

City of Akron

Akron, Iowa

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

June 30, 2014

City of Akron

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**City of Akron
City Officials
Year Ended June 30, 2014**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Before January 2014</u>		
Harold Higman, Jr.	Mayor	January 2016
Bob Frerichs	Member	January 2016
Denise Loutsch-Beitelspacher	Member	January 2016
Barb Johnson	Member	January 2016
Sharon Frerichs	Member	January 2014
Chad Ericson	Member	January 2014
<u>After January 2014</u>		
Harold Higman, Jr.	Mayor	January 2016
Bob Frerichs	Member	January 2016
Denise Loutsch-Beitelspacher	Member	January 2016
Barb Johnson	Member	January 2016
Sharon Frerichs	Member	January 2018
David Irizarry	Member	January 2018
<u>APPOINTED OFFICIALS</u>		
Melea Nielsen	City Clerk/Finance Officer	Indefinite
Karen Wardrip	Deputy Clerk/Treasurer	Indefinite
David Stuart	City 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, 2014, 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, 2014, 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, 2014, 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, 2014, 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. Because of the significance of the matters described above in the "Basis for Adverse Opinions and Qualified Opinion", it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The other information, Management's Discussion and Analysis and budgetary comparison information on pages 5 through 11 and 28 through 29 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 28, 2015 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 28, 2015

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Akron provides this Management's Discussion and Analysis of the financial statements of its primary government. 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, 2014. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2014 Financial Highlights

- Receipts of the City's governmental activities decreased 45.4 percent, or approximately \$2.2 million, from fiscal year 2013 to fiscal year 2014. Receipts in fiscal year 2013 included capital grants and proceeds from debt that were used to fund the Municipal Care Center Facility of approximately \$900,000 and \$1.4 million.
- Disbursements of the City's governmental activities were \$2.5 million and \$6.3 million in fiscal year 2014 and 2013. Disbursements in fiscal year 2013 included approximately \$4.0 million of disbursements for the Municipal Care Center Facility capital project.
- The City's total cash basis net position increased from \$1,213,068 at June 30, 2013 to \$1,805,109 at June 30, 2014. The cash basis net position of the governmental activities increased by \$283,558 and the cash basis net position of the business-type activities increased by \$308,483.

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 Statement

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

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

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

- Governmental Activities include public safety, public works, 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; (4) the Capital Project Funds; and, (5) the Permanent 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 statement for governmental funds is 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 statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$1.0 million to \$1.3 million. The analysis that follows focuses on the changes in cash balances for governmental activities.

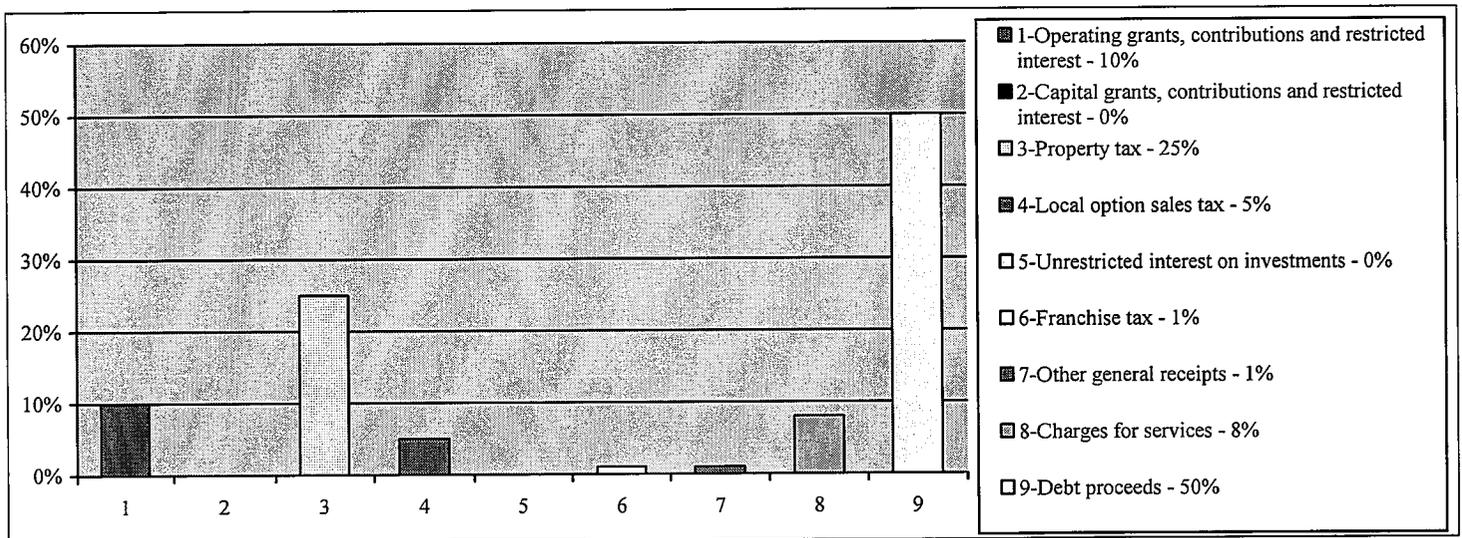
Changes in Cash Basis Net Position of Governmental Activities Year Ended June 30,

	<u>2014</u>	<u>2013</u>
Receipts:		
Program receipts:		
Charges for service	\$ 213,430	\$ 201,275
Operating grants, contributions and restricted interest	260,121	247,034
Capital grants, contributions and restricted interest	1,800	899,260
General receipts:		
Property tax	658,466	659,853
Local option sales tax	142,889	140,306
Franchise tax	23,610	18,678
Unrestricted investment earnings	768	733
Debt proceeds	4,575,089	2,677,809
Refinancing of debt	(3,252,898)	-
Sale of assets	3,616	-
Other general receipts	<u>23,150</u>	<u>7,845</u>
Total receipts	<u>\$ 2,650,041</u>	<u>\$ 4,852,793</u>

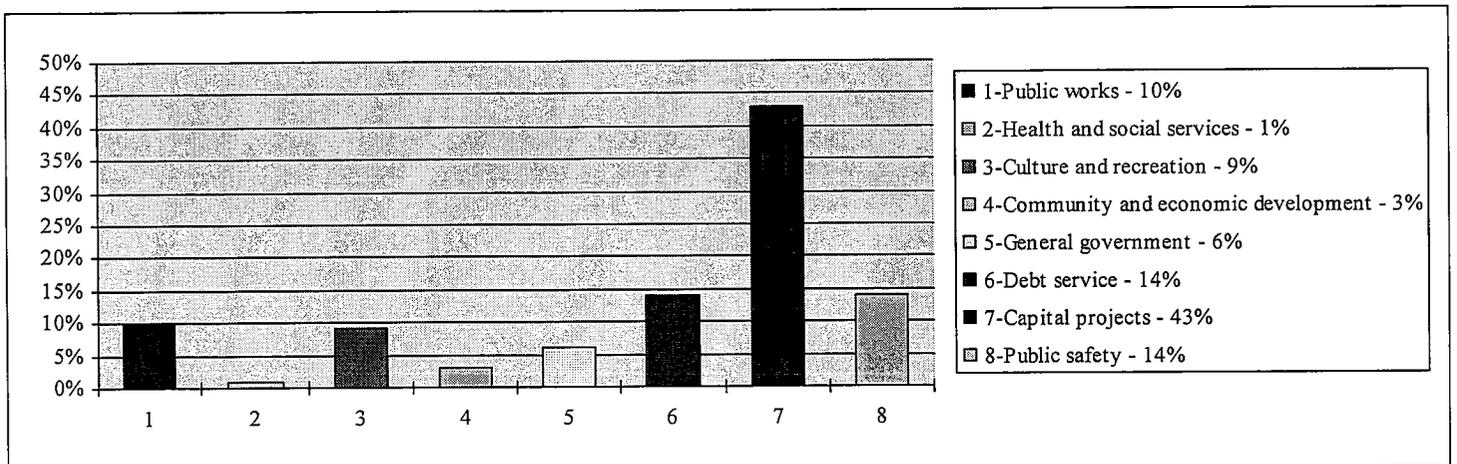
Changes in Cash Basis Net Position of Governmental Activities
Year Ended June 30, (Continued)

	<u>2014</u>	<u>2013</u>
Disbursements:		
Public safety	\$ 356,505	\$ 318,453
Public works	252,525	320,114
Health and social services	25,103	22,428
Culture and recreation	232,135	215,213
Community and economic development	74,687	42,029
General government	140,128	121,302
Debt service	358,318	208,487
Capital projects	<u>1,062,951</u>	<u>5,031,844</u>
Total disbursements	\$ <u>2,502,352</u>	\$ <u>6,279,870</u>
Change in cash basis net position before transfers	\$ 147,689	\$ (1,427,077)
Transfers, net	<u>135,869</u>	<u>159,051</u>
Change in cash basis net position	\$ 283,558	\$ (1,268,026)
Cash basis net position beginning of year	<u>1,011,306</u>	<u>2,279,332</u>
Cash basis net position end of year	\$ <u>1,294,864</u>	\$ <u>1,011,306</u>

2014 Receipts by Source



2014 Disbursements by Function



The City's total receipts for governmental activities decreased by 45 percent, or \$2.2 million. The decrease in receipts was largely attributable to a decrease in capital grants and contributions of \$900,000 and a decrease in debt proceeds, net of refinancing, of \$1.4 million. The total cost of all programs and services decreased by \$3.8 million largely due to a decrease in capital project disbursements of \$4.0 million.

The cost of all governmental activities this year was \$2,502,352 compared to \$6,279,870 last year. However, as shown in the Cash Basis Statement of Activities and Net Position on page 12, the amount taxpayers ultimately financed for these activities was \$2,027,001 because some of the cost was paid by those directly benefited from the programs (\$213,430) or by other governments and organizations that subsidized certain programs with grants and contributions (\$261,921). The City paid for the remaining "public benefit" portion of governmental activities with approximately \$824,965 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>2014</u>	<u>2013</u>
Receipts:		
Program receipts:		
Charges for service:		
Water utility	\$ 181,944	\$ 181,547
Sewer utility	115,384	104,489
Electric utility	1,630,132	1,496,746
Utility deposits	-	2,897
General receipts:		
Unrestricted interest on investments	1,249	2,412
Miscellaneous	<u>6,050</u>	<u>4,406</u>
Total receipts	<u>\$ 1,934,759</u>	<u>\$ 1,792,497</u>
Disbursements:		
Water utility	\$ 211,035	\$ 419,067
Sewer utility	53,519	119,631
Electric utility	1,434,011	1,345,025
Utility deposits	<u>1,772</u>	<u>1,652</u>
Total disbursements	<u>\$ 1,700,337</u>	<u>\$ 1,885,375</u>
Change in cash basis net position before transfers	\$ 234,422	\$ (92,878)
Transfers, net	<u>74,061</u>	<u>(159,051)</u>
Change in cash basis net position	\$ 308,483	\$ (251,929)
Cash basis net position beginning of year	<u>201,762</u>	<u>453,691</u>
Cash basis net position end of year	<u>\$ 510,245</u>	<u>\$ 201,762</u>

Total business-type activities' receipts for the fiscal year were \$1,934,759 compared to \$1,792,497 last year, an increase of \$142,262. The electric utility charges for service increased by \$133,386 due to a current year rate increase. Total disbursements for fiscal 2014 decreased by 9.8 percent to a total of \$1,700,337.

Individual Major Governmental Fund Analysis

As the City of Akron completed the year, its governmental funds reported a combined fund balance of \$1,294,864, an increase of \$283,558 from last year's total of \$1,011,306. The following are the major reasons for the changes in fund balances of the funds from the prior year.

- The General Fund cash balance did not change from 2013 to 2014. Transfers at the end of the current year were made to cover the excess of disbursements over receipts.
- The Urban Renewal Tax Increment Fund cash balance was \$150,243 at June 30, 2014, a decrease of \$15,291 from the previous year. The City authorized \$303,185 of internal loan payments to pay back the internally generated certified debt which exceeded current year receipts of \$288,251.
- The Road Use Tax Fund cash balance increased by \$168,589 from the prior year. Transfers of \$90,245 were received from the Urban Renewal Tax Increment Fund during the year as payment on the outstanding internally generated certified debt.
- The Municipal Care Center Facility Capital Project Fund cash balance increased by \$306,447 to \$306,569 at June 30, 2014 due to unspent note proceeds.
- The Debt Service Fund transferred \$43,814 to the Local Option Sales Tax Fund to correct a transfer made in a previous year. Transfers to the Debt Service Fund of \$336,063 were made from other funds to cover required principal and interest payments.

Individual Major Business-Type Fund Analysis

- The Sewer Utility cash balance increased by \$63,748 to \$90,818. The sewer rate increase effective June 1, 2013 resulted in an increase in charges for services of approximately \$11,000. The current year excess of operating receipts over operating disbursements was \$65,952.
- The Electric Utility cash balance increased by \$269,166 to \$369,517. The June 1, 2013 electric rate increase resulted in an increase in charges for services of \$133,386 which was sufficient to cover the increase in operating costs. The current year excess of operating receipts over operating disbursements was \$289,171.
- The Water Utility cash balance decreased by \$22,659 to \$30,041. The Water Fund completed construction on a well project during the fiscal year. Capital outlay disbursements for this project totaled \$63,592.

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 27, 2014 and resulted in various changes to receipts, disbursements and other financing sources.

The City's receipts were approximately \$400,000 less than the amended budget. The City's disbursements were approximately \$4 million less and other financing sources, net were approximately \$3.2 million less (net of approximately \$800,000) than the amended budget. The City exceeded disbursements in the public safety function by approximately \$2,200, general government function by approximately \$22,500, and debt service function by approximately \$160,700.

Debt Administration

At June 30, 2014, the City had \$5,619,623 in bonds and other debt, compared to \$4,482,809 last year, as shown below.

<u>Outstanding Debt at Year-End</u>		
<u>June 30,</u>		
	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 1,655,000	\$ 1,805,000
Notes Payable	<u>3,964,623</u>	<u>2,677,809</u>
Total	<u>\$ 5,619,623</u>	<u>\$ 4,482,809</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 \$1,655,000 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 2015 budget, tax rates, and fees charged for various City activities. One of those factors is the economy.

Amounts available in the 2015 budget for appropriation, including other financing sources, are \$3.7 million. The 2015 budgeted disbursements including transfers out are \$3.7 million.

The City is expecting a balanced budget for 2015. If these estimates are realized, the City's cash balance will remain steady at \$1.8 million by the close of 2015.

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, 2014

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	\$ 140,128	\$ 15,658	\$ -	\$ -	\$ (124,470)	\$ -	\$ (124,470)
Public safety	356,505	21,718	67,193	-	(267,594)	-	(267,594)
Public works	252,525	136,036	148,987	-	32,498	-	32,498
Health and social services	25,103	-	2,710	-	(22,393)	-	(22,393)
Culture and recreation	232,135	39,393	39,437	-	(153,305)	-	(153,305)
Community and economic development	74,687	625	1,794	-	(72,268)	-	(72,268)
Debt service	358,318	-	-	-	(358,318)	-	(358,318)
Capital projects	1,062,951	-	-	1,800	(1,061,151)	-	(1,061,151)
Total governmental activities	<u>\$ 2,502,352</u>	<u>\$ 213,430</u>	<u>\$ 260,121</u>	<u>\$ 1,800</u>	<u>\$ (2,027,001)</u>	<u>\$ -</u>	<u>\$ (2,027,001)</u>
Business-type activities:							
Water utility	\$ 211,035	\$ 181,944	\$ -	\$ -	\$ -	\$ (29,091)	\$ (29,091)
Sewer utility	53,519	115,384	-	-	-	61,865	61,865
Electric utility	1,434,011	1,630,132	-	-	-	196,121	196,121
Utility deposits	1,772	-	-	-	-	(1,772)	(1,772)
Total business-type activities	<u>\$ 1,700,337</u>	<u>\$ 1,927,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,123</u>	<u>\$ 227,123</u>
Total	<u>\$ 4,202,689</u>	<u>\$ 2,140,890</u>	<u>\$ 260,121</u>	<u>\$ 1,800</u>	<u>\$ (2,027,001)</u>	<u>\$ 227,123</u>	<u>\$ (1,799,878)</u>
General receipts:							
Property and other city tax levied for:							
General purposes					\$ 287,715	\$ -	\$ 287,715
Employee benefits					83,638	-	83,638
Tax increment financing					287,113	-	287,113
Local option sales tax					142,889	-	142,889
Franchise tax					23,610	-	23,610
Unrestricted investment earnings					768	1,249	2,017
Miscellaneous					23,150	6,050	29,200
Proceeds from debt					4,575,089	-	4,575,089
Refinancing of debt					(3,252,898)	-	(3,252,898)
Sale of assets					3,616	-	3,616
Transfers					135,869	74,061	209,930
Total general receipts and transfers					<u>\$ 2,310,559</u>	<u>\$ 81,360</u>	<u>\$ 2,391,919</u>
Change in cash basis net position					\$ 283,558	\$ 308,483	\$ 592,041
Cash basis net position beginning of year					1,011,306	201,762	1,213,068
Cash basis net position end of year					<u>\$ 1,294,864</u>	<u>\$ 510,245</u>	<u>\$ 1,805,109</u>
Cash basis net position:							
Restricted:							
Nonexpendable:							
Revolving loan fund					\$ 42,213	\$ -	\$ 42,213
Expendable:							
Streets					309,414	-	309,414
Local option sales tax purposes					58,775	-	58,775
Urban renewal purposes					150,243	-	150,243
Pool replacement					170,869	-	170,869
Capital projects					323,633	-	323,633
Other purposes					47,184	-	47,184
Unrestricted					192,533	510,245	702,778
Total cash basis net position					<u>\$ 1,294,864</u>	<u>\$ 510,245</u>	<u>\$ 1,805,109</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, 2014

	Special Revenue			Capital Projects	Debt Service	Nonmajor	Total
	General	Urban Renewal Tax Increment	Road Use Tax	Municipal Care Center Facility			
RECEIPTS:							
Property tax	\$ 287,715	\$ -	\$ -	\$ -	\$ -	\$ 83,638	\$ 371,353
Tax increment financing	-	287,113	-	-	-	-	287,113
Other city tax	23,610	-	-	-	-	142,889	166,499
Licenses and permits	4,021	-	-	-	-	-	4,021
Intergovernmental	102,440	-	148,383	-	-	-	250,823
Charges for services	185,040	-	5,956	-	-	-	190,996
Use of money and property	17,271	1,138	671	1,300	-	892	21,272
Miscellaneous	29,615	-	-	500	-	2,042	32,157
Total receipts	<u>\$ 649,712</u>	<u>\$ 288,251</u>	<u>\$ 155,010</u>	<u>\$ 1,800</u>	<u>\$ -</u>	<u>\$ 229,461</u>	<u>\$ 1,324,234</u>
DISBURSEMENTS:							
Current:							
General government	\$ 120,662	\$ -	\$ -	\$ -	\$ -	\$ 19,466	\$ 140,128
Public safety	307,032	-	-	-	-	49,473	356,505
Public works	174,180	-	61,874	-	-	16,471	252,525
Health and social services	25,103	-	-	-	-	-	25,103
Culture and recreation	200,045	-	-	-	-	32,090	232,135
Community and economic development	74,330	357	-	-	-	-	74,687
Debt service	-	-	-	22,255	336,063	-	358,318
Capital outlay	-	-	-	980,039	-	82,912	1,062,951
Total disbursements	<u>\$ 901,352</u>	<u>\$ 357</u>	<u>\$ 61,874</u>	<u>\$ 1,002,294</u>	<u>\$ 336,063</u>	<u>\$ 200,412</u>	<u>\$ 2,502,352</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ (251,640)</u>	<u>\$ 287,894</u>	<u>\$ 93,136</u>	<u>\$ (1,000,494)</u>	<u>\$ (336,063)</u>	<u>\$ 29,049</u>	<u>\$ (1,178,118)</u>
OTHER FINANCING SOURCES (USES):							
Note proceeds	\$ -	\$ -	\$ -	\$ 4,575,089	\$ -	\$ -	\$ 4,575,089
Refinancing of debt	-	-	-	(3,252,898)	-	-	(3,252,898)
Sale of capital assets	3,616	-	-	-	-	-	3,616
Transfers in	248,024	-	90,245	-	336,063	302,226	976,558
Transfers out	-	(303,185)	(14,792)	(15,250)	(43,814)	(463,648)	(840,689)
Total other financing sources and (uses)	<u>\$ 251,640</u>	<u>\$ (303,185)</u>	<u>\$ 75,453</u>	<u>\$ 1,306,941</u>	<u>\$ 292,249</u>	<u>\$ (161,422)</u>	<u>\$ 1,461,676</u>
Net change in cash balances	\$ -	\$ (15,291)	\$ 168,589	\$ 306,447	\$ (43,814)	\$ (132,373)	\$ 283,558
Cash balance beginning of year	253,769	165,534	140,825	122	43,814	407,242	1,011,306
Cash balance end of year	<u>\$ 253,769</u>	<u>\$ 150,243</u>	<u>\$ 309,414</u>	<u>\$ 306,569</u>	<u>\$ -</u>	<u>\$ 274,869</u>	<u>\$ 1,294,864</u>
CASH BASIS FUND BALANCES:							
Nonspendable:							
Revolving loan fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,213	\$ 42,213
Restricted for:							
Local option sales tax purposes	-	-	-	-	-	58,775	58,775
Streets	-	-	309,414	-	-	-	309,414
Urban renewal purposes	-	150,243	-	-	-	-	150,243
Pool replacement	170,869	-	-	-	-	-	170,869
Capital projects	-	-	-	306,569	-	17,064	323,633
Other purposes	18,000	-	-	-	-	29,184	47,184
Assigned to:							
Capital projects	-	-	-	-	-	127,633	127,633
Unassigned	64,900	-	-	-	-	-	64,900
Total cash basis fund balances	<u>\$ 253,769</u>	<u>\$ 150,243</u>	<u>\$ 309,414</u>	<u>\$ 306,569</u>	<u>\$ -</u>	<u>\$ 274,869</u>	<u>\$ 1,294,864</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, 2014

	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>	<u>Nonmajor Utility Deposits</u>	<u>Total</u>
OPERATING RECEIPTS:					
Charges for services	\$ 115,384	\$ 1,630,132	\$ 181,944	\$ -	\$ 1,927,460
Total operating receipts	<u>\$ 115,384</u>	<u>\$ 1,630,132</u>	<u>\$ 181,944</u>	<u>\$ -</u>	<u>\$ 1,927,460</u>
OPERATING DISBURSEMENTS:					
Personal services	\$ 33,126	\$ 233,891	\$ 81,714	\$ -	\$ 348,731
Repairs and maintenance	1,307	5,666	9,853	-	16,826
Utilities	3,839	11,622	15,904	-	31,365
Contractual services	3,556	14,003	7,402	-	24,961
Commodities	7,604	1,075,779	32,570	1,772	1,117,725
Total operating disbursements	<u>\$ 49,432</u>	<u>\$ 1,340,961</u>	<u>\$ 147,443</u>	<u>\$ 1,772</u>	<u>\$ 1,539,608</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>\$ 65,952</u>	<u>\$ 289,171</u>	<u>\$ 34,501</u>	<u>\$ (1,772)</u>	<u>\$ 387,852</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):					
Interest	\$ 177	\$ 854	\$ 218	\$ -	\$ 1,249
Miscellaneous revenue	-	6,050	-	-	6,050
Capital outlay	(4,087)	(93,050)	(63,592)	-	(160,729)
Net non-operating disbursements	<u>\$ (3,910)</u>	<u>\$ (86,146)</u>	<u>\$ (63,374)</u>	<u>\$ -</u>	<u>\$ (153,430)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 62,042</u>	<u>\$ 203,025</u>	<u>\$ (28,873)</u>	<u>\$ (1,772)</u>	<u>\$ 234,422</u>
Transfers in	3,136	147,992	15,493	-	166,621
Transfers out	(1,430)	(81,851)	(9,279)	-	(92,560)
Net change in cash balances	<u>\$ 63,748</u>	<u>\$ 269,166</u>	<u>\$ (22,659)</u>	<u>\$ (1,772)</u>	<u>\$ 308,483</u>
Cash balance beginning of year	27,070	100,351	52,700	21,641	201,762
Cash balance end of year	<u>\$ 90,818</u>	<u>\$ 369,517</u>	<u>\$ 30,041</u>	<u>\$ 19,869</u>	<u>\$ 510,245</u>
CASH BASIS FUND BALANCES:					
Unrestricted	<u>\$ 90,818</u>	<u>\$ 369,517</u>	<u>\$ 30,041</u>	<u>\$ 19,869</u>	<u>\$ 510,245</u>
Total cash basis fund balance	<u>\$ 90,818</u>	<u>\$ 369,517</u>	<u>\$ 30,041</u>	<u>\$ 19,869</u>	<u>\$ 510,245</u>

City of Akron
Notes To Financial Statements
June 30, 2014

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.

- 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.

City of Akron
Notes To Financial Statements
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

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

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position 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.

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.

City of Akron
Notes To Financial Statements
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Special Revenue:

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

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

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

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

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.

- 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.

City of Akron
Notes To Financial Statements
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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 the preceding classifications.

- E. Budgets and Budgetary Accounting - The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2014, disbursements exceeded the amounts budgeted in the public safety, general government, and debt service functions.

CASH AND POOLED INVESTMENTS:

The City's deposits in banks at June 30, 2014 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.

City of Akron
Notes To Financial Statements
June 30, 2014

CASH AND POOLED INVESTMENTS (CONTINUED):

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, 2014, the City held no investments.

BONDS AND NOTES PAYABLE:

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

Year Ended June 30,	General Obligation		USDA Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 150,000	\$ 43,816	\$ 48,237	\$ 138,003	\$ 198,237	\$ 181,819
2016	160,000	41,318	49,953	136,287	209,953	177,605
2017	165,000	38,268	51,729	134,511	216,729	172,779
2018	165,000	34,541	53,569	132,671	218,569	167,212
2019	170,000	30,498	55,474	130,766	225,474	161,264
2020-2024	315,000	115,560	308,410	622,790	623,410	738,350
2025-2029	365,000	70,086	367,299	563,901	732,299	633,987
2030-2034	165,000	9,376	437,430	493,770	602,430	503,146
2035-2039	-	-	520,955	410,245	520,955	410,245
2040-2044	-	-	620,428	310,772	620,428	310,772
2045-2049	-	-	738,894	192,306	738,894	192,306
2050-2054	-	-	712,245	53,549	712,245	53,549
Total	<u>\$ 1,655,000</u>	<u>\$ 383,463</u>	<u>\$ 3,964,623</u>	<u>\$ 3,319,571</u>	<u>\$ 5,619,623</u>	<u>\$ 3,703,034</u>

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

USDA Note Payable - 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 were used to retire the short-term financing obtained for the Municipal Care Center Facility project. The \$4,000,000 Taxable Municipal Care Center Revenue Note, Series 2013 is payable in 480 equal monthly installments of \$15,520, which includes interest at a rate of 3.50 percent. The Taxable Municipal Care Center Revenue Note, Series 2013 is payable solely from the Akron Care Center's net revenues.

City of Akron
Notes To Financial Statements
June 30, 2014

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 5.95 percent of their annual covered salary and the City is required to contribute 8.93 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 contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$45,020, \$40,546, and \$39,285, 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 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. 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, \$580 for single coverage and \$670 to \$1,550 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2014, 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, 2014 was \$17,659. This liability has been computed based on rates of pay as of June 30, 2014.

City of Akron
Notes To Financial Statements
June 30, 2014

INTERFUND TRANSFERS:

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 174,354
	Enterprise:	
	Sewer Utility	1,094
	Water Utility	9,186
	Electric Utility	<u>63,390</u>
		<u>\$ 248,024</u>
Special Revenue:	Special Revenue:	
Local Option Sales Tax	Urban Renewal Tax Increment	\$ 5,667
	Debt Service	<u>43,814</u>
		<u>\$ 49,481</u>
RUT	Urban Renewal Tax Increment	<u>\$ 90,245</u>
		<u>\$ 139,726</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	\$ 36,549
	Road Use Tax	14,792
	Urban Renewal Tax Increment	59,542
	Capital Projects:	
	Municipal Care Center Facility	15,250
	Enterprise:	
	Akron Care Center	<u>209,930</u>
		<u>\$ 336,063</u>
Capital Projects:	Capital Projects:	
Reed Street	Downtown Street	<u>\$ 210,545</u>
Permanent Fund:	Special Revenue:	
Revolving Loan Fund	Local Option Sales Tax	\$ 42,200
		<u>\$ 976,558</u>
Enterprise:	Enterprise:	
Sewer Utility	Electric Utility	<u>\$ 3,136</u>
Electric Utility	Special Revenue:	
	Urban Renewal Tax Increment	\$ 147,731
	Enterprise:	
	Water Utility	93
	Sewer Utility	<u>168</u>
		<u>\$ 147,992</u>
Water Utility	Enterprise:	
	Electric Utility	\$ 15,325
	Sewer Utility	<u>168</u>
		<u>\$ 15,493</u>
		<u>\$ 166,621</u>
	Total	<u>\$ 1,143,179</u>

City of Akron
Notes To Financial Statements
June 30, 2014

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 construction contract for approximately \$636,000 for the Reed Street improvement project. As of June 30, 2014 no payments have been made on the contract.

SUBSEQUENT EVENT:

In September 2014, the City agreed to settle a disputed claim against the City for \$64,369.

HEALTHCARE FACILITY REVENUE BONDS:

The City has issued a total of \$388,062 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.

PROSPECTIVE ACCOUNTING CHANGE:

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

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, 2014

	Special Revenue			Capital Projects			Permanent	Total
	Local Option Sales Tax	Employee Benefits	Library Improvement Trust	Akron Business Park	Downtown Street	Reed Street	Revolving Loan Fund	
RECEIPTS:								
Property taxes	\$ -	\$ 83,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,638
Other city tax	142,889	-	-	-	-	-	-	142,889
Interest	656	218	5	-	-	-	13	892
Miscellaneous	-	-	2,042	-	-	-	-	2,042
Total receipts	<u>\$ 143,545</u>	<u>\$ 83,856</u>	<u>\$ 2,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 229,461</u>
DISBURSEMENTS:								
Current:								
General government	\$ -	\$ 19,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,466
Public safety	-	49,473	-	-	-	-	-	49,473
Public works	-	16,471	-	-	-	-	-	16,471
Culture and recreation	-	32,090	-	-	-	-	-	32,090
Capital outlay	-	-	-	-	-	82,912	-	82,912
Total disbursements	<u>\$ -</u>	<u>\$ 117,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,912</u>	<u>\$ -</u>	<u>\$ 200,412</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 143,545</u>	<u>\$ (33,644)</u>	<u>\$ 2,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,912)</u>	<u>\$ 13</u>	<u>\$ 29,049</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	\$ 49,481	\$ -	\$ -	\$ -	\$ -	\$ 210,545	\$ 42,200	\$ 302,226
Transfers out	(253,103)	-	-	-	(210,545)	-	-	(463,648)
Total other financing sources and (uses)	<u>\$ (203,622)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (210,545)</u>	<u>\$ 210,545</u>	<u>\$ 42,200</u>	<u>\$ (161,422)</u>
Net change in cash balances	<u>\$ (60,077)</u>	<u>\$ (33,644)</u>	<u>\$ 2,047</u>	<u>\$ -</u>	<u>\$ (210,545)</u>	<u>\$ 127,633</u>	<u>\$ 42,213</u>	<u>\$ (132,373)</u>
Cash balance beginning of year	118,852	58,520	2,261	17,064	210,545	-	-	407,242
Cash balance end of year	<u>\$ 58,775</u>	<u>\$ 24,876</u>	<u>\$ 4,308</u>	<u>\$ 17,064</u>	<u>\$ -</u>	<u>\$ 127,633</u>	<u>\$ 42,213</u>	<u>\$ 274,869</u>
CASH BASIS FUND BALANCES:								
Nonspendable:								
Revolving loan fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,213	\$ 42,213
Restricted for:								
Local option sales tax	58,775	-	-	-	-	-	-	58,775
Capital projects	-	-	-	17,064	-	-	-	17,064
Other purposes	-	24,876	4,308	-	-	-	-	29,184
Assigned to:								
Capital projects	-	-	-	-	-	127,633	-	127,633
Total cash basis fund balances	<u>\$ 58,775</u>	<u>\$ 24,876</u>	<u>\$ 4,308</u>	<u>\$ 17,064</u>	<u>\$ -</u>	<u>\$ 127,633</u>	<u>\$ 42,213</u>	<u>\$ 274,869</u>

**City of Akron
Schedule of Indebtedness
Year Ended June 30, 2014**

	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
<u>Obligation</u>									
General obligation:									
2012A Care Center Bonds	05-24-12	0.65-3.75%	\$ 1,250,000	\$ 1,195,000	\$ -	\$ 55,000	\$ 1,140,000	\$ 30,000	\$ -
2011 Refinancing	02-04-11	1.10-3.35%	810,000	<u>610,000</u>	<u>-</u>	<u>95,000</u>	<u>515,000</u>	<u>15,883</u>	<u>-</u>
Total				<u>\$ 1,805,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 1,655,000</u>	<u>\$ 45,883</u>	<u>\$ -</u>
Note payables:									
2012 Care Center Interim Financing	07-11-12	3.25%	\$ 3,252,898	\$ 2,677,809	\$ 575,089	\$ 3,252,898	\$ -	\$ 22,255	\$ -
2013 USDA Note	09-26-13	3.50%	4,000,000	<u>-</u>	<u>4,000,000</u>	<u>35,377</u>	<u>3,964,623</u>	<u>104,303</u>	<u>-</u>
Total				<u>\$ 2,677,809</u>	<u>\$ 4,575,089</u>	<u>\$ 3,288,275</u>	<u>\$ 3,964,623</u>	<u>\$ 126,558</u>	<u>\$ -</u>

**City of Akron
Bond and Note Maturities
June 30, 2014**

General Obligation					Note Payable		
Year Ending June 30,	2011 Refinancing February 4, 2011		2012A Care Center Bonds May 24, 2012		Year Ending June 30,	USDA Loan September 26, 2013	
	Interest Rate	Amount	Interest Rate	Amount		Interest Rate	Amount
2015	2.05 - 3.35%	\$ 95,000	0.65 - 3.75%	\$ 55,000	2015	3.50%	\$ 48,237
2016	2.45 - 3.35%	100,000	1.00 - 3.75%	60,000	2016	3.50%	49,953
2017	2.75 - 3.35%	105,000	1.00 - 3.75%	60,000	2017	3.50%	51,729
2018	3.05 - 3.35%	105,000	1.40 - 3.75%	60,000	2018	3.50%	53,569
2019	3.35%	<u>110,000</u>	1.40 - 3.75%	60,000	2019	3.50%	55,474
2020			1.85 - 3.75%	60,000	2020	3.50%	57,447
2021		<u>\$ 515,000</u>	1.85 - 3.75%	60,000	2021	3.50%	59,491
2022			2.20 - 3.75%	65,000	2022	3.50%	61,607
2023			2.20 - 3.75%	65,000	2023	3.50%	63,798
2024			2.60 - 3.75%	65,000	2024	3.50%	66,067
2025			2.60 - 3.75%	70,000	2025	3.50%	68,417
2026			3.00 - 3.75%	70,000	2026	3.50%	70,850
2027			3.00 - 3.75%	70,000	2027	3.50%	73,370
2028			3.50 - 3.75%	75,000	2028	3.50%	75,980
2029			3.50 - 3.75%	80,000	2029	3.50%	78,682
2030			3.50 - 3.75%	80,000	2030	3.50%	81,480
2031			3.75%	<u>85,000</u>	2031	3.50%	84,378
				<u>\$ 1,140,000</u>	2032	3.50%	87,379
					2033	3.50%	90,487
					2034	3.50%	93,706
					2035-2039	3.50%	520,955
					2040-2044	3.50%	620,428
					2045-2049	3.50%	738,894
					2050-2054	3.50%	<u>712,245</u>
							<u>\$ 3,964,623</u>

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

	<u>2014</u>	<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>
RECEIPTS:										
Property tax	\$ 371,353	\$ 365,083	\$ 357,537	\$ 345,629	\$ 365,615	\$ 328,616	\$ 318,793	\$ 345,474	\$ 303,104	\$ 288,889
Tax increment financing collections	287,113	294,770	317,498	306,444	300,083	236,968	208,071	48,477	99,365	139,900
Other city tax	166,499	158,984	163,213	152,672	158,435	169,104	154,167	156,724	146,391	118,445
Licenses and permits	4,021	3,670	3,761	3,367	4,456	2,738	4,610	3,356	3,851	3,943
Use of money and property	21,272	20,177	15,675	26,171	21,544	26,976	33,312	13,602	7,871	8,478
Intergovernmental	250,823	262,589	160,391	174,387	179,319	186,415	147,264	244,459	227,890	146,842
Charges for services	190,996	177,899	239,249	242,391	235,290	248,471	201,160	217,418	205,761	206,129
Miscellaneous	<u>32,157</u>	<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>
Total	<u>\$ 1,324,234</u>	<u>\$ 1,313,572</u>	<u>\$ 1,298,725</u>	<u>\$ 1,295,574</u>	<u>\$ 1,294,780</u>	<u>\$ 1,252,699</u>	<u>\$ 1,153,503</u>	<u>\$ 1,056,726</u>	<u>\$ 1,045,250</u>	<u>\$ 957,427</u>
DISBURSEMENTS:										
Current:										
Public safety	\$ 356,505	\$ 318,453	\$ 361,885	\$ 270,846	\$ 288,823	\$ 292,417	\$ 379,719	\$ 278,252	\$ 319,839	\$ 377,707
Public works	252,525	320,114	288,665	313,244	281,159	335,956	259,389	328,074	213,891	289,255
Health and social services	25,103	22,428	16,182	21,234	14,850	15,099	27,551	21,390	20,471	38,492
Culture and recreation	232,135	215,213	210,846	189,137	213,368	224,828	178,703	243,324	185,696	182,410
Community and economic development	74,687	42,029	58,113	109,100	111,841	62,221	96,122	148,049	56,743	32,000
General government	140,128	121,302	119,811	114,545	132,770	152,186	110,092	120,134	128,807	123,579
Debt service	358,318	208,487	88,108	198,645	191,493	198,083	167,701	105,855	102,836	167,199
Capital projects	<u>1,062,951</u>	<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>
Total	<u>\$ 2,502,352</u>	<u>\$ 6,279,870</u>	<u>\$ 1,236,111</u>	<u>\$ 1,421,995</u>	<u>\$ 1,410,021</u>	<u>\$ 1,675,140</u>	<u>\$ 1,561,806</u>	<u>\$ 1,515,232</u>	<u>\$ 1,272,368</u>	<u>\$ 1,340,913</u>

City of Akron
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Direct:		
U.S. Department of Agriculture:		
Community Facilities Loans and Grants	10.766	\$ <u>1,317,710</u>
Total		\$ <u><u>1,317,710</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, 2014. 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 position or cash flows of the City of Akron, Iowa.

Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. 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.

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, 2014

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Total Variance
	Funds Actual	Funds Actual		Original	Final	
RECEIPTS:						
Property tax	\$ 371,353	\$ -	\$ 371,353	\$ 366,473	\$ 383,481	\$ (12,128)
Tax increment financing	287,113	-	287,113	318,450	322,200	(35,087)
Other city tax	166,499	-	166,499	160,863	160,863	5,636
Licenses and permits	4,021	-	4,021	3,765	3,765	256
Use of money and property	21,272	1,249	22,521	13,565	13,565	8,956
Intergovernmental	250,823	-	250,823	190,277	190,277	60,546
Charges for services	190,996	1,927,460	2,118,456	2,058,938	2,408,438	(289,982)
Miscellaneous	32,157	6,050	38,207	200,041	200,357	(162,150)
Total receipts	<u>\$ 1,324,234</u>	<u>\$ 1,934,759</u>	<u>\$ 3,258,993</u>	<u>\$ 3,312,372</u>	<u>\$ 3,682,946</u>	<u>\$ (423,953)</u>
DISBURSEMENTS:						
Public safety	\$ 356,505	\$ -	\$ 356,505	\$ 317,932	\$ 354,354	\$ (2,151)
Public works	252,525	-	252,525	454,413	455,913	203,388
Health and social services	25,103	-	25,103	19,207	27,507	2,404
Culture and recreation	232,135	-	232,135	231,313	278,693	46,558
Community and economic development	74,687	-	74,687	120,150	130,764	56,077
General government	140,128	-	140,128	117,613	117,613	(22,515)
Debt service	358,318	-	358,318	197,590	197,590	(160,728)
Capital projects	1,062,951	-	1,062,951	100,036	4,740,870	3,677,919
Business-type activities	-	1,700,337	1,700,337	1,718,742	1,947,451	247,114
Total disbursements	<u>\$ 2,502,352</u>	<u>\$ 1,700,337</u>	<u>\$ 4,202,689</u>	<u>\$ 3,276,996</u>	<u>\$ 8,250,755</u>	<u>\$ 4,048,066</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,178,118)	\$ 234,422	\$ (943,696)	\$ 35,376	\$ (4,567,809)	\$ 3,624,113
OTHER FINANCING SOURCES (USES), NET	<u>1,461,676</u>	<u>74,061</u>	<u>1,535,737</u>	<u>-</u>	<u>4,740,870</u>	<u>(3,205,133)</u>
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	\$ 283,558	\$ 308,483	\$ 592,041	\$ 35,376	\$ 173,061	\$ 418,980
BALANCE, BEGINNING OF YEAR	<u>1,011,306</u>	<u>201,762</u>	<u>1,213,068</u>	<u>1,452,094</u>	<u>1,301,280</u>	<u>(88,212)</u>
BALANCE, END OF YEAR	<u>\$ 1,294,864</u>	<u>\$ 510,245</u>	<u>\$ 1,805,109</u>	<u>\$ 1,487,470</u>	<u>\$ 1,474,341</u>	<u>\$ 330,768</u>

See accompanying independent auditors' report.

City of Akron
Notes to Other Information - Budgetary Reporting
June 30, 2014

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, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased receipts by \$370,574, increased disbursements by \$4,973,759 and increased other financing sources by \$4,740,870. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2014, disbursements exceeded the amount budgeted in the public safety, general government, and debt service 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 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the financial statements of the City's primary government, and have issued our report thereon dated March 28, 2015.

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 a deficiency in internal control 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 the accompanying schedule of findings and questioned costs to be a material weakness (2014-001).



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, 2014 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 28, 2015

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, 2014. 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, 2014.

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 28, 2015

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

City of Akron
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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. A material weakness in internal control over financial reporting was 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 Weakness

- 2014-001 Financial Reporting - During the audit, we proposed adjusting journal entries to correct errors in the principal, interest, fund balance, and transfer accounts.
- Recommendation - We recommend the receipts and disbursements including transfers be reviewed monthly for accuracy.

City of Akron
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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

Response - The City will review the receipts and disbursements reports for accuracy.

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-2014 Certified Budget - Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the public safety, general government, and debt service 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-2014 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.

IV-C-2014 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-2014 Business Transactions - No business transactions between the City and City officials or employees were noted.

IV-E-2014 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.

City of Akron
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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

- IV-F-2014 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-2014 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-2014 Annual Urban Renewal Report - The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1st.