES</b>	<b>\$ (1,268,026)</b>	<b>\$ (251,929)</b>	<b>\$ (1,519,955)</b>	<b>\$ 358,345</b>	<b>\$ 5,257,951</b>	<b>\$ (6,777,906)</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b><u>2,279,332</u></b>	<b><u>453,691</u></b>	<b><u>2,733,023</u></b>	<b><u>1,372,172</u></b>	<b><u>3,107,097</u></b>	<b><u>(374,074)</u></b>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 1,011,306</u></b>	<b><u>\$ 201,762</u></b>	<b><u>\$ 1,213,068</u></b>	<b><u>\$ 1,730,517</u></b>	<b><u>\$ 8,365,048</u></b>	<b><u>\$ (7,151,980)</u></b>

**City of Akron**  
**Notes to Other Information - Budgetary Reporting**  
**June 30, 2013**

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, 2013, disbursements exceeded the amount budgeted in the general government, debt service, capital projects, and business-type activities functions.



**Independent Auditors' 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, in accordance with the auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Akron, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's primary government financial statements, and have issued our report thereon dated March 19, 2014.

**Internal Control over Financial Reporting**

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

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

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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2013-001 and 2013-002).



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Akron, Iowa's financial statements are free from 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

### **City of Akron, Iowa's Responses to Findings**

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

### **Purpose of this Report**

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

Sioux City, Iowa  
March 19, 2014

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



## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Akron, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Akron, Iowa's major federal programs for the year ended June 30, 2013. The City of Akron, Iowa's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Akron, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Akron, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Akron, Iowa's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, the City of Akron, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the City of Akron, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Akron, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Akron, Iowa's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Sioux City, Iowa  
March 19, 2014

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

**City of Akron**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

Part I: Summary of the Independent Auditors' Results:

- A. Unmodified opinions were issued on the financial statements of the governmental activities, the major governmental funds, and the following major enterprise funds; sewer, electric, and water. An adverse opinion was issued on the business type activities and the following major enterprise fund; Akron Care Center, Inc. A qualified opinion was issued on the aggregate remaining fund information.
- B. Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.
- D. The audit did not disclose any material weaknesses in internal control over major federal programs.
- E. An unmodified opinion was issued on compliance with requirements applicable to the major federal program.
- F. The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget OMB Circular A-133, Section .510(a).
- G. Major programs were as follows:
  - CFDA Number 10.766 – Community Facilities Loans and Grants.
- H. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- I. The City of Akron, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Material Weaknesses

- 2013-001     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 disclosures which were approved by management. 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.

**City of Akron**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

Part II: Findings Related to the Financial Statements (Continued):

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.

2013-002 Financial Reporting - The receipts and disbursements of the fire department are maintained separately. We proposed adjusting journal entries to record the receipts and disbursements of the fire department in the general fund.

Recommendation - We recommend the receipts and disbursements of the fire department be recorded in the general fund.

Response - The City will consider recording the fire department's receipts and disbursements in the general fund.

Conclusion - Response accepted.

Instances of Noncompliance

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-2013 Certified Budget - Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the 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 be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements exceed the budget.

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

Conclusion - Response accepted.

IV-B-2013 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 Questioned Costs**  
**Year Ended June 30, 2013**

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

IV-C-2013    Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-2013    Business Transactions - No business transactions between the City and City officials or employees were noted.

IV-E-2013    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.

IV-F-2013    Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

Although the claims listings were published in accordance with Chapter 372.13(6) of the Code of Iowa, one claims listing published did not include all of the claims paid for that specific check run.

Recommendation - The claims listing sent to be published should be agreed to the claims listing paid to ensure that all of the claims paid will be published as required by Chapter 372.13(6) of the Code of Iowa.

Response - The claims listings will be published as required by the Code of Iowa.

Conclusion - Response accepted.

IV-G-2013    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.

IV-H-2013    Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1st.

The City's beginning and ending cash balances of the Special Revenue, Urban Renewal Tax Increment Fund reported on the Levy Authority Summary do not agree with the City's general ledger. In addition, the amount reported by the City as TIF debt outstanding was understated by \$54,518.

Recommendation - The City should ensure the cash balances and debt amounts reported on the Levy Authority Summary agree with the City's records.

Response - These items will be corrected on next year's report.

Conclusion - Response accepted.