



**CITY OF AKRON
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

CITY OF AKRON
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Akron
Summit County
166 South High Street
Akron, Ohio 44308

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Akron, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated August 19, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2004-001 through 2004-004. In a separate letter to the City's management dated August 19, 2005, we reported other matters related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 30, 2005



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Akron
Summit County
166 South High Street
Akron, Ohio 44308

To the City Council:

Compliance

We have audited the compliance of the City of Akron, Summit County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2004-005. Also, in a separate letter to the City's management dated August 19, 2005, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated August 19, 2005.

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2004, and have issued our report thereon dated June 30, 2005. Our audit was performed to form an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Federal Awards Expenditures Schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 19, 2005, except for the Federal Awards Expenditures Schedule which is dated June 30, 2005.

CITY OF AKRON, OHIO

**SUPPLEMENTAL FEDERAL AWARDS EXPENDITURES SCHEDULE
YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
DEPARTMENT OF AGRICULTURE		
From the Ohio Department of Health:		
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		
Child Nutrition Cluster:	10.557	\$ 1,526,897
Summer Food Service Program for Children	10.559	143,403
Total Department of Agriculture		<u>1,670,300</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster:		
Community Development Block Grants/Economic Development Initiative	14.246	1,000,000
Community Development Block Grants/Entitlement Grants	14.218	12,346,647
Emergency Shelter Grants Program	14.231	293,786
HOME Investment Partnership Program	14.239	1,400,008
Lead-Based Paint:		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	1,196,956
Lead Hazard Reduction Demonstration Grant Program	14.905	146,545
From the Ohio Department of Human Services:		
Empowerment Zones Program	14.244	196,448
Total Department of Housing and Urban Development		<u>16,580,390</u>
DEPARTMENT OF JUSTICE		
Direct Programs:		
Juvenile Accountability Incentive Block Grants	16.523	101,070
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	51,031
Byrne Formula Grant Program	16.579	59,961
Local Law Enforcement Block Grants Program	16.592	210,169
From the Governor's Office of Criminal Justice Services:		
Executive Office for Weed and Seed	16.595	133,751
Total Department of Justice		<u>555,982</u>
DEPARTMENT OF TRANSPORTATION		
From the Federal Aviation Administration:		
Airport Improvement Program	20.106	186,639
From the Ohio Department of Highway Safety:		
State and Community Highway Safety	20.600	25,528
Highway Planning and Construction:		
Akron Metropolitan Area Transportation Study	20.205	1,067,911
ODOT - Bettes Corners Bridges	20.205	602,077
ODOT - Broadway Street	20.205	452,356
ODOT - City Sidewalk Accessiblitiy	20.205	401,227
ODOT - Darrow Road	20.205	14,776
ODOT - High Street Viaduct	20.205	353,267
ODOT - South Main Street	20.205	719,152
Total CFDA No. 20.205		<u>3,610,766</u>
Total Department of Transportation		<u>3,822,933</u>

CITY OF AKRON, OHIO

**SUPPLEMENTAL FEDERAL AWARDS EXPENDITURES SCHEDULE
YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
ENVIRONMENTAL PROTECTION AGENCY		
From the Ohio E.P.A.:		
Air Pollution Control Program Support	66.001	269,609
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
From the Ohio Department of Health:		
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	43,847
Childhood Lead Poisoning Prevention Projects - State and Local		
Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	90,950
Immunization Grants	93.268	82,241
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	548,198
Refugee and Entrant Assistance Discretionary Grants	93.576	34,404
HIV Care Formula Grants:		
Community Based Care Grant	93.917	9,735
Ryan White Planning/Evaluation	93.917	4,650
Total CFDA No. 93.917		14,385
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	416,677
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	79,305
HIV Prevention Activities - Health Department Based:		
Federal Aids Education	93.940	353,620
Block Grants for Prevention and Treatment of Substance Abuse	93.959	133,604
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	50,096
Preventive Health and Health Services Block Grant	93.991	32,180
Maternal and Child Health Services Block Grant to the States		
Child and Family Health Services	93.994	379,159
Dental Sealant Grant	93.994	23,559
Total CFDA No. 93.994		402,718
Total Department of Health and Human Services		2,282,225
DEPARTMENT OF HOMELAND SECURITY		
From the Department of Health and Human Services		
Metropolitan Medical Response System	97.071	190,463
From the Federal Emergency Management Agency		
Assistance to Firefighters Grant	97.044	82,046
From the Ohio Department of Public Safety		
State Domestic Preparedness Equipment Support	97.004	406,015
Public Assistance Grants	97.036	315,337
Total Department of Homeland Security		993,861
TOTAL FEDERAL AWARDS EXPENDITURES		\$ 26,175,300

See notes to supplemental federal awards expenditures schedule.

CITY OF AKRON, OHIO

NOTES TO SUPPLEMENTAL FEDERAL AWARDS EXPENDITURES SCHEDULE YEAR ENDED DECEMBER 31, 2004

1. BASIS OF PRESENTATION

The accompanying supplemental Federal Awards Expenditures Schedule includes the federal grant activity of the City of Akron, Ohio, and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City of Akron, Ohio, provided federal awards to subrecipients as follows:

Special Supplemental Food Program for Women, Infants and Children CDBG- Entitlement and (HUD-Administered) Small Cities Cluster - Community Development Block Grant/Entitlement Grants	10.557	\$501,769
Emergency Shelter Grants Program	14.218	1,440,784
HOME Investment Partnership Program	14.231	269,581
Lead-Based Paint Hazard Control in Privately Owned Housing	14.239	820,164
Juvenile Accountability Incentive Block Grants	14.900	635,769
Juvenile Justice and Delinquency Prevention Allocation to States	16.523	2,204
Executive Office for Weed and Seed	16.540	29,971
Centers for Disease Control and Prevention Investigations and Technical Assistance	16.595	70,426
HIV Care Formula Grants	93.268	289,086
Outpatient Early Intervention Services - HIV Disease	93.917	9,235
HIV Prevention Activities	93.918	353,135
Preventive Health and Health Services Block Grant	93.940	262,493
Maternal and Child Health Services Block Grant to the States	93.977	12,500
Metropolitan Medical Response System	93.994	219,684
	97.071	116,227
Total		<u>\$5,033,028</u>

3. LOANS OUTSTANDING

The City of Akron, Ohio, had the following loan balances outstanding at December 31, 2004, which had continuing compliance requirements.

<u>Program Title</u>	<u>Federal CFDA No.</u>	<u>Balance Outstanding</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 193,692
Empowerment Zone Program	14.244	984,310
HOME Investment Partnership Program	14.239	1,471,885

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CITY OF AKRON
SUMMIT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA #14.246 Community Development Block Grants/Brownfields Economic Development Initiative; CFDA 14.900 Lead-Based Paint Hazard Control in Privately-Owned Housing; CFDA #20.205 Highway Planning and Construction; CFDA #14.244 Empowerment Zones Program; CFDA #14.218 Community Development Block Grants/Entitlement Grants; CFDA #97.004 State Domestic Preparedness Equipment Support Programs.
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 785,259 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2004-001

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2004, 13 of 23 of the expenditures tested were not certified by the Finance Director (fiscal officer) prior to incurring the obligation. Of the 13, there were 6 disbursements which had accompanying purchase orders but none of these 6 purchase orders were signed by the fiscal officer. The 7 other disbursements did not have accompanying purchase orders. It was also found that none of the exceptions above were utilized for the items found to be in noncompliance.

The City should certify the availability of funds for expenditure and also implement the use of Then and Now Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D). The City has indicated that it has implemented "then and now" certificates for fiscal year 2005.

FINDING NUMBER 2004-002

Ohio Rev. Code Section 5705.10 requires, in part, that monies paid into any fund be used only for the purposes for which such fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2004, the following funds (aggregated at the level used for preparing the financial statements) had negative cash fund balances:

<u>Fund #</u>	<u>Fund Name:</u>	<u>Deficit Cash Balance</u>
2030	Street & Highway Maintenance	1,171,096
2080	Community Development	1,995,932
2127	Akron Area Metropolitan Transit Study (AMATS)	47,979
2140	Summer Lunch Program	1,774
2185	KAB Litter Control	42,019
2295	Police Grants	2,065,836
2300	Various Domestic Violence	125,907
2330	Various Purpose Funding	2,039,033
4048	Non-appropriated Capital Projects	1,686,299
4060	Streets	4,496,362
4150	Information and Technology Improvements	349,663
4155	Transportation	2,215,523
4175	Economic Development	16,816,264
5015	Golf Course	261,382
5030	Off-Street Parking	20,743
6000	Motor Equipment	738,775
6005	Liability Self Insurance	257,716
6009	Self-Insurance Settlement	557,699
6030	Management Information Systems	1,367,104
	Total Deficit Fund Balances	<u>\$36,257,106</u>

Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards.

For reporting purposes, the deficit cash balances were reported as part of the "Due to Other Funds" liability, and funds with positive cash balances offsetting these deficits reported a "Due from Other Funds" asset. Since the City's cash is pooled, there was no method to determine which funds' cash was used to offset the deficit balances and consequently the "Due from Other Funds" amounts related to the deficit cash balances were assigned using certain assumptions.

Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Rev. Code. Use of formal advances, approved by the City Council, will allow management to determine exactly which funds cash is being used to offset deficit cash balances. This should help ensure compliance with grant and other funding restrictions as well as provide a reasonable basis for assigning Due from Other Funds receivables.

FINDING NUMBER 2004-003

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

Ohio Rev. Code Section 5705.29 governs the required contents of the tax budget. In general, this section requires that the tax budget present by fund an estimate of revenues and expenditures expected for the ensuing fiscal year.

Ohio Rev. Code Section 5705.36(A)(1) provides the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget.

Ohio Rev. Code Section 5705.39 provides, in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission.

Ohio Rev. Code Section 5705.38(A) provides, in part, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate.

Ohio Rev. Code Section 5705.38(C) provides, in part, that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services

At December 31, 2004, only 23 funds representing \$283,060,473 of the \$685,010,500 expenditures on the City's cash basis "Report of Fund Cash Balances" report were individually appropriated by City Council. The remaining \$401,950,027 of expenditures were not individually appropriated.

Section 28 of the City's 2004 appropriation ordinance (Ord. 652-2003) stated that all funds not individually listed in the ordinance but included in the 2004 Tax Budget and on the Amended Certificate of Estimated Resources "are hereby appropriated for the purpose of encumbrance and/or expenditure." However, since certain funds are combined into groups such as "Other Special Revenue" on the Tax Budget and Amended Certificate, and since no amounts are specified, this statement does not constitute a valid appropriation in accordance with the Ohio Revised Code.

In addition, during 2004 the City paid \$67,609,104 and \$35,175,696 interest on outstanding bond and loan obligations from the Treasurer's Bond Payment Fund account which is not part of the City's regular accounting system ("Banner") and is also not appropriated by the City Council.

The City Council should individually appropriate every fund including the activities of the Treasurer's Bond Payment Fund at least at the level required by the Ohio Revised Code Section 5705.38. In addition, any amendment to the appropriations throughout the year should also be approved via formal resolution of the City Council. The City indicated that this has been addressed for fiscal year 2005.

FINDING NUMBER 2004-004

Ohio Rev. Code Section 5705.39 requires, in part, that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the City to obtain a County Auditor's (Fiscal Officer) certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2004, the City individually appropriated only 23 of its 574 funds. Of the 23 funds, the following 10 had total appropriations which exceeded total estimated resources at year end:

<u>Fund #</u>	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
10000	General Fund	\$141,968,362	\$146,407,230	\$4,438,868
20000	Income Tax Collection	102,446,392	103,122,390	675,998
20100	Emergency Medical Services	9,462,840	11,318,660	1,855,820
20700	Street & Highway Maintenance	8,916,749	10,229,590	1,312,841
23000	AMATS	1,298,263	1,436,200	137,937
25201	Community Development Rotary	3,330,187	3,502,700	172,513
54005	Mud Run Golf Course Fund	469,843	482,720	12,877
55001	Airport Fund	466,840	531,520	64,680
60000	Motor Equipment Fund	6,325,732	7,600,490	1,274,758
67001	Management Information Systems	1,178,332	2,352,430	1,174,098

In addition, the City did not always obtain certificates from the County Fiscal Officer that appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments. City Council should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Finance Director should obtain the required certificate from the County Fiscal Officer when amending appropriations and estimated resources.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Cost Allocation Plan

Finding Number	2004-005
CFDA Title and Number	CFDA#20.205 – Highway Planning and Construction Cluster
Federal Award Number / Year	2004
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Questioned Cost

OMB Circular A-87 requires the development and submission of a cost allocation plan or indirect cost rate proposal if Federal funds are being used to pay for indirect costs incurred by the entity. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities.

During fiscal year 2004, the City disbursed \$13,970 in Federal Funds for the purpose of "Engineering Overhead" charges from the Highway Planning and Construction Cluster Program. Although the approved grant budgets contained amounts for Construction Contract Administration, the City does not have documentation that meets the requirements of OMB Circular A-87 for certain components of the overhead charge rate for "Fringes" identified as a general administrative cost allocation. The City does not have an indirect cost plan to address these expenditures. Therefore, the component of the engineering overhead expenditures related to this general administrative cost allocation is considered questioned costs. The Ohio Department of Transportation (ODOT) also informed the City that this component of engineering department overhead charges does not meet the requirements of OMB Circular A-87.

Failure to prepare and follow a cost allocation plan or indirect cost rate proposal could subject the City to fines, penalties, and/or loss of federal funding.

The City should develop a cost allocation plan or indirect cost rate proposal and submit it to the Ohio Department of Transportation. The plan should be in accordance with the guidelines provided in OMB Circular A-87, Attachments C, D, and E. Accordingly, we are reporting questioned costs of \$13,970.

**CITY OF AKRON
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Rev. Code Section 5705.41(D) - certain expenditures were not properly certified by the fiscal officer prior to incurring the commitment and neither of the exceptions to this section were utilized.		Partially corrected, reissued as Finding 2004-001.
2003-002	Ohio Rev. Code Section 5705.10 – certain funds had negative cash fund balances which indicates that money from one fund was used to cover the expenses of another fund.		Not corrected, reissued as Finding 2004-002.
2003-003	Ohio Rev. Code Sections 5705.41(B), 5705.29, 5705.36(A)(1), 5705.39, 5705.38(A), and 5705.38(C) – the City did not appropriate all of the City's funds pursuant to the Revised Code		Not corrected, reissued as Finding 2004-003.
2003-004	Questioned Cost: OMB Circular A-87, Attachment C,E – the City charged \$171,171 of indirect costs to its Community Development Block Grant federal program but did not have a cost allocation plan or indirect cost rate proposal filed with its Federal cognizant agency		Significantly Different Corrective Action Taken. The Development Services Division Department no longer charges indirect costs. However, the City, as a whole, has not filed a cost allocation plan or indirect cost rate proposal with its Federal oversight agency.

City of Akron, Ohio
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



For the Fiscal Year Ended December 31, 2004
Donald L. Plusquellic, Mayor

Issued by The Department of Finance
Diane L. Miller-Dawson, Director
Catherine G. Watson, Deputy Director

Introductory Section



ELECTED AND APPOINTED OFFICIALS

MAYOR
Donald L. Plusquellic

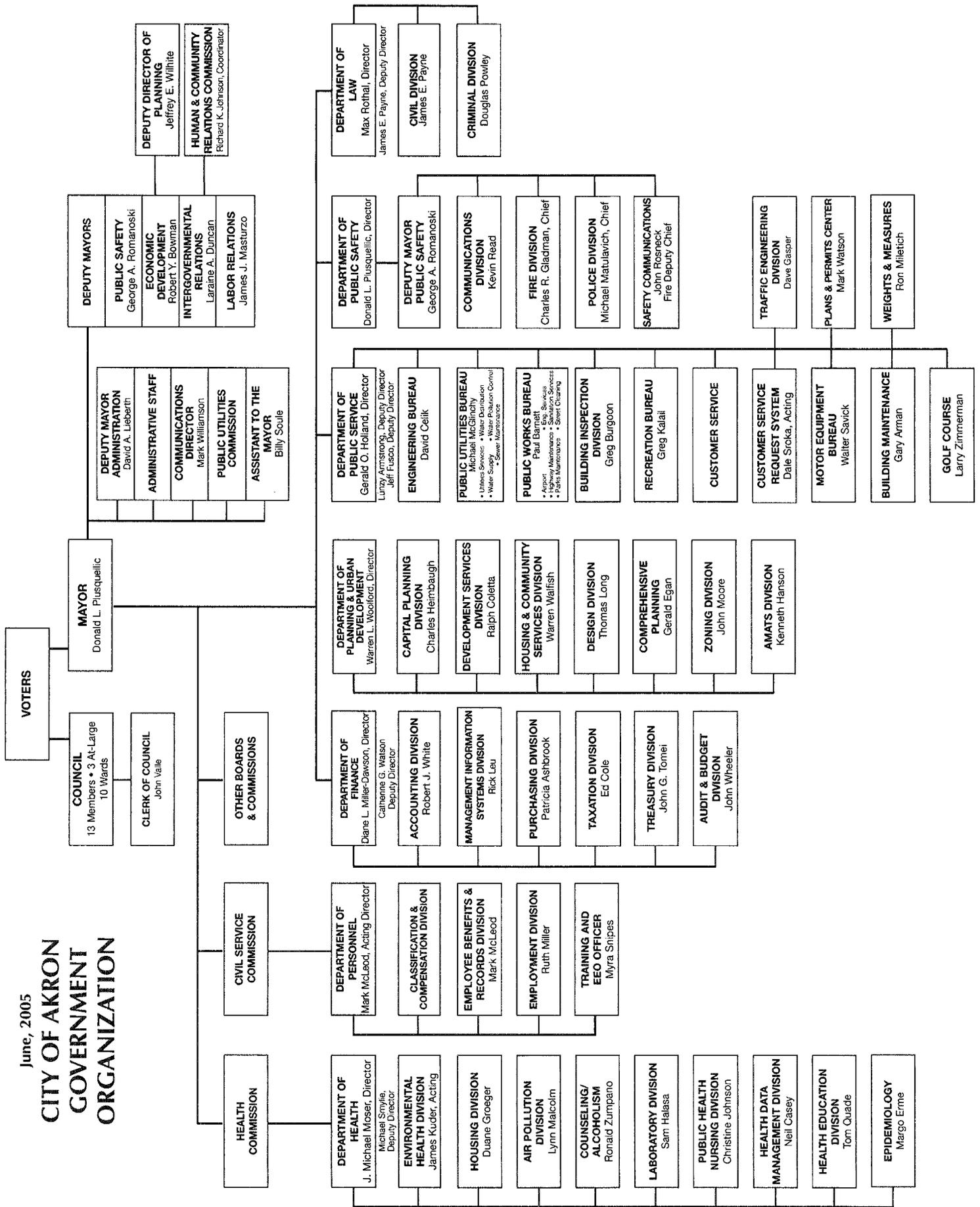
COUNCIL MEMBERS

Daniel M. Horrigan	1st Ward
Joseph A. Finley	2nd Ward
Marco S. Sommerville , Council President	3rd Ward
Reneé L. Greene , President Pro-Tem	4th Ward
James D. Shealey	5th Ward
Dr. Teresa H. Albanese	6th Ward
Tina Merlitti	7th Ward
Robert E. Keith	8th Ward
Michael N. Freeman	9th Ward
Garry L. Money Penny	10th Ward
John R. Conti , Council Vice President	Councilman-at-Large
John R. Otterman	Councilman-at-Large
Michael D. Williams	Councilman-at-Large

CABINET OF THE MAYOR

Diane L. Miller-Dawson	Director of Finance
Catherine G. Watson	Deputy Director of Finance
Max Rothal	Director of Law
James E. Payne	Deputy Director of Law
Gerald O. Holland	Director of Public Service
Lunzy O. Armstrong	Deputy Director of Public Service
Jeff C. Fusco	Deputy Director of Public Service
Warren L. Woolford	Director of Planning and Urban Development
Jeffrey E. Wilhite	Deputy Director of Planning and Urban Development
David A. Lieberth	Deputy Mayor for Administration
Laraine A. Duncan	Deputy Mayor for Intergovernmental Relations
Robert Y. Bowman	Deputy Mayor for Economic Development
George A. Romanoski	Deputy Mayor for Public Safety
Mark A. Williamson	Communications Director
James J. Masturzo	Deputy Mayor for Labor Relations
Billy Soule	Assistant to the Mayor for Community Relations

June, 2005
**CITY OF AKRON
 GOVERNMENT
 ORGANIZATION**



CITY OF AKRON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF AKRON, OHIO

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CITY OF AKRON, OHIO

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Donna M. Urdiales
Executive Assistant

Donald L. Plusquellic
Mayor

DEPARTMENT OF FINANCE

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(330) 375-2316 FAX: (330) 375-2291

June 30, 2005

The Honorable Donald L. Plusquellic
and Members of City Council
The City of Akron, Ohio

Dear Mayor Plusquellic and Council Members:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Akron for the year ended December 31, 2004. This report fully presents financial and operating information about the City's activities during 2004 that should be useful to citizens and taxpayers. The report, prepared by the Department of Finance, contains a comprehensive analysis of the City's financial position and activities for the year.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Akron. To the best of our knowledge and belief, the enclosed data is accurate in all material respects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of our various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

The department takes full responsibility for this report's content and accuracy. The Audit and Budget Division prepared all of the financial statements and assisted the external independent auditors in their performance of the annual audit. The Treasurer's Office of the Department of Finance drafted the statistical section.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Akron's MD&A can be found immediately following the Independent Accountants' Report. This CAFR is designed in a manner to assist and guide the reader in understanding its contents. The report consists of three sections:

- The Introductory Section, which includes this letter of transmittal, contains information pertinent to the City's management and organization, the Table of Contents, and the GFOA Certificate of Achievement. References in this section to Note 1, Note 2, etc., are to Notes to the Financial Statements contained in the Financial Section of this report.
- The Financial Section contains the Independent Accountants' Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information (RSI) and various other Statements and Schedules pertaining to the City's funds and activities.
- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for the ten-year period from 1995 through 2004.

As background for the reader of this report, the City of Akron is a charter city. The City is the fifth largest Ohio municipality in terms of population based on the 2000 Census population of 217,074. The City's land area is approximately 62 square miles and is located in the northeastern region of the state in the County of Summit.

The City is directed by a mayor and council form of government. Legislative authority is vested in a 13-member Council, three members of which are elected at-large and ten by wards. The Council determines the compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriation and borrowing of money, licensing and regulating businesses and trades, and other municipal purposes.

The Mayor is elected for a four-year term and has the responsibility as the City's chief executive and administrative officer. The Mayor may veto any legislation passed by Council. A veto may be overridden by a two-thirds vote of all members of Council. The Director of Finance is appointed by the Mayor and serves as the City's chief financial officer and chief accounting officer. The Director of Finance has comprehensive responsibility for the City's fiscal activities, including budget preparation and control, payroll and general accounting, investment and debt management, purchasing, local income tax administration, information processing, and financial reporting.

The City provides the full range of municipal services mandated by statute or charter, including police and fire protection, parks, recreation, street maintenance, planning, zoning, and other general government services. The City has management control of the following enterprise activities: water, sewer, oil and gas development, golf course, airport, and off-street parking. The City contributes to two state-administered retirement plans covering various groups of City employees. The financial statements of these state-mandated plans are not included in the City's financial report as the plans are outside of our control and are independent of our financial resources or influence.

Economic Conditions and Outlook

Major revenue sources for the City continue to be the City's income tax, property taxes, local fees, charges for services, and state shared local government revenue. The City's cash income tax collections increased by 3.2% in 2003 and experienced a slight decrease of 1.7% in 2004. On a cash basis for 2004, property taxes in the general fund increased by 8.8% and the state's local government revenue to the City decreased by approximately 1%. The strengths of the local economy are reflected by the growth over the past five years in the fields of medical and health services, legal and professional services, communications, public utilities, and finance and related service industries. Income tax receipts from the 12 largest economic sectors in the City have increased just over 16% since 2000 and, combined, account for nearly 81% of total tax collections. Receipts from the 13 fastest growing economic sectors have increased by more than 20%. No one sector makes up more than 17.5% of the total collected.

The number of building permits issued in 2004 decreased by approximately 12% over the number of permits issued in 2003. Although the actual number of permits decreased, the dollar value of all building permits increased by 13%. We anticipate large increases in permit valuations over the next several years due to the following: the University of Akron's area expansion and development; the Akron Art Museum's expected \$26 million dollar investment; and the Akron City School District's estimated \$800 million Community Learning Centers, perhaps the most anticipated City-wide project, to be built over the next 15 years.

Despite the economy in 2004, the City of Akron finds itself in a healthy financial state and continues to see economic growth. Relative to many other U.S. cities, Akron's fiscal position is very good considering it is one of only a few mid- to large-sized cities that has not been forced to lay off employees. Our assessed valuation on real and personal property increased slightly by 0.83% for tax year 2004 (collection year 2005). The revenue collected from our four Joint Economic Development Districts (JEDDs), approximately \$13 million in 2004, is an additional funding source to encourage and promote economic development and to secure a solid tax base.

Major Initiatives

One of the major initiatives for Akron continues to be the focus on our neighborhoods. Akron is a community of families and a leader in organizations, activities and lifestyles that promote strong families. Akron also must be an attractive place to live and work. Akron has received a first-place national award in the America in Bloom competition for beautification and was also ranked in the top 25 medium-sized metro areas for doing business in America by *Inc.*, the magazine for growing companies.

Akron has done an excellent job rehabilitating older homes. To be competitive, the City must continue to provide a wide range of housing options for current residents and to attract those not yet living in Akron. To accomplish that, a plan has been developed to invest more of the community development money into land banking. This will provide more vacant land for residential development. In addition, more dollars in the future will be dedicated to assist in the

construction of new homes. This would include expansion of the innovative partnership with the Akron Public Schools (APS) and the Home Builders' Association (HBA) where students work side-by-side with professionals to construct new homes. This program, Education in Action, provides needed hands-on training for students. APS students built their 10th home this year. Also in the past year, with the help of HBA, the City designed and constructed 20 new homes in the City, and is a partner with HBA to create 18 more new homes on Honodle Avenue in East Akron.

Akron's designation as an enterprise community, by the federal government, has generated critical federal funds to assist neighborhoods. The housing petition and H.O.M.E. programs, already part of the City's economic growth program, are very successful. Neighborhoods petition for special allocation of federal community development dollars which assist homeowners in paying for home improvements and reduce assessments for public improvements. In 2004, the City provided funding and contracted for the renovation of 72 homes, while demolishing 337 dilapidated residential and commercial structures.

In 2004, the Urban Neighborhood Development Corporation (UNDC) constructed 19 new homes; in addition, the City sold 39 lots to private developers and non-profit organizations for new housing. An additional commitment was made for more than \$1 million in financial support to assist in the construction and rehabilitation of 350 apartment units for low-income senior housing. Akron also assisted 54 low-income elderly and/or disabled homeowners in 2004 with emergency home repairs.

The City has a neighborhood partnership program for neighborhood groups to compete for grants to do neighborhood improvement projects. In 2004, the City awarded 60 grants to neighborhood organizations for after-school projects, beautification activities, arts programs, community celebrations, and community involvement.

The City recently announced two exciting housing opportunities near the University of Akron and an area called Northside. These two projects will happen in the near future, and they will change the face of the central city.

The City, under the strong leadership of Mayor Donald L. Plusquellic, has received national recognition during 2004 while he served as the President of the U.S. Conference of Mayors. Mayor Plusquellic is also committed to regionalism, not only through the JEDDs but also by developing strong ties with the mayor of Cleveland, Ohio—a major city that is approximately 35 miles north of Akron.

The City has been recognized nationally for our community's success in rebuilding downtown. The National Civic League, the U. S. Conference of Mayors, *Northern Ohio Live* magazine, and the *Wall Street Journal* have recognized our work. The completion of the Canal Park baseball stadium in 1997, along with a 20-year commitment of the AA baseball team, the Akron Aeros, has brought tremendous family entertainment—not only for Akron residents but also for the entire region.

The success of the stadium has spurred the growth of other small businesses, restaurants and entertainment clubs. With the help of the Downtown Akron Partnership (DAP) (a nonprofit organization dedicated to bringing people, activity and business back downtown), serious

marketing strategies were aimed at this wonderful attraction called Downtown Akron. Beginning in 1999, the downtown business district formed a Special Improvement District (SID), whose primary focus is to promote and further enhance downtown's development.

The \$51.8 million renovation of the Main Library was completed last year and it is now a state-of-the-art facility for the 21st century. The Akron Art Museum is now undergoing an approximate \$26 million, 65,000-square foot expansion and will reopen in 2006.

The City is striving to make downtown a leisure location, not just a place to work. A new and exciting project was announced in the Civic Theatre block, which is also known as the Lock 3 area. The City signed a letter of understanding for a development package with the Ferchill Group of Cleveland that will create an urban retail and entertainment center adjacent to the Civic Theatre. The agreement includes plans for construction of a new Main Street entrance to the Civic Theatre.

The City completed a \$1 million construction of an outdoor entertainment venue known as the Lock 3 Park, which is located between the Civic Theatre and the O'Neil's Building. Programming for this venue began in May 2003, and includes live concerts, festivals, and other special events, including a summer arts learning program for young people. Last year 100,000 visitors enjoyed events at this site.

These are just a few of the initiatives that, when taken together, contribute to the strength and diversity of the City's economy and make Akron one of the best places to live in America.

Reporting Standards

The City's accounts are organized as funds. Each fund is a separate accounting entity with its own self-balancing set of accounts, assets, liabilities, and fund balance/equity. Following are the titles of these fund types with a brief description.

Governmental funds:

General Fund – The General Fund is the general operating fund of the City and was appropriated. It is used to account for all financial resources traditionally associated with government that are not required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. City ordinances or federal or state statutes specify the uses and limitations of each Special Revenue Fund. During 2004 the City had 38 Special Revenue Funds of which the following funds were appropriated: Income Tax Collection, Emergency Medical Services, Special Assessment, Police Pension Employer's Liability, Fire Pension Employer's Liability, Capital Investments Program (C.I.P.) Operating, Street and Highway Maintenance, Street Assessment, Community Development, Air Pollution Control, and Akron Metropolitan Area Transportation Study.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related

costs. During 2004 the City had ten Debt Service Funds and only the General Bond Payment Fund was appropriated.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. During 2004 the City had ten Capital Projects Funds.

Permanent Funds – Permanent funds are used for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting governments. The City does not have any permanent funds.

Proprietary funds:

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in that the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has six separate enterprise funds.

Internal Service Funds – Internal service funds are used to account for the financing of goods or services provided by one division or agency to other divisions or agencies of the government, generally on a cost-reimbursement basis. The City has ten internal service funds.

Fiduciary funds:

Private Purpose Trust Funds – Private purpose trust funds are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. During 2004 the City had three Private Purpose Trust Funds.

Agency Funds – Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City had one Agency Fund during 2004.

Other Fiduciary Funds – Other fiduciary funds include pension trust funds and investment trust funds. The City does not utilize any such Other Fiduciary Funds.

Basis of Accounting:

Except for budgetary purposes, the basis of accounting used by the City conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units and is consistent with Governmental Accounting Standards Board (GASB) Cod. Sec. 1600, “Basis of Accounting.” All governmental funds are accounted for using a current financial resources-current assets and current liabilities measurement focus. The modified accrual basis of accounting is utilized for governmental funds. Revenues are recognized when they are susceptible to accrual (both measurable and available). Expenditures

are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The measurement focus on the City's proprietary and fiduciary funds is on the flow of total economic resources (all assets and liabilities). The accrual basis of accounting (revenues are recognized when earned and expenses when incurred) is utilized by the City in its proprietary funds.

The City's basis of accounting for budgetary purposes differs from GAAP in that revenues are recognized when received rather than when susceptible to accrual (measurable and available), and encumbrances are included as expenditures rather than as reservations of fund balances.

For year ended December 31, 2001, the City implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues. Effective January 1, 2001, the City also changed its financial reporting to comply with GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and GASB Statement No. 37, which amended GASB Statement No. 34. The government-wide financial statements, including governmental activities, in order to comply with GASB Statement No. 34, are presented on the full accrual basis of accounting. As part of the implementation of GASB Statement No. 34, the City has opted for early implementation of infrastructure reporting. In doing so, the historical cost of infrastructure assets (retroactive to 1979) is included as part of the governmental capital assets reported in the government-wide financial statements. Thus, the depreciated value of construction costs for roads, curbs and gutters, streets and sidewalks, and drainage systems is reported. In conjunction with the implementation of GASB 34, the City has also implemented GASB Statement No. 38, Certain Financial Statement Note Disclosures, which rescinds some and modifies other financial statement disclosure requirements.

Accounting policies are further explained in Note 1 to the basic financial statements.

Debt Administration

City debt is maintained at realistic levels in relation to the overall financial condition and to projected needs for public facilities and improvements. The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita, as shown below, are useful indicators of the City's debt position.

NET BONDED DEBT

Year	Net Bonded Debt Amount	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004	\$ 198,827,983	6.21%	\$ 916

General obligation bonds are recorded in governmental activities in the government-wide financial statements except those applicable to water, sewer, golf, and off-street parking, which are recorded in the applicable enterprise funds in the fund financial statements and in business-type activities in the government-wide financial statements.

Outstanding general obligation bonds at December 31, 2004 totaled \$189,831,445. In addition, \$50,324,318 of special assessment bonds and notes were outstanding. Therefore, the City had a total of \$240,155,763 of long- and short-term general obligation debt at the end of 2004. The debt management plan of the City involves the issuance of bonds to convert eligible bond anticipation notes and the continuation of the self-imposed limitation on new note and bond issuance to a level that can be retired with capital budget funds without compromising the five-year investment program.

Cash Management

Effective cash management is recognized as essential to good fiscal management. The primary objectives of the City's investment activities are the preservation of capital and the protection of investment principal. The Treasurer's Office within the Department of Finance invests all cash, following the City's own investment ordinance, in various securities which consist of fixed-rate City bonds and notes, certificates of deposit, fully collateralized repurchase agreements, and U.S. government obligations. The City's investment ordinance was modified in late 1986 to take advantage of State of Ohio investment opportunities. However, the local investment policy continues to be conservative with the highest priority given to safeguarding assets. For 2004, investment interest income averaged a yield of 2.35% compared to a yield of 2.54% in 2003. The interest earnings are maximized by investing to projected payment dates on a competitive bid basis and by investing bank balances daily. This resulted in an average book balance investment of 121.90%.

Risk Management

The City has been self-insured for liability coverage for non-auto-related incidents since 1985. This program was established in response to the dramatic rise in premiums in the mid-1980's and the increases in exclusions written into standard insurance policies. Additionally, the City is primarily self-insured for employee medical benefits, including major medical, dental, and vision care. This has proven to be the most cost-effective program for this type of coverage. The City also has in place reserve funds for workers' compensation and medical benefits. For other types of coverage, such as property insurance, airport liability, employee life, auto liability, and boiler and machinery coverage, the City has secured traditional insurance. The City is assisted in its insurance program by an independent consulting firm that writes no insurance but has expertise in the insurance industry. The City relies on the advice offered by the consultant in securing any insurance.

Independent Annual Audit

We appreciate the cooperation of State Auditor Betty Montgomery and her staff in completing the City's audit in a timely and highly professional manner.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Akron, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Akron, Ohio, has received Certificates of Achievement for the last 20 consecutive years (1984 through 2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

The 2004 Comprehensive Annual Financial Report could not have been accomplished without the dedication of the professionals in the Audit and Budget Division of the Department of Finance. Special acknowledgment must go to John R. Wheeler, CPA, Audit and Budget Manager, and his staff for the many hours of quality service they have provided to the City in the formulation of this report. I further wish to thank you, Mayor, for continuing to provide to the department the necessary support and leadership required to enhance the City's overall fiscal position and its financial reporting practices. We trust that this timely, complete, and fully readable Comprehensive Annual Financial Report satisfies your needs and those of City Council for responsible financial planning and reporting.

Respectfully,



Diane L. Miller-Dawson
Director of Finance

DLMD/dmu

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Akron,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjeld

President

Jeffrey R. Enos

Executive Director

Financial Section



Auditor of State Betty Montgomery

City of Akron
Summit County
166 South High Street
Akron, Ohio 44308

To the City Council:

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, Summit County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Akron, Summit County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison for the General Fund, respectively are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and scheduled to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

June 30, 2005

CITY OF AKRON, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the City of Akron, Ohio financial performance provides an overview of Akron's financial activities for the fiscal year ended December 31, 2004. Please read it in conjunction with the transmittal letter on page 7 and the City's financial statements, which begin on page 34.

FINANCIAL HIGHLIGHTS

- The assets of the City of Akron, Ohio exceeded its liabilities at December 31, 2004 by \$637,153,367 (net assets). Of this amount \$314,697,246 is restricted for debt service.
- The governmental activities' total net assets decreased \$4,488,833 and the business-type activities' total net assets increased \$4,854,013 for a net increase in the City's total net assets of \$365,180.
- As of the close of the current fiscal year, the City of Akron's governmental funds reported combined ending fund balances of \$222,135,806, an increase of \$182,057,031 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$12,516,302, or 9.27% of total general fund expenditures, and a 5.17% decrease compared to the prior year.
- The City of Akron's total long-term debt increased by \$209,516,840 (44.51%) during the current year. During the year the City of Akron issued \$53,588,000 of G.O. Notes and retired \$23,755,000 of these notes for a balance of G.O Notes outstanding of \$29,833,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Akron's basic financial statements. The City of Akron's basic financial statements are comprised of the following: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Akron's finances in a manner similar to a private sector business.

The statement of net assets presents information on all of the City of Akron's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Akron is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Akron that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City of Akron include general government, public service, public safety, community environment, public health and recreation and parks. The business-type activities of the City of Akron include water, sewer, oil and gas, golf, airport and off-street parking operations.

The government-wide financial statements can be found on pages 34 – 35 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Akron, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Akron can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Akron maintains 59 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Learning Centers Fund, CLC Bond Payment Fund and the Economic

Development Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Akron adopts an annual appropriated budget for its General Fund, and for some special revenue, debt service, enterprise and internal service funds. The General Fund budgetary schedule (non-GAAP budgetary basis) has been provided as Required Supplementary Information (RSI) to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary funds. The City of Akron maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Akron uses enterprise funds to account for its water, sewer, oil and gas, golf, airport, and off-street parking operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Akron's various functions. The City of Akron uses internal service funds to account for its vehicle maintenance, medical self-insurance, workers' compensation self-insurance, other self-insurance costs, storeroom (providing City-wide copy center, mailing operation and central storeroom), management information systems (responsible for all data processing and computer operations of the City), telephone system (with outside cable plant consisting of underground and aerial wires and telephone cables), and engineering bureau (responsible for design and construction for city streets, sidewalks, sewer and water utilities, bridges, and city facilities). Because most of the internal services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, both of which are considered to be major funds of the City of Akron. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40 – 45 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Akron's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 46 – 47 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48-90 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information (RSI) concerning the City of Akron’s General Fund budgetary comparison. Required Supplementary Information (RSI) can be found on pages 91-94 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds and internal service funds are presented immediately following the Required Supplementary Information (RSI) and can be found on pages 95-146 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Akron, assets exceeded liabilities by \$637,153,367 at the close of the most recent fiscal year.

By far the largest portion of the City of Akron’s net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Akron uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City of Akron’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Akron’s net assets (49%) is restricted for the payment of debt service.

The City’s net assets increased by \$365,180 during the current year. The net assets of the governmental activities decreased \$4,488,833 and business-type activities increased \$4,854,013.

Summary Statement of Net Assets
as of December 31, 2003 and 2004
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Assets:						
Current and other assets	\$ 130,107	\$ 439,452	\$ 39,301	\$ 46,709	\$ 169,408	\$ 486,161
Capital assets	663,606	681,568	450,682	456,347	1,114,288	1,137,915
Total assets	\$ 793,713	\$ 1,121,020	\$ 489,983	\$ 503,056	\$ 1,283,696	\$ 1,624,076
Liabilities:						
Long-term liabilities	371,385	580,239	144,336	153,414	515,721	733,653
Other liabilities	107,327	230,269	23,860	23,001	131,187	253,270
Total liabilities	\$ 478,712	\$ 810,508	\$ 168,196	\$ 176,415	\$ 646,908	\$ 986,923
Net assets:						
Invested in capital assets net of related debt	342,938	347,553	298,087	305,497	641,025	653,050
Restricted	40,319	305,807	9,238	8,890	49,557	314,697
Unrestricted	(68,256)	(342,848)	14,462	12,255	(53,794)	(330,593)
Total net assets	\$ 315,001	\$ 310,512	\$ 321,787	\$ 326,642	\$ 636,788	\$ 637,154

Governmental activities. Expenses exceeded revenues by \$4,167,000.

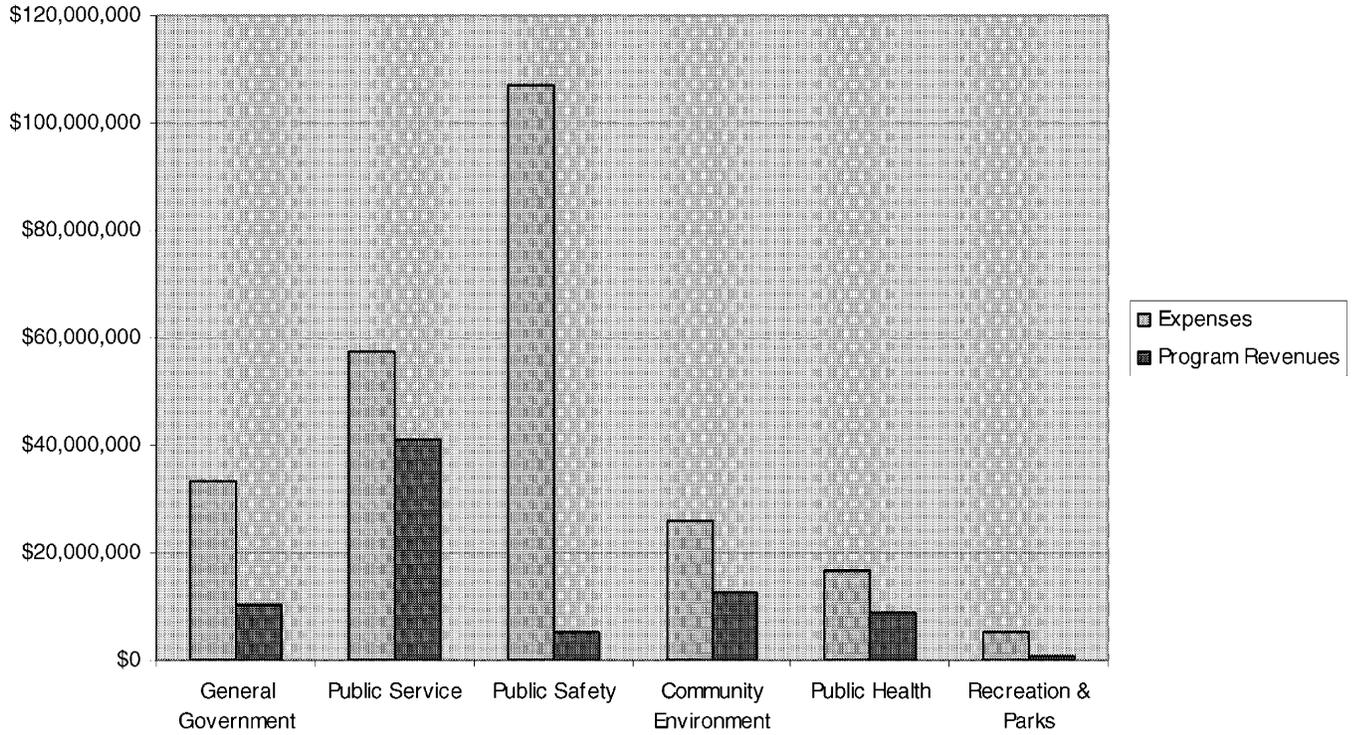
For the governmental activities the unrestricted deficit results from having insufficient assets set side for long-term obligations such as compensated absences. The City finances such obligations on a year-to-year basis as they come due and must be paid. The deficit is also a result of having ongoing capital projects that are debt financed.

The following table shows total revenues for 2004 were \$13,662,000 higher than the prior year. Income tax revenue increased \$12,550,000 over 2003. For the remaining revenues there was a increase of \$1,112,000 over 2003. Expenses for 2004 were \$15,997,000 higher than 2004. The higher expenses were primarily in community environment, interest on debt and public safety.

Changes in Net Assets
For Fiscal Year Ended December 31, 2003 and 2004
(in thousands)

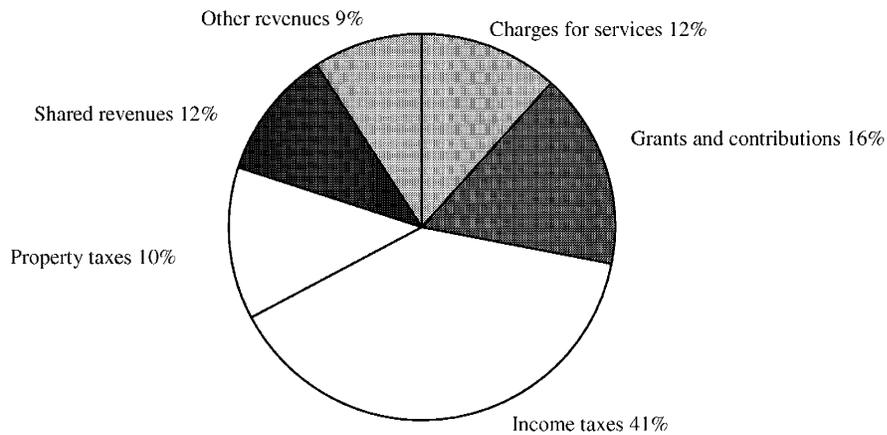
	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Revenues:						
Program revenues:						
Charges for services	\$ 31,010	\$ 32,726	\$ 64,326	\$ 73,567	\$ 95,336	\$ 106,293
Operating grants and contributions	18,489	18,799	-	-	18,489	18,799
Capital grants and contributions	28,011	26,959	15,867	11,952	43,878	38,911
General revenues:						
Income taxes	101,802	114,352	-	-	101,802	114,352
Property taxes	30,374	28,194	-	-	30,374	28,194
JEDD revenues	12,084	13,607	-	-	12,084	13,607
Investment earnings	1,032	2,620	93	109	1,125	2,729
Shared revenues	31,105	32,235	-	-	31,105	32,235
Miscellaneous	11,110	9,187	1,409	2,768	12,519	11,955
Total revenues	\$ 265,017	\$ 278,679	\$ 81,695	\$ 88,396	\$ 346,712	\$ 367,075
Expenses:						
General government	\$ 41,986	\$ 33,154	\$ -	\$ -	\$ 41,986	\$ 33,154
Public service	56,240	57,321	-	-	56,240	57,321
Public safety	101,498	106,915	-	-	101,498	106,915
Community environment	17,366	25,985	-	-	17,366	25,985
Public health	17,534	16,556	-	-	17,534	16,556
Recreation and parks	4,895	5,035	-	-	4,895	5,035
Interest on debt	17,723	27,403	-	-	17,723	27,403
Unallocated depreciation	9,607	10,477	-	-	9,607	10,477
Water	-	-	35,835	37,959	35,835	37,959
Sewer	-	-	32,068	37,798	32,068	37,798
Oil & gas	-	-	224	286	224	286
Golf course	-	-	1,303	1,366	1,303	1,366
Airport	-	-	576	713	576	713
Off-street parking	-	-	5,127	5,638	5,127	5,638
Total expenses	266,849	282,846	75,133	83,760	341,982	366,606
Changes in net assets before special items and transfers	(1,832)	(4,167)	6,562	4,636	4,730	469
Gain (loss) on sale of capital assets	-	(107)	56	4	56	(103)
Transfers	(594)	(214)	594	214	-	-
Changes in net assets	\$ (2,426)	\$ (4,488)	\$ 7,212	\$ 4,854	\$ 4,786	\$ 366
Net assets - beginning	317,427	315,001	314,575	321,788	632,002	636,789
Net assets - ending	\$ 315,001	\$ 310,513	\$ 321,787	\$ 326,642	\$ 636,788	\$ 637,155

Expenses and Program Revenues - Governmental Activities



This chart shows the revenue generated by the various programs of the City of Akron and the expenses relating to each program. The majority of the revenue that funds these programs is reported in the financial statements as general revenues (e.g., income and property taxes).

Revenues by Sources Governmental Activities



Business-type activities. Business-type activities increased the City of Akron’s net assets by \$4,854,013. Program revenues increased by \$5,326,000 over the prior year due to higher revenues in the Water and Sewer Funds. Capital grants and contributions were lower than the prior year by \$3,915,000. The majority of this decrease was attributed to the Off-Street Parking fund. In the Water Fund, expenses were \$2,124,000 higher than in the previous year and in the Sewer Fund, expenses were \$5,730,000 higher than the previous year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City of Akron uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Akron’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Akron’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Akron’s governmental funds reported combined ending fund balances of \$222,135,806, an increase of \$182,057,031 in comparison to the prior year. The unreserved fund balance at the end of the current year

is \$184,863,406. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$27,994,877) and (2) to reserve for loans receivable (\$9,277,523).

The General Fund is the chief operating fund of the City of Akron. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,516,302, while the total fund balance is \$14,196,986. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9.27% of total General Fund expenditures, while total fund balance represents 10.52% of that same amount.

The fund balance of the City of Akron's General Fund decreased by \$234,942 during the current fiscal year. Key factors in this decrease are as follows:

- Revenues as a whole increased, \$4,572,450 (3.45%) over the prior year.
- Expenditures increased \$8,556,175 (6.77%) during the current year.
- For the year, General Fund revenues were greater than expenditures by \$2,228,782.
- Transfers out of \$2,463,724 exceeded the net change of revenues over expenditures by \$234,942.

The Community Learning Centers Fund has a total fund balance of \$137,234,815. The net increase in the Community Learning Centers Fund from the prior year was \$137,586,581. The increase in fund balance is due mainly to the following:

- The proceeds of Special Revenue Bonds of \$130,589,776

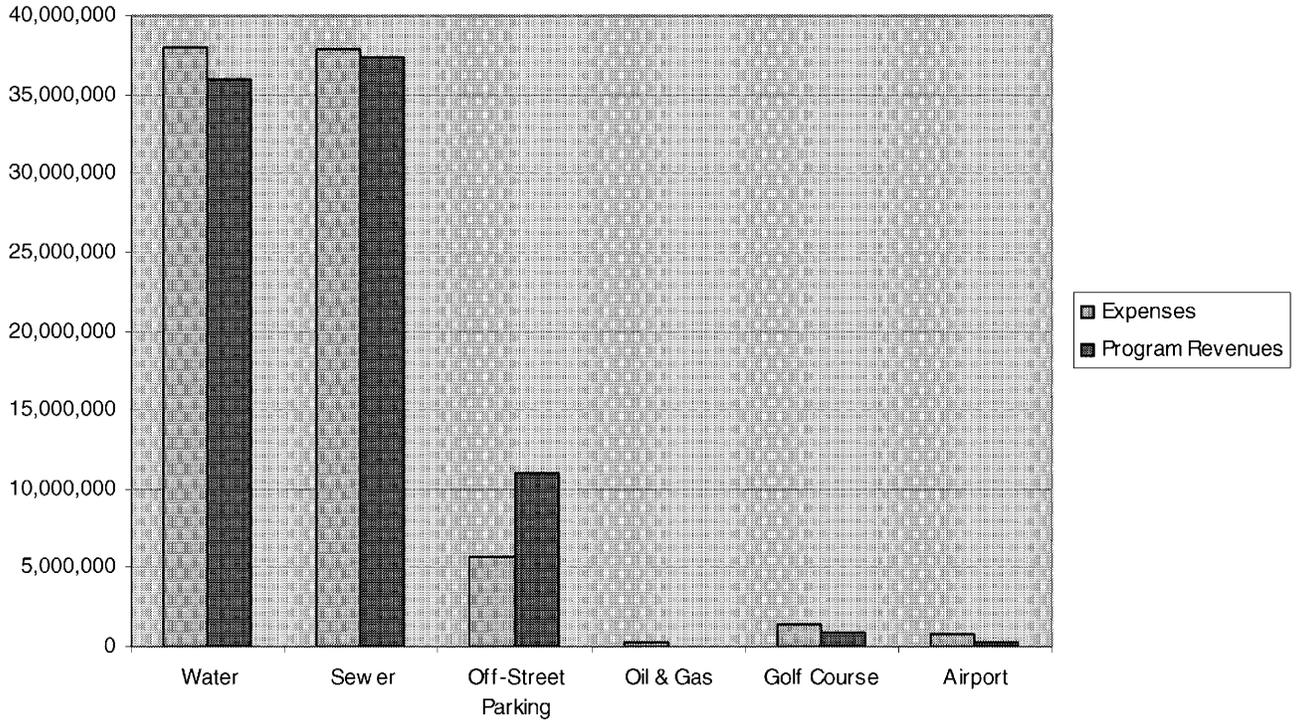
The CLC Bond Payment Fund was established in 2004 to account for revenues and expenditures including debt service for the community learning centers.

- For the year expenditures were greater than revenues by \$15,923,895
- The proceeds of Special Revenue Bonds and the related premium of \$92,669,215 offset the deficiency of \$15,923,895 by netting to a change in fund balance of \$76,745,320.

The Economic Development Fund has a negative fund balance of \$26,955,736.

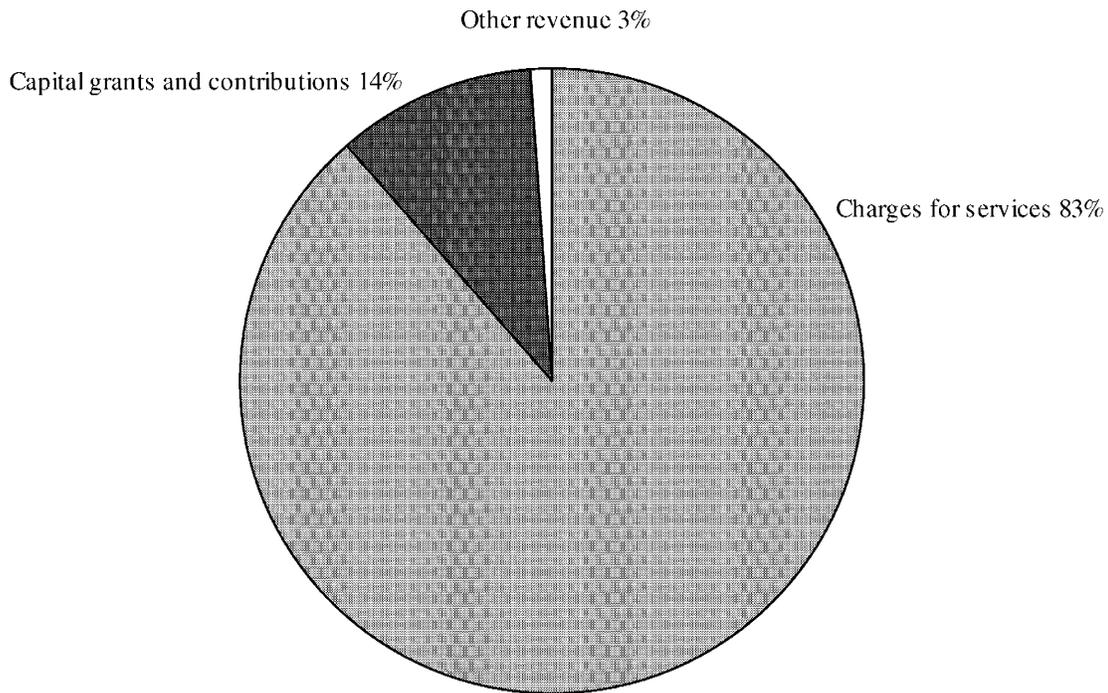
- Expenditures and transfer out were greater than revenues and bond proceeds by \$4,738,846. Projects in this fund are financed by various sources of revenues including bond proceeds. In general after the project has been completed the City will issue bonds to pay for the cost of the project. Since the City of Akron, Ohio issues debt only after the project is completed this fund will continue to have a deficit balance.

Expenses and Program Revenues - Business Type Activities



This chart shows the revenue generated by the various business-type activities of the City of Akron and the expenses relating to each activity. The majority of the revenue that funds these activities is reported in the financial statements as charges for services.

Revenues by Sources - Business-type Activities



Proprietary funds. The City of Akron’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water fund at the end of the year were \$3,086,039; for the Sewer fund, \$10,757,810; and for the Off-Street Parking fund, (\$749,086). Net loss for the Water and Sewer Funds were \$18,722 and \$659, respectively and net income for the Off-Street Parking fund was \$5,525,247. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Akron’s business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, revenues and other sources did not meet budgetary estimates by \$2,771,225 (1.96%). Income taxes were \$2,045,839 less than budget, while State taxes did not meet budgetary estimates by \$3,233,636. This was primarily due to lower than budgeted receipt of inheritance tax revenue. Other revenues exceeded budgetary estimates by \$8,127,514.

The revised expenditures and other uses final budget amount increased slightly, \$612,400 (0.41%) over the original budget amount. The actual amount of expenditures and other uses were \$3,466,786 (2.32%) less than the final amended budget. In the Fire and Police Departments, expenditures were less than budget by \$880,773 and \$596,026,

respectively. Most of this is attributed to expenditures for wages and benefits; they were lower than the budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City of Akron's investment in capital assets for its government and business-type activities as of December 31, 2004, amounts to \$1,137,914,475 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure. The total increase in the City of Akron's investment in capital assets for the current fiscal year was 2.12% (a 2.71% increase for governmental activities and a 1.26% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction of the Copley Road Soccer Complex -\$2,743,000.
- Construction of the Pickle Road Sports Complex - \$2,197,000.
- Continued development of the Ascot Industrial Park Phase 2 -\$2,393,000.
- Replacement of water mains -\$5,071,000.

	City of Akron Capital Assets (net of accumulated depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
Land	\$148,032,075	\$149,313,336	\$26,549,774	\$26,463,028	\$174,581,849	\$175,776,364
Construction in progress	92,911,515	59,538,957	38,087,335	29,747,482	130,998,850	89,286,439
Buildings	119,865,580	124,286,215	74,786,772	81,117,981	194,652,352	205,404,196
Improvements	65,813,044	76,513,287	238,451,485	237,211,465	304,264,529	313,724,752
Equipment	14,923,831	13,968,544	6,147,584	5,579,089	21,071,415	19,547,633
Infrastructure	222,059,822	257,947,965	66,659,081	76,227,126	288,718,903	334,175,091
	<u>\$663,605,867</u>	<u>\$681,568,304</u>	<u>\$450,682,031</u>	<u>\$456,346,171</u>	<u>\$1,114,287,898</u>	<u>\$1,137,914,475</u>

Additional information on the City of Akron's capital assets can be found in Note 1. G. on page 54 and Note 7 starting on page 62.

Long-term debt. At the end of the current fiscal year, the City of Akron had total debt outstanding of \$680,256,809. All general obligation and special assessment bonds and notes are backed by the full faith and credit of the City. The remainder of the City of Akron's debt represents bonds secured solely by specified revenue sources.

	City of Akron Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
General Obligation Bonds	\$ 202,357,447	\$ 186,974,564	\$ 3,763,196	\$ 2,856,881	\$ 206,120,643	\$ 189,831,445
OPWC Loan	5,797,627	5,336,703	3,229,272	3,059,266	9,026,899	8,395,969
Ohio Department of Development Loan	978,212	1,416,362	-	-	978,212	1,416,362
Non-Tax Revenue Bonds	29,065,000	27,725,000	-	-	29,065,000	27,725,000
Income Tax Revenue Bonds	8,910,000	220,625,000	-	-	8,910,000	220,625,000
Special Revenue Bonds	50,260,000	48,325,000	-	-	50,260,000	48,325,000
Special Assessment Bonds and Notes	20,777,232	20,491,318	-	-	20,777,232	20,491,318
SIB Loan	-	7,758,500	-	-	-	7,758,500
Mortgage Revenue Bonds	-	-	59,045,000	54,035,000	59,045,000	54,035,000
Revenue Bonds	-	-	43,465,000	41,135,000	43,465,000	41,135,000
OWDA Loan	-	-	43,091,983	60,518,215	43,091,983	60,518,215
	<u>\$ 318,145,518</u>	<u>\$ 518,652,447</u>	<u>\$ 152,594,451</u>	<u>\$ 161,604,362</u>	<u>\$ 470,739,969</u>	<u>\$ 680,256,809</u>

The City of Akron's total debt outstanding increased by \$209,516,840 (44.51%) during the current fiscal year. The net increase (new issues less redemptions) from 2003 to 2004 in Income Tax Revenue bonds outstanding is \$211,715,000; SIB loan, \$7,758,500; OWDA loan, \$17,426,232; and Ohio Department of Development Loan, \$438,150. The remaining debt outstanding decreased \$27,821,042 from the prior year.

The City of Akron issued Income Tax Revenue bonds of \$215,000,000 to fund the over 50% of the Local Share of the Community Learning Centers project.

The City of Akron's General Obligation bond ratings are AA- from Fitch, A1 from Moody's, and AA- from Standard & Poor's. The insured Water and Sewer Revenue bonds are rated AAA from Fitch, Aaa from Moody's, and AAA from Standard & Poor's.

The Ohio Revised Code provides that the outstanding general obligation bonds less self supporting debt (e.g., income tax backed projects) of the municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the

unvoted net debt of municipal corporations cannot exceed 5.5% of total assessed value of property. The City of Akron's total debt limit (10.5%) is \$336,167,580, and the total unvoted net debt limit (5.5%) is \$176,087,780.

Additional information on the City of Akron's long-term debt can be found in Notes 10-11 on pages 69-82.

Economic Factors and Next Year's Budgets and Rates

- Akron's average annual unemployment rate at year-end was 7.1%, compared to 7.1% in the prior year.
- The City of Akron budgeted a 2% increase in income tax collections for 2005.

In the 2005 budget, the General Fund unencumbered fund balance is projecting only a \$173,276 increase.

Request for Information

This financial report is designed to provide a general overview of the City of Akron's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Finance Director, Municipal Building, Room 205, 166 South High Street, Akron, Ohio 44308.

BASIC FINANCIAL STATEMENTS

City of Akron, Ohio
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Pooled cash and investments	\$ 4,738,005	\$ 10,323,808	\$ 15,061,813
Restricted cash and investments	145,350,669	10,603,225	155,953,894
Receivables, net	85,851,103	8,773,454	94,624,557
Loans receivable	447,296	-	447,296
Due from other governments	12,415,722	14,910,494	27,326,216
Internal balances	2,084,318	(2,084,318)	-
Inventories, at cost	919,969	2,769,568	3,689,537
Total current assets	251,807,082	45,296,231	297,103,313
Noncurrent assets:			
Receivables, net	99,514,575	-	99,514,575
Loans receivable	8,830,227	-	8,830,227
Unamortized bond issue costs	2,556,432	1,413,887	3,970,319
Deposits	76,743,238	-	76,743,238
Capital assets:			
Land and construction in progress	208,852,293	56,210,510	265,062,803
Other capital assets, net	472,716,011	400,135,661	872,851,672
Total noncurrent assets	869,212,776	457,760,058	1,326,972,834
Total assets	1,121,019,858	503,056,289	1,624,076,147
Liabilities			
Current liabilities:			
Accounts payable and other accrued liabilities	21,859,278	5,076,802	26,936,080
Customer deposits	552,798	633,123	1,185,921
Due to other governments	674,183	58,139	732,322
Deferred revenue	132,357,983	-	132,357,983
Matured bonds and interest payable	251,309	-	251,309
Accrued interest payable	2,539,885	2,093,723	4,633,608
Accrued wages	3,965,702	612,629	4,578,331
Accrued vacation and leave	11,064,643	1,525,631	12,590,274
Obligations under capital lease	1,703,835	-	1,703,835
Liability for unpaid claims	3,821,474	-	3,821,474
Bonds, notes and loans payable	51,477,574	13,000,409	64,477,983
Total current liabilities	230,268,664	23,000,456	253,269,120
Noncurrent liabilities:			
Obligations under capital lease	22,184,729	-	22,184,729
Liabilities due in more than one year	60,416,027	5,660,347	66,076,374
Deferred charges and other liabilities	11,560,337	(850,147)	10,710,190
Bonds, notes and loans payable due in more than one year	486,078,414	148,603,953	634,682,367
Total noncurrent liabilities	580,239,507	153,414,153	733,653,660
Total liabilities	810,508,171	176,414,609	986,922,780
Net Assets			
Invested in capital assets, net of related debt	347,553,024	305,496,572	653,049,596
Restricted for debt service	305,806,875	8,890,371	314,697,246
Unrestricted (deficit)	(342,848,212)	12,254,737	(330,593,475)
Total net assets	\$ 310,511,687	\$ 326,641,680	\$ 637,153,367

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Functions/Programs					
Governmental activities:					
General government	\$ 33,154,330	\$ 10,199,944	\$ -	\$ -	\$ (22,954,386)
Public service	57,321,381	13,685,910	415,338	26,959,413	(16,260,720)
Public safety	106,914,744	4,661,113	666,026	-	(101,587,605)
Community environment	25,985,445	276,244	12,249,071	-	(13,460,130)
Public health	16,556,343	3,302,809	5,468,167	-	(7,785,367)
Recreation and parks	5,035,419	600,501	-	-	(4,434,918)
Interest	27,403,295	-	-	-	(27,403,295)
Unallocated depreciation*	10,476,870	-	-	-	(10,476,870)
Total governmental activities	282,847,827	32,726,521	18,798,602	26,959,413	(204,363,291)
Business-type activities:					
Water	37,959,261	33,897,438	-	2,107,403	(1,954,420)
Sewer	37,797,875	34,489,974	-	2,891,477	(416,424)
Oil & gas	286,140	-	-	-	(286,140)
Golf course	1,366,476	889,957	-	847	(475,672)
Airport	712,909	180,169	-	31,884	(500,856)
Parking facilities	5,637,623	4,109,336	-	6,920,926	5,392,639
Total business-type activities	83,760,284	73,566,874	-	11,932,537	1,759,127
Total Government	\$ 366,608,111	\$ 106,293,395	\$ 18,798,602	\$ 38,911,950	\$ (202,604,164)
General Revenues:					
Taxes:					
Income taxes					\$ 114,352,078
Property taxes					28,193,761
JEDD revenues					13,607,119
Investment Earnings					2,620,285
Shared revenues					32,235,453
Miscellaneous					9,186,760
Gain (loss) on sale of capital assets					(107,274)
Transfers					(213,724)
Total					199,874,458
Change in net assets					3,094,886
Net assets - beginning					(4,488,833)
Net assets - ending					315,000,520
					321,787,667
					326,641,680
					\$ 637,153,367

* Excludes depreciation included in program expenses.

The notes to the financial statements are an integral part of this statement.

Balance Sheet - Governmental Funds

December 31, 2004

	General	Community Learning Centers	CLC Bond Payment Fund	Economic Development	Other Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	\$ -	\$ 3,344,304	\$ -	\$ -	\$ 6,793,079	\$ 10,137,383
Restricted cash and investments	-	130,201,991	2,082	-	15,146,596	145,350,669
Receivables, net of allowances for uncollectibles	49,009,691	89,688,029	-	-	46,531,291	185,229,011
Loans receivable	640,921	-	-	5,944,194	2,692,408	9,277,523
Due from other governments	16,979	-	-	1,000,000	5,036,458	6,053,437
Due from other funds	5,497,284	1,818,190	-	-	30,537,273	37,852,747
Deposits	-	-	76,743,238	-	-	76,743,238
Total assets	\$ 55,164,875	\$ 225,052,514	\$ 76,745,320	\$ 6,944,194	\$ 106,737,105	\$ 470,644,008
Liabilities						
Accounts payable	\$ 4,564,807	\$ 134,000	\$ -	\$ 249,748	\$ 5,244,866	\$ 10,193,421
Customer deposits	-	-	-	-	552,798	552,798
Due to other governments	-	-	-	4,415,000	14,183	4,429,183
Due to other funds	667,312	-	-	16,821,130	17,222,180	34,710,622
Due to others	-	-	-	-	500,000	500,000
Deferred grant revenue	-	-	-	-	2,019,040	2,019,040
Deferred revenue	32,824,285	87,683,699	-	-	37,688,200	158,196,184
Matured bonds payable	-	-	-	-	200,000	200,000
Matured interest payable	-	-	-	-	51,309	51,309
Accrued liabilities	-	-	-	306,966	3,598,298	3,905,264
Accrued wages	2,782,041	-	-	86	916,974	3,699,101
Accrued vacation and leave	129,444	-	-	-	88,836	218,280
G.O. Notes	-	-	-	12,107,000	17,726,000	29,833,000
Total liabilities	40,967,889	87,817,699	-	33,899,930	85,822,684	248,508,202
Fund balances						
Reserved for encumbrances	1,039,763	14,339	-	2,525,676	24,415,099	27,994,877
Reserved for loans receivable	640,921	-	-	5,944,194	2,692,408	9,277,523
Unreserved designated for pre-encumbrances	350,467	-	-	-	783,854	1,134,321
Unreserved reported in general fund	12,165,835	-	-	-	-	12,165,835
Unreserved reported in special revenue funds	-	137,220,476	-	-	10,352,325	147,572,801
Unreserved reported in debt service funds	-	-	76,745,320	-	13,148,220	89,893,540
Deficit reported in capital project funds	-	-	-	(35,425,606)	(30,477,485)	(65,903,091)
Total fund balances	14,196,986	137,234,815	76,745,320	(26,955,736)	20,914,421	222,135,806
Total liabilities and fund balances	\$ 55,164,875	\$ 225,052,514	\$ 76,745,320	\$ 6,944,194	\$ 106,737,105	\$ 470,644,008

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds

For the Year Ended December 31, 2004

Total fund balances for governmental funds (Exhibit 3)		\$ 222,135,806
Total net assets reported for governmental activities in the statement of net assets is different because:		
Investments in City of Akron issued bonds and notes are eliminated in the government-wide statement of net assets.		(10,929,459)
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		677,723,368
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Income taxes	7,684,632	
JEDD revenues	632,637	
Special assessments	10,000,000	
Shared revenues	<u>9,539,972</u>	
		27,857,241
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		(9,524,286)
Long-term liabilities including bonds payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds.		
Accounts payable and other accrued liabilities	(6,014,756)	
Due to other governments	(8,350,000)	
Accrued interest payable	(2,527,751)	
Accrued vacation and leave	(48,854,983)	
Bonds, notes and loans payable	(504,983,466)	
Obligations under capital lease	(23,378,407)	
Unamortized bond premium	(11,560,337)	
Unamortized bond issue cost	<u>2,556,432</u>	
		(603,113,268)
OPWC loan funds not drawn down, therefore, receivable not reflected in the funds.		6,362,285
		<hr/>
Total net assets of governmental activities (Exhibit 1)		<u><u>\$ 310,511,687</u></u>

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2004

	General	Community Learning Centers	CLC Bond Payment Fund	Economic Development	Other Governmental Funds	Total Governmental Funds
Revenues						
Income taxes	\$ 71,086,789	\$ 9,819,529	\$ -	\$ 261,323	\$ 31,501,240	\$ 112,668,881
Property taxes	16,654,891	-	-	1,371,748	10,167,122	28,193,761
JEDD revenues	2,000,000	-	-	-	11,332,783	13,332,783
Special assessments	377,165	-	-	-	13,547,262	13,924,427
Grants and subsidies:						
Community development	-	-	-	-	14,274,362	14,274,362
Other	139,267	-	-	4,120,955	13,299,004	17,559,226
Investment earnings	998,950	1,289,309	42,766	171,147	418,908	2,921,080
Shared revenues	19,854,554	-	3,417,043	172,406	9,017,560	32,461,563
Licenses, fees and fines	7,371,804	-	-	-	986,270	8,358,074
Charges for services	14,714,667	-	-	-	8,830,180	23,544,847
Miscellaneous	4,027,703	58,195	-	51,319	7,366,615	11,503,832
	<u>137,225,790</u>	<u>11,167,033</u>	<u>3,459,809</u>	<u>6,148,898</u>	<u>120,741,306</u>	<u>278,742,836</u>
Expenditures						
Current:						
General government	21,253,427	458,122	8,406	4,212	11,590,719	33,314,886
Public service	13,451,657	-	-	6,271,279	50,129,959	69,852,895
Public safety	87,934,975	-	-	-	14,709,956	102,644,931
Community environment	1,639,127	-	9,612,208	2,584,340	14,788,451	28,624,126
Public health	7,209,106	-	-	-	9,039,981	16,249,087
Recreation and parks	3,370,407	-	-	-	1,375,672	4,746,079
Capital outlay	-	-	-	830,395	16,156,216	16,986,611
Debt service:						
Principal retirement	136,870	2,230,062	769,938	535,845	25,972,892	29,645,607
Interest	1,439	1,482,044	7,551,836	197,810	17,718,414	26,951,543
Bond issuance expenditures	-	-	1,441,316	-	-	1,441,316
	<u>134,997,008</u>	<u>4,170,228</u>	<u>19,383,704</u>	<u>10,423,881</u>	<u>161,482,260</u>	<u>330,457,081</u>
Excess (deficiency) of revenues over expenditures	2,228,782	6,996,805	(15,923,895)	(4,274,983)	(40,740,954)	(51,714,245)
Other financing sources (uses)						
Proceeds of general obligation bonds	-	130,589,776	84,410,224	489,460	3,560,000	219,049,460
Proceeds of general obligation notes	-	-	-	-	3,418,530	3,418,530
Loan proceeds	-	-	-	-	3,041,694	3,041,694
Premium on G.O. Debt	-	-	8,258,991	-	216,325	8,475,316
Transfers-in	-	-	-	-	5,756,980	5,756,980
Transfers-out	(2,463,724)	-	-	(953,323)	(2,553,657)	(5,970,704)
	<u>(2,463,724)</u>	<u>130,589,776</u>	<u>92,669,215</u>	<u>(463,863)</u>	<u>13,439,872</u>	<u>233,771,276</u>
Net change in fund balance	(234,942)	137,586,581	76,745,320	(4,738,846)	(27,301,082)	182,057,031
Fund balances (deficit), January 1, 2004	14,431,928	(351,766)	-	(22,216,890)	48,215,503	40,078,775
Fund balances (deficit), December 31, 2004	<u>\$ 14,196,986</u>	<u>\$ 137,234,815</u>	<u>\$ 76,745,320</u>	<u>\$ (26,955,736)</u>	<u>\$ 20,914,421</u>	<u>\$ 222,135,806</u>

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities

For the Year Ended December 31, 2004

Increase in fund balances - total governmental funds (Exhibit 4)	\$ 182,057,031
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$39,555,135) exceeded depreciation (\$19,071,064) in the current period.	20,484,071
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The net effect of selling capital assets decreased net assets.	(107,274)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,737,296
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and deferred amount on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.	(202,898,077)
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Some of the expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(3,309,557)
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Certain net revenues (expenses) of the internal service funds are reported with governmental activities in the statement of activities.	(2,452,323)
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Decrease in net assets of governmental activities (Exhibit 2)	<u><u>\$ (4,488,833)</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio

Statement of Net Assets - Proprietary Funds

December 31, 2004

	Water	Sewer	Off-Street Parking	Other Enterprise Funds
Assets				
Current assets				
Pooled cash and investments	\$ 3,139,348	\$ 6,696,718	\$ -	\$ 487,742
Restricted cash and investments	4,274,851	6,328,374	-	-
Receivables, net of allowances for uncollectibles	4,122,381	4,635,464	15,609	-
Due from other governments	627,535	14,250,228	-	32,731
Due from other funds	371,377	189,649	-	8,579
Inventories, at cost	1,573,435	1,144,350	-	51,783
Noncurrent assets				
Unamortized bond issue costs	831,387	582,500	-	-
Property, plant and equipment, net of accumulated depreciation	141,152,812	234,862,750	69,933,552	10,397,057
Total assets	156,093,126	268,690,033	69,949,161	10,977,892
Liabilities				
Current liabilities				
Accounts payable	957,484	2,436,289	688,708	30,391
Customer deposits	633,123	-	-	-
Due to other governments	-	58,139	-	-
Due to other funds	1,002,556	649,640	68,892	270,732
Accrued interest payable	1,071,065	1,013,000	7,095	2,563
Accrued liabilities	580,719	349,302	-	33,909
Accrued wages	373,980	213,037	-	25,612
Accrued vacation and leave	915,872	539,120	-	70,639
Obligations under capital lease	-	-	-	-
Liability for unpaid claims	-	-	-	-
Debt:				
General obligation bonds	302,233	80,368	214,608	42,500
Mortgage revenue bonds	4,830,000	-	-	-
Revenue bonds	-	2,440,000	-	-
OWDA loans	1,183,629	3,714,690	-	-
OPWC loans	95,958	96,423	-	-
Noncurrent liabilities				
Obligations under capital lease	-	-	-	-
Due in more than one year	3,048,160	2,287,275	-	324,912
Deferred charges and other liabilities	(929,813)	79,666	-	-
Bonds, notes, and loans	64,053,908	82,901,944	1,095,601	552,500
Total liabilities	78,118,874	96,858,893	2,074,904	1,353,758
Net assets				
Invested in capital assets net of related debt	70,687,084	156,384,088	68,623,343	9,802,057
Restricted for debt service	4,201,129	4,689,242	-	-
Unrestricted (deficit)	3,086,039	10,757,810	(749,086)	(177,923)
Total net assets	\$ 77,974,252	\$ 171,831,140	\$ 67,874,257	\$ 9,624,134

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:
Net assets of business-type activities

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio

Statement of Net Assets - Proprietary Funds

December 31, 2004

	Total	Governmental Activities- Internal Service Funds
\$	10,323,808	\$ 5,530,081
	10,603,225	-
	8,773,454	136,667
	14,910,494	-
	569,605	1,304,307
	2,769,568	919,969
	1,413,887	-
	456,346,171	3,844,936
	505,710,212	11,735,960
	4,112,872	544,011
	633,123	-
	58,139	-
	1,991,820	3,024,217
	2,093,723	12,134
	963,930	1,707,826
	612,629	266,601
	1,525,631	623,543
	-	181,783
	-	3,821,474
	639,709	125,912
	4,830,000	-
	2,440,000	-
	4,898,319	-
	192,381	-
	-	328,374
	5,660,347	8,672,864
	(850,147)	-
	148,603,953	2,613,610
	178,406,429	21,922,349
	305,496,572	3,070,257
	8,890,371	-
	12,916,840	(13,256,646)
		<u>\$ (10,186,389)</u>
	(662,103)	
\$	<u>326,641,680</u>	

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City of Akron, Ohio

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds

For the Year Ended December 31, 2004

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Operating revenues						
Charges for services	\$ 33,897,438	\$ 34,489,974	\$ 4,109,336	\$ 1,070,126	\$ 73,566,874	\$ 41,797,946
Other	1,718,082	206,080	133,428	710,025	2,767,615	828,617
	<u>35,615,520</u>	<u>34,696,054</u>	<u>4,242,764</u>	<u>1,780,151</u>	<u>76,334,489</u>	<u>42,626,563</u>
Operating expenses						
Personal services	13,770,449	7,595,049	-	1,274,689	22,640,187	9,592,246
Direct expenses	13,847,578	15,834,474	2,999,078	524,960	33,206,090	14,325,618
Claims	-	-	-	-	-	19,503,260
Rentals and lease	282,612	62,970	25,051	69,842	440,475	526,481
Utilities	1,883,707	2,392,926	724,308	134,162	5,135,103	338,147
Insurance	172,835	393,346	89,857	39,061	695,099	26,368
Depreciation, depletion and amortization	4,783,451	7,412,744	1,411,236	258,776	13,866,207	923,175
Royalty and expense	-	-	-	925	925	-
Other	194,054	39,189	284,070	2,059	519,372	-
	<u>34,934,686</u>	<u>33,730,698</u>	<u>5,533,600</u>	<u>2,304,474</u>	<u>76,503,458</u>	<u>45,235,295</u>
Operating income (loss)	680,834	965,356	(1,290,836)	(524,323)	(168,969)	(2,608,732)
Non-operating revenues (expenses)						
Interest income	24,132	82,642	-	2,219	108,993	4,896
Interest expense	(2,836,053)	(3,939,726)	(104,843)	(32,464)	(6,913,086)	(196,488)
Gain (loss) on disposal of capital assets	4,962	(408)	-	-	4,554	4,260
	<u>(2,806,959)</u>	<u>(3,857,492)</u>	<u>(104,843)</u>	<u>(30,245)</u>	<u>(6,799,539)</u>	<u>(187,332)</u>
Loss before transfers and contributions	(2,126,125)	(2,892,136)	(1,395,679)	(554,568)	(6,968,508)	(2,796,064)
Transfers-in	-	-	-	213,724	213,724	-
Capital contributions	2,107,403	2,891,477	6,920,926	32,731	11,952,537	-
	<u>2,107,403</u>	<u>2,891,477</u>	<u>6,920,926</u>	<u>246,455</u>	<u>12,166,261</u>	<u>-</u>
Net change in net assets	(18,722)	(659)	5,525,247	(308,113)	5,197,753	(2,796,064)
Net assets, January 1, 2004	77,992,974	171,831,799	62,349,010	9,932,247		(7,390,325)
Net assets, December 31, 2004	<u>\$ 77,974,252</u>	<u>\$ 171,831,140</u>	<u>\$ 67,874,257</u>	<u>\$ 9,624,134</u>		<u>\$ (10,186,389)</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in net assets of business-type activities

\$ (343,740)
\$ 4,854,013

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2004

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating activities						
Cash received from customers	\$ 33,779,438	\$ 34,598,116	\$ 4,117,621	\$ 1,069,611	\$ 73,564,786	\$ 41,593,836
Cash payments to suppliers for goods and services	(17,081,676)	(18,026,623)	(3,676,277)	(761,791)	(39,546,367)	(8,240,780)
Cash paid for salaries and employee benefits	(13,809,941)	(7,457,983)	-	(1,251,649)	(22,519,573)	(36,462,550)
Other revenues	1,718,082	206,080	133,428	710,025	2,767,615	837,429
Other expenses	(194,054)	(39,189)	(284,070)	(2,059)	(519,372)	-
Net cash provided by (used for) operating activities	4,411,849	9,280,401	290,702	(235,863)	13,747,089	(2,272,065)
Non-capital financing activities						
Transfers from other funds	-	-	-	213,724	213,724	-
Transfers in for negative cash balances	330,927	330,927	20,743	261,382	943,979	3,486,296
Transfers out for negative cash balances	-	-	-	-	-	(3,190,521)
Principal paid on bonds and loans	-	-	-	-	-	(90,000)
Interest paid on bonds and loans	-	-	-	-	-	(138,265)
Net cash provided by non-capital financing activities	330,927	330,927	20,743	475,106	1,157,703	67,510
Capital and related financing activities						
Proceeds from bonds and loans	2,725,341	8,000,000	-	-	10,725,341	-
Principal paid on bonds and loans	(6,382,175)	(5,845,322)	(484,775)	(42,500)	(12,754,772)	-
Interest paid on bonds and loans	(3,190,305)	(3,939,518)	(109,180)	(32,619)	(7,271,622)	(1,202,512)
Acquisition and construction of capital assets	(5,551,974)	(8,328,790)	(45,756)	(212,160)	(14,138,680)	(62,849)
Capital contributions	2,107,403	2,891,477	-	-	4,998,880	(555,731)
Net cash used for capital and related financing activities	(10,291,710)	(7,222,153)	(639,711)	(287,279)	(18,440,853)	(1,821,092)
Investing activities						
Purchase of investment securities	(19,465,696)	(43,946,565)	-	-	(63,412,261)	-
Proceeds from sales and maturities of investment securities	19,465,696	43,946,565	-	-	63,412,261	4,896
Interest on investments	24,132	82,642	-	2,219	108,993	-
Net cash provided by investing activities	24,132	82,642	-	2,219	108,993	4,896
Net increase (decrease) in cash and cash equivalents	(5,524,802)	2,471,817	(328,266)	(45,817)	(3,427,068)	(4,020,751)
Cash and cash equivalents, January 1, 2004	12,939,001	10,553,275	328,266	533,559	24,354,101	9,550,832
Cash and cash equivalents, December 31, 2004	\$ 7,414,199	\$ 13,025,092	\$ -	\$ 487,742	\$ 20,927,033	\$ 5,530,081

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2004
(continued)

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating income (loss)	\$ 680,834	\$ 965,356	\$ (1,290,836)	\$ (524,323)	\$ (168,969)	\$ (2,608,732)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	4,783,451	7,412,744	1,411,236	258,776	13,866,207	923,175
(Increase) decrease in operating assets:						
Receivables	146,373	245,466	8,285	-	400,124	(75,558)
Due from other funds	(264,373)	(137,324)	-	(515)	(402,212)	(119,740)
Inventories	110,419	(79,621)	-	(1,943)	28,855	22,581
Increase (decrease) in operating liabilities:						
Accounts payable	(1,241,289)	707,418	159,587	8,709	(365,575)	104,455
Due to other funds	226,909	38,071	2,430	393	267,803	(34,928)
Due to other governments	-	(8,775)	-	-	(8,775)	-
Accrued liabilities	1,282	1,113	-	1,049	3,444	(2,464)
Accrued wages	(100,303)	(46,479)	-	(6,207)	(152,989)	(78,165)
Accrued vacation and leave	68,546	182,432	-	28,198	279,176	128,819
Estimated liability for unpaid claims	-	-	-	-	-	(531,508)
Net cash provided by (used for) operating activities	\$ 4,411,849	\$ 9,280,401	\$ 290,702	\$ (235,863)	\$ 13,747,089	\$ (2,272,065)

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio

Statement of Net Assets
Fiduciary Funds

December 31, 2004

	Private Purpose Trust Funds	Municipal Court Agency Fund
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 2,616	\$ 639,727
	<u> </u>	<u> </u>
Total assets	<u>2,616</u>	<u>\$ 639,727</u>
Liabilities		
Due to other governments	-	639,727
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>639,727</u>
Net assets	<u>\$ 2,616</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio

Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds

For the Year Ended December 31, 2004

	Private Purpose Trust Funds
Additions	
Contributions	\$ 7,030
	<u>7,030</u>
Deductions	
Education and awareness	12,580
	<u>12,580</u>
Change in net assets	<u>(5,550)</u>
Net assets, January 1, 2004	<u>8,166</u>
Net assets, December 31, 2004	<u><u>\$ 2,616</u></u>

The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio

Notes to the Financial Statements

Year Ended December 31, 2004

1. Summary of Significant Accounting Policies

The City of Akron (the City) was incorporated in 1836 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides the following services as authorized by its Charter: public safety, public service, public health, recreation and development. The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that the financial statements include those activities and functions for which the City is accountable. The City has no component units as defined by GASB 14 and 39. The City is associated with certain organizations which are defined as jointly governed organizations. These organizations are presented in Note 22 to the basic financial statements. These organizations are the Akron Metropolitan Area Transportation Study (AMATS) and the Akron/Summit Convention and Visitors' Bureau. The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The following is a summary of the more significant policies followed during the preparation of the accompanying financial statements.

A. *Government-wide and fund financial statements*

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* establishes requirements and a reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. Financial information of the City is presented in the following format:

Basic Financial Statements:

1. *Government-wide financial statements* consist of a statement of net assets and a statement of activities.

These statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the City. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining. Fiduciary funds of the City are not included in these government-wide financial statements.

Interfund receivables and payables, and bonds and notes issued by the City and held by the City as investments, within governmental and business-type activities have been eliminated in the government-wide statement of net assets. Related interest amounts are eliminated in the government-wide statement of activities.

1. Summary of Significant Accounting Policies (Continued)

These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

Internal service net assets, whether positive or negative, have been eliminated against the expenses and program revenues shown in the governmental activities statement of activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. *Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate statements are presented for the governmental, proprietary, and fiduciary funds.

The City's major governmental funds are the General Fund, the Community Learning Centers (CLC) fund, CLC Bond Payment fund, and the Economic Development fund. Of the City's business-type activities, the Water, Sewer, and Off-Street Parking funds are considered major funds.

The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. Its revenues consist primarily of income and property taxes, investment earnings, shared revenues, charges for services, and licenses, fees, and fines.

General fund expenditures represent costs of general government, public service (including sanitation and recycling collection), public safety (including police and fire), community environment, public health, and recreation and parks. General Fund resources are also transferred annually to support other services which are accounted for in other separate funds.

The Community Learning Centers (CLC) fund is used to account for the daily activity relating to the CLC project. The primary sources of revenue are City income tax, bond proceeds, and funding from Akron City School District. The CLC Bond Payment fund relates to the same project and is used for the accumulation of resources for, and the payment of, income tax revenue debt principal and interest and related costs.

The Economic Development fund is used to account for the economic development projects located throughout the City of Akron. Its revenue consists of a variety of sources including grants, shared revenue, charges for services, and bond proceeds.

1. Summary of Significant Accounting Policies (Continued)

The Water enterprise fund accounts for financial activity related to operating the City's water supply, treatment and distribution system. In addition to over 83,000 customers in the City, the Water enterprise fund also serves five other municipalities and parts of six adjacent townships. Revenues consist primarily of charges for services.

The Sewer enterprise fund accounts for the financial activity related to operating the City's wastewater collection and treatment system that serves the City and twelve other subdivisions. Revenues consist primarily of charges for services.

The Off-Street Parking fund accounts for the financial activity related to operating the City's parking facilities located throughout the downtown area. Revenues consist almost exclusively of charges for services.

While not considered major funds, the City maintains internal service funds used to account for the financing of goods or services provided by one department or division to another department or division of the government, generally on a cost-reimbursement basis. The three largest of these funds account for the motor equipment, engineering, and management information systems services. In addition, the City also maintains internal service funds to account for the financial activity relating to self-insurance. The three largest of these funds account for workers' compensation, medical, and judgment and claims self-insurance activity.

3. Notes to the financial statements provide information that is essential to a user's understanding of the basic financial statements.

Required Supplementary Information:

Required supplementary information such as management's discussion and analysis and budgetary comparison schedules are also required by GASB Statement No.34.

B. *Financial reporting presentation*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (equity), revenues, and expenditures (expenses). The fund types and classifications that the City reports are as follows:

GOVERNMENTAL FUNDS

1. **General Fund** – The General Fund is the general operating fund of the City and is appropriated. It is used to account for all financial resources except those required to be accounted for in another fund.
2. **Special Revenue Funds** – Special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by City ordinances or federal or state statutes.

1. Summary of Significant Accounting Policies (Continued)

3. **Debt Service Funds** – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
4. **Capital Projects Funds** - The capital projects funds are used to account for financial resources used for the acquisition or construction of major capital projects (other than those financed by proprietary funds).
5. **Permanent Funds** – Permanent funds are for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government’s programs. The City, however, does not utilize permanent funds at this time.

PROPRIETARY FUNDS

1. **Enterprise Funds** - The enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
2. **Internal Service Funds** - The internal service funds are used to account for the financing of goods or services provided by one department to other departments or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

1. **Private-Purpose Trust Funds** – Private-purpose trust funds are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. The City utilizes three private-purpose trust funds. The Claire Merrix Trust was established in memory of a former City of Akron employee and is to fund tennis-related activities; the Holocaust Memorial Trust pays for annual holocaust services throughout the City; and the Police/Fire Beneficiary Trust was recently established to provide scholarships for dependents of those serving in the Police and Fire departments.
2. **Agency Funds** – Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. For accounting measurement purposes, the agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City’s only agency fund is the Municipal Court Agency Fund and it is used to account for assets held by the Municipal Court Clerk for individuals, private organizations and other governments.
3. **Other Fiduciary Funds** – Other fiduciary funds include pension trust funds and investment trust funds. The City does not utilize any such trust funds.

Fiduciary Funds are not included in the government-wide statements.

1. Summary of Significant Accounting Policies (Continued)

C. *Measurement focus and basis of accounting*

Except for budgetary purposes, the basis of accounting used by the City conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, property taxes, grants, shared revenue, and donations. On a full accrual basis, revenue from income taxes is recognized in the period in which the taxpayer's liability occurs and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. On a full accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City generally considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

In applying the susceptible-to-accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days after year-end and available to pay obligations of the current period). These include income taxes, JEDD revenues, investment earnings, shared revenues, and a portion of special assessments. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made or, when received in advance, deferred until expenditures are made. Property taxes and the balance of special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and the balance of special assessment receivables are recorded and deferred until they become available. Other revenues, including licenses, fees and fines, and charges for services are recorded as revenue when received in cash because they are generally not measurable until actually received. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the City follows GASB guidance as applicable to its governmental and business-type activities, and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements. The City does not apply FASB pronouncements subsequent to November 30, 1989 to its business-type activities and

1. Summary of Significant Accounting Policies (Continued)

enterprise fund statements. The City applies all applicable and effective pronouncements issued by the GASB.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as rental revenue, royalties, and connection fees, result from ancillary activities. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

D. *Budgetary Procedures*

The City Council follows these procedures in establishing the budgetary data.

- (1) The Mayor submits to the City Council a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) According to state law, the budget must be enacted through passage of an ordinance by April 1.
- (4) The City Finance Director is authorized by City Council to transfer funds already appropriated within departments within any fund or category of expenditures; however, any revisions that alter the total appropriation of said department must be individually approved by the City Council. During 2004, supplemental appropriations were passed by City Council. The effects of these supplemental appropriations were not material in relation to the original appropriations.
- (5) Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Unencumbered appropriations lapse at year-end.

E. *Cash, Cash Equivalents, and Investments*

Cash balances of the individual funds are combined to form a pool of cash held by the City Treasurer and invested in authorized investments (see Note 2). Earnings from these investments are credited to the General Fund in accordance with the City Charter except where the terms of a grant or regulation specify otherwise. Certain cash balances are held on behalf of the City by outside agents (see Note 2). Earnings from these investments are credited to the General Fund and certain other funds pursuant to the City Charter and federal and state requirements.

Investments are stated at fair value. Changes in fair value are recorded as a component of investment earnings.

For purposes of the Statement of Cash Flows, equity in pooled cash and investments, as well as segregated investments with original maturities of three months or less at the time they are purchased by the City, are considered to be cash equivalents. Investments with maturities of more than three months are not considered to be cash equivalents.

1. **Summary of Significant Accounting Policies (Continued)**

- F. **Inventories** – Inventories are valued at cost (first-in, first-out) and adjusted to annual physical counts which are then maintained on a perpetual basis until the end of the year.

- G. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements to the extent the City’s capitalization threshold is met. The City defines capital assets as assets with an estimated useful life in excess of five years and an individual cost of more than \$5,000 for land; \$10,000 for equipment and vehicles; \$25,000 for land improvements, buildings, and improvements other than buildings; and \$100,000 for infrastructure. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed capital assets are recorded at their estimated fair market value at the date contributed.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental capital assets. Interest accrued during the construction of capital assets utilized by the proprietary funds is also capitalized.

Costs for maintenance and repairs are expensed when incurred. However, costs for repairs and upgradings that materially add to the value or life of an asset and meet the above criteria are capitalized.

The City depreciates capital assets on a straight-line basis, half-year convention, using the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings, bridges, and storm sewers	50
Improvements, skywalks, and paving	40
Sewer and water mains	40
Sidewalks, curbs, electrical and lighting	30
Traffic control system and bridge repairs	25
Land improvements	20
Equipment	5-20

1. Summary of Significant Accounting Policies (Continued)

H. **Compensated Absences** – Vacation, paid leave, and compensatory time benefits are accrued as liabilities as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated, unused vacation, paid leave, and compensatory time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for sick leave is made to the extent that it is probable that benefits will result in payments. The liability is an estimate based on the City's past experience at making payments.

I. **Fund Balances** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Reservations include amounts for open encumbrances and loans receivable. Designations of fund balance represent tentative management plans that are subject to change. These designations include reservations of fund equity for pre-encumbrances (purchase requisitions that have not yet been processed into purchase orders).

J. **Interfund Transactions** – During the course of normal operations, the City records numerous transactions between funds including expenditures and transfers of resources to provide services, subsidize operations, and service debt. The City has the following types of transactions among funds:

- (1) Reciprocal interfund services provided and used – Purchases and sales of goods and services between funds for a price approximating their external exchange value.
- (2) Nonreciprocal interfund transfers – Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes operating transfers to subsidize various funds.
- (3) Nonreciprocal interfund reimbursements – Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

The City's interfund receivables and payables at December 31, 2004 are presented in Note 5. Interfund transfers are presented in Note 19.

K. **Post-retirement Benefits** – In addition to the post-retirement benefits provided by the Police and Firemen's Disability and Pension Fund of Ohio and the Public Employees Retirement System of Ohio (see Note 9), the City provides post-retirement health care and life insurance benefits, in accordance with union agreements and City Council ordinances, for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Currently, 1,914 retirees meet those eligibility requirements. The City pays 100% of the cost of health care and life insurance benefits. These benefits are financed on a pay-as-you go basis; as such, the cost of retiree health care and life insurance benefits is recognized as expenditure/expense as claims are incurred. For 2004, those costs totaled \$2,672,331.

1. Summary of Significant Accounting Policies (Continued)

- L. ***Debt Issuance Costs, Premiums, Discounts, and Losses on Refundings*** – Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Losses on advance refundings are deferred and amortized over the life of the new debt, or the life of the advance refunded debt, whichever is shorter.
- M. ***New Accounting Standards*** – March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The City implemented this statement during 2003.

In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The provisions of this statement are effective for fiscal periods beginning after December 15, 2004. The City has not yet determined the effect, if any, GASB Statement No. 42 will have on its financial statements.

2. Pooled Cash and Investments

City ordinances require that all cash, with the exception of certain debt service cash and cash held by fiscal agents, be deposited with the City Treasurer. Each fund's portion of these funds is displayed on the statements of net assets or balance sheets as "pooled cash and investments." Earnings on these investments are allocated to the various funds based on City and state statutes, grant agreements and various bond agreement requirements. Investments are also held separately by the special revenue, debt service, enterprise, and internal service funds. City ordinances further authorize and direct the permitted types of deposits and investments.

Deposits:

City ordinances require that all deposits be secured by collateral securities pledged at market value in an amount equal to at least 100% of the deposit, less any amount covered by federal deposit insurance.

At December 31, 2004, the carrying amount of the City's deposits was \$1,438,598, and the bank balance was \$4,981,455. The difference in the carrying amount and bank balance was composed of outstanding checks and other normal reconciling items. Of the bank balance, \$300,000 was covered by federal depository insurance, \$4,643,264 was uninsured but collateralized with unregistered securities held by the pledging financial institution's trust department in the City's name, and \$38,191 was uninsured and uncollateralized as defined by the GASB (securities are pledged with the pledging financial institution's trust department or agent, but not in the City's name).

2. Pooled Cash and Investments (Continued)

Total cash and investments are reported as follows:

Balance Sheet - Governmental Funds:	
Pooled cash and investments	\$ 10,137,383
Restricted cash and investments	145,350,669
Statement of Net Assets - Proprietary Funds:	
Enterprise Funds	
Pooled cash and investments	10,323,808
Restricted cash and investments	10,603,225
Internal Service Funds	
Pooled cash and investments	5,530,081
Restricted cash and investments	-
Statement Net Assets - Fiduciary Funds:	<u>642,343</u>
Total	<u><u>\$ 182,587,509</u></u>

Investments in City of Akron bonds and notes amounting to \$10,929,459 are eliminated in the government-wide statement of net assets at December 31, 2004.

Investments:

The City records all of its investments at fair value under the guidance set forth by Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Under the fair value method of recording investments, the City is required to report realized and unrealized gains and losses arising from market fluctuations as well as the sale and maturity of various investments above or below their beginning-of-the-year fair value or their purchase price, when purchased during the current fiscal year. The net effect of these realized and unrealized gains and losses (\$1,045,133 net unrealized loss in 2004) is reflected in the investment income on the operating statement of the appropriate fund.

The repurchase agreement investment maturity is less than one year.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate risk.

Credit Risk. City ordinances authorize the treasurer to invest in obligations of the United States Treasury, agencies and instrumentalities and direct obligations of the State of Ohio, including any subdivisions of the state. As of December 31, 2004, the investments held by the bond trustees and STAROhio was rated AAAM by Standard & Poor's. All municipal bonds and notes are rated A2 or better by Moody's or A or better by Standard & Poor's.

The City invests funds in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2004.

2. Pooled Cash and Investments (Continued)

Bond trustees holding the investments are not registered with the SEC as an investment company but do operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Bond trustees and Community Learning Center trustees holding the investments are not registered with the SEC as an investment company but do operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940.

Investments held by bond trustees and STAROhio are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Investments held by bond trustees, Community Learning Center trustees and STAROhio are not exposed to custodial credit because their existence is not evidenced by securities that exist in physical or book entry form.

At December 31, 2004, \$155,953,894 of cash and investments was restricted for the following purposes: \$4,095,165 was restricted for lease costs for Canal Park Stadium; \$21,656,738 was restricted solely for retirement of City obligations; and the balance of \$130,201,991 was held by the trustee for payment of debt service on the Community Learning Centers Income Tax Revenue Bonds.

As of December 31, 2004 the City had the following investments.

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Then 1</u>	<u>1-5</u>	<u>6-10</u>
Repurchase agreement	\$ 10,400,000	\$ 10,400,000	\$ -	\$ -
U.S. Treasuries or Agencies	81,850	81,850	-	-
STAROhio	6,198,360	6,198,360	-	-
Municipal Bonds	2,801,488	414,351	1,752,137	635,000
City of Akron Assessment Debt	10,929,459	926,925	8,372,388	1,630,146
Investments held by bond trustees:				
U.S. Government Securities	8,682,540	8,682,540	-	-
U.S. Treasuries or Agencies	7,758,057	7,758,057	-	-
Tax Exempt Ohio Municipals	4,095,165	4,095,165	-	-
Investments held by Community Learning Center trustees:				
U.S. Treasuries or Agencies	79,605,770	68,647,911	10,957,859	-
Municipal Bonds and Notes	50,596,222	42,758,341	7,837,881	-
Total	\$ 181,148,911	\$ 149,963,500	\$ 28,920,265	\$ 2,265,146

3. Receivables

Receivables, including water and sewer unbilled charges for services, of approximately \$3,117,000 and \$563,000, respectively, consist of the following at December 31, 2004:

	Taxes	Customer Charges, Special Assessments, and Others	Accrued Interest	Gross Receivables	Allowance for Uncollectibles	Net
Governmental Activities:						
Governmental Funds:						
General Fund	\$ 36,844,645	\$ 13,055,426	\$ 167,661	\$ 50,067,732	\$ (1,058,041)	\$ 49,009,691
Community Learning Centers	1,998,504	87,000,000	\$ 689,525	89,688,029	-	89,688,029
Other Governmental Funds	15,101,970	33,900,893	2,475	49,005,338	(2,474,047)	46,531,291
Total Governmental Funds	53,945,119	133,956,319	859,661	188,761,099	(3,532,088)	185,229,011
Internal Service Funds	-	136,667	-	136,667	-	136,667
Total Governmental Activities	53,945,119	134,092,986	859,661	188,897,766	(3,532,088)	185,365,678
Business-type Activities:						
Enterprise Funds:						
Water	-	12,184,917	-	12,184,917	(8,062,536)	4,122,381
Sewer	-	10,740,790	-	10,740,790	(6,105,326)	4,635,464
Off-Street Parking	-	15,609	-	15,609	-	15,609
Total Enterprise Funds/ Business-type Activities	-	22,941,316	-	22,941,316	(14,167,862)	8,773,454
Total Receivables	\$ 53,945,119	\$ 157,034,302	\$ 859,661	\$ 211,839,082	\$ (17,699,950)	\$ 194,139,132

Delinquent special assessment receivables amounted to \$2,474,047 at December 31, 2004 and were fully reserved for in the allowance for uncollectibles in the Special Assessment Bond Payment fund.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Governmental Activities:	
General Fund	
Property Tax Receivable	\$ 21,027,380
Intergovernmental Receivable	6,686,224
Income Tax Receivable	5,110,681
	<u>32,824,285</u>
Community Learning Centers	
Income Tax Receivable	683,699
Community Learning Centers Receivable	87,000,000
	<u>87,683,699</u>
Other Governmental Activities	
Property Tax Receivable	9,271,035
Intergovernmental Receivable	2,853,748
Income Tax Receivable	1,890,252
JEDD Receivable	632,637
Special Assessment Receivable	23,040,528
	<u>37,688,200</u>
	<u><u>\$ 158,196,184</u></u>

4. Due From/To Other Governments

Amounts due from other governments at December 31, 2004 primarily represent amounts related to Ohio Public Works Commission (OPWC) loans and grant activity and consist of the following:

	Federal	State	Total
Governmental Activities:			
Governmental Funds:			
General Fund	\$ -	\$ 16,979	\$ 16,979
Economic Development	1,000,000	-	1,000,000
Other Governmental Funds	<u>4,193,510</u>	<u>842,948</u>	<u>5,036,458</u>
Total Governmental Funds	5,193,510	859,927	6,053,437
The following amounts are also included in the government-wide statement of net assets- OPWC loan funds receivable:			
	<u>-</u>	<u>6,362,285</u>	<u>6,362,285</u>
Total Governmental Activities	<u>\$ 5,193,510</u>	<u>\$ 7,222,212</u>	<u>\$ 12,415,722</u>
Business-type Activities:			
Enterprise Funds:			
Water	\$ 406,015	\$ 221,520	\$ 627,535
Sewer	1,451,079	12,799,149	14,250,228
Other Business-type Activities	<u>31,884</u>	<u>847</u>	<u>32,731</u>
Total Enterprise Funds/Business-type Activities	<u>\$ 1,888,978</u>	<u>\$ 13,021,516</u>	<u>\$ 14,910,494</u>

Amounts due to other governments at December 31, 2004 consist of the following:

	Federal	State	County	Local	Total
Governmental Activities:					
Economic Development	\$ 4,415,000	\$ -	\$ -	\$ -	\$ 4,415,000
Other Governmental Funds	-	14,183	-	-	14,183
The following amounts are also included in the government-wide statement of net assets:					
Due to other governments	-	-	305,000	250,000	555,000
Liabilities due in more than one year (Note 14)	<u>-</u>	<u>-</u>	<u>3,995,000</u>	<u>3,800,000</u>	<u>7,795,000</u>
Total Governmental Activities	<u>\$ 4,415,000</u>	<u>\$ 14,183</u>	<u>\$ 4,300,000</u>	<u>\$ 4,050,000</u>	<u>\$ 12,779,183</u>

Of the amount in Economic Development, \$105,000 plus the amount in Other Governmental Funds is shown in the government-wide statement of net assets as due to other governments and the remaining \$4,310,000 is shown as liabilities due in more than one year.

Business-type Activities:					
Enterprise Funds:					
Sewer	\$ -	\$ -	\$ 58,139	\$ -	\$ 58,139
The following amounts are also included in the govern- ment-wide and proprietary statement of net assets:					
liabilities due in more than one year (Note 14)	<u>-</u>	<u>-</u>	<u>456,850</u>	<u>-</u>	<u>456,850</u>
Total Enterprise Funds/ Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,989</u>	<u>\$ -</u>	<u>\$ 514,989</u>

The statement of fiduciary net assets also includes \$639,727 as due to other governments.

4. Due From/To Other Governments (Continued)

The federal amount is comprised of three separate section 108 loans from the U.S. Department of Housing and Urban Development (HUD).

The state amount is comprised of one loan from the Ohio Department of Development.

The county amount recorded in Governmental Activities relates to City reimbursements to Summit County for the debt service on debt issued by Summit County related directly to the cost of construction of additional jail space to house City inmates.

The local amount is related to the JEDD contract between the City, Bath Township, and the City of Fairlawn (see Note 18).

The county amount recorded in Business-type Activities relates to a master meter sewer agreement in the Mud Brook service area.

5. Due From/To Other Funds

Interfund receivable and payable balances at December 31, 2004 consist of the following individual fund receivables and payables:

	Receivable	Payable
Governmental Funds:		
General Fund	\$ 5,497,284	\$ 667,312
Community Learning Centers	1,818,190	-
Economic Development	-	16,821,130
Other Governmental Funds	<u>30,537,273</u>	<u>17,222,180</u>
	<u>\$ 37,852,747</u>	<u>\$ 34,710,622</u>
Proprietary Funds:		
Enterprise Funds:		
Water	\$ 371,377	\$ 1,002,556
Sewer	189,649	649,640
Off-Street Parking	-	68,892
Other Enterprise Funds	<u>8,579</u>	<u>270,732</u>
	<u>\$ 569,605</u>	<u>\$ 1,991,820</u>
Internal Service Funds	<u>\$ 1,304,307</u>	<u>\$ 3,024,217</u>
Total	<u>\$ 39,726,659</u>	<u>\$ 39,726,659</u>

6. Deposits

On December 15, 2003, the City of Akron entered into a cooperative agreement for Community Learning Centers (CLC) with the Board of Education of the Akron City School District (District). The cooperative agreement is the foundation for all the activity associated with the City's .25% income tax and the ownership relating to the CLCs. The City allocated \$85,938,403 to the District during 2004. This amount was reduced by the expenditures made by the District during 2004 involving the CLC construction project. As of December 31, 2004, the District had \$76,743,238 of unspent City funds that is recorded as Deposits on the City's Statement of Net Assets and is recorded on the District's financial statements as "due to City of Akron".

7. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 148,032,075	\$ 3,096,453	\$ 1,815,192	\$ 149,313,336
Construction in progress	92,911,515	13,476,408	46,848,966	59,538,957
Total capital assets, not being depreciated	<u>240,943,590</u>	<u>16,572,861</u>	<u>48,664,158</u>	<u>208,852,293</u>
Capital assets, being depreciated:				
Buildings	169,260,293	7,981,537	99,180	177,142,650
Improvements other than buildings	82,272,540	13,122,889	9,838	95,385,591
Equipment	81,821,947	3,779,292	2,224,135	83,377,104
Infrastructure	396,019,442	46,426,528	61,515	442,384,455
Total capital assets, being depreciated	<u>729,374,222</u>	<u>71,310,246</u>	<u>2,394,668</u>	<u>798,289,800</u>
Less accumulated depreciation for:				
Buildings	49,394,713	3,461,722	-	52,856,435
Improvements other than buildings	16,459,496	2,412,808	-	18,872,304
Equipment	66,898,116	3,642,839	1,132,395	69,408,560
Infrastructure	173,959,620	10,476,870	-	184,436,490
Total accumulated depreciation	<u>306,711,945</u>	<u>19,994,239</u>	<u>1,132,395</u>	<u>325,573,789</u>
Total capital assets, being depreciated, net	<u>422,662,277</u>	<u>51,316,007</u>	<u>1,262,273</u>	<u>472,716,011</u>
Governmental activities capital assets, net	<u>\$ 663,605,867</u>	<u>\$ 67,888,868</u>	<u>\$ 49,926,431</u>	<u>\$ 681,568,304</u>

7. Capital Assets (Continued)

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 26,549,774	\$ 20,254	\$ 107,000	\$ 26,463,028
Construction in progress	38,087,335	3,505,865	11,845,718	29,747,482
Total capital assets, not being depreciated	<u>64,637,109</u>	<u>3,526,119</u>	<u>11,952,718</u>	<u>56,210,510</u>
Capital assets, being depreciated:				
Buildings	134,982,181	8,348,523	74,495	143,256,209
Improvements other than buildings	440,344,023	6,397,137	-	446,741,160
Equipment	29,231,327	1,826,887	392,333	30,665,881
Infrastructure	71,835,590	11,508,461	46,021	83,298,030
Total capital assets, being depreciated	<u>676,393,121</u>	<u>28,081,008</u>	<u>512,849</u>	<u>703,961,280</u>
Less accumulated depreciation for:				
Buildings	60,195,409	1,942,819	-	62,138,228
Improvements other than buildings	201,892,538	7,637,157	-	209,529,695
Equipment	23,083,743	2,391,836	388,787	25,086,792
Infrastructure	5,176,509	1,894,395	-	7,070,904
Total accumulated depreciation	<u>290,348,199</u>	<u>13,866,207</u>	<u>388,787</u>	<u>303,825,619</u>
Total capital assets, being depreciated, net	<u>386,044,922</u>	<u>14,214,801</u>	<u>124,062</u>	<u>400,135,661</u>
Business-type activities capital assets, net	<u>\$ 450,682,031</u>	<u>\$ 17,740,920</u>	<u>\$ 12,076,780</u>	<u>\$ 456,346,171</u>

7. Capital Assets (Continued)

Depreciation expense was charged during 2004 to functions of the government as follows:

Governmental Activities:

General government	\$	2,010,736
Public service		1,757,528
Public safety		1,895,278
Community environment		2,617,111
Public health		313,541
Unallocated depreciation		10,476,870
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>923,175</u>
Total depreciation expense charged to governmental activities	\$	<u><u>19,994,239</u></u>

Business-type Activities:

Water	\$	4,783,451
Sewer		7,412,744
Off-Street Parking		1,411,236
Other Business-type activities		<u>258,776</u>
Total depreciation, deletion and amortization expense charged to business-type activities	\$	<u><u>13,866,207</u></u>

7. **Capital Assets (Continued)**

Construction in progress and remaining capital commitments (including capitalized interest of \$435,025, of which \$149,948 was capitalized in 2004) is comprised of the following:

	Project Authorization	Expended to December 31, 2004	Committed
Governmental Activities:			
Governmental	\$ 61,977,127	\$ 54,465,900	\$ 7,511,227
Internal Service	96,159	96,159	-
Business-type Activities:			
Water	24,665,507	7,183,105	17,482,402
Sewer	12,878,482	8,839,370	4,039,112
Off-Street Parking	20,353,831	14,181,454	6,172,377
	<u>\$ 119,971,106</u>	<u>\$ 84,765,988</u>	<u>\$ 35,205,118</u>

8. **Accrued Vacation and Leave**

GASB Statement No. 16, *Accounting for Compensated Absences*, requires a liability to be established for all compensated absences as earned by the employees.

Vacation, paid leave, sick leave and compensatory time accumulated by employees whose wages are charged to governmental fund types have been recorded as liabilities in the governmental funds to the extent that currently available resources will pay such liabilities. The balance has been recorded on the statement of net assets. Vacation, paid leave, sick leave and compensatory time accumulated by employees whose wages are charged to proprietary fund types are expensed when earned and recorded as liabilities in the government-wide statement of net assets and in the proprietary fund statement of net assets.

Sick leave is earned by substantially all employees. Unused sick leave is accumulated up to 960 hours per employee and vests upon reaching certain age and service requirements. The vested portion of accumulated sick leave and amounts earned through December 31, 2004 and expected to vest in the future has been accrued in the government-wide statement of net assets for all City employees. Amounts related to the City's proprietary fund operations are also accrued for in the proprietary fund statement of net assets due to the nature of these funds.

8. Accrued Vacation and Leave (Continued)

As of December 31, 2004, the accrued vacation, paid leave, sick leave, and compensatory time is recorded as a current liability (due within one year) in the Statement of Net Assets as follows:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Governmental Activities:				
Governmental Funds:				
General Fund	\$ 7,763,067	\$ 7,846,815	\$ (7,763,067)	\$ 7,846,815
Other Governmental Activities	<u>2,557,085</u>	<u>2,594,284</u>	<u>(2,557,085)</u>	<u>\$ 2,594,284</u>
Total Governmental Funds	10,320,152	10,441,099	(10,320,152)	10,441,099
Internal Service Funds	<u>611,726</u>	<u>623,544</u>	<u>(611,726)</u>	<u>623,544</u>
Total Governmental Activities	10,931,878	11,064,643	(10,931,878)	11,064,643
Business-type Activities:				
Enterprise Funds:				
Water	914,611	915,872	(914,611)	915,872
Sewer	523,721	539,120	(523,721)	539,120
Other Enterprise Funds	<u>64,144</u>	<u>70,639</u>	<u>(64,144)</u>	<u>70,639</u>
Total Enterprise Funds/ Business-type Activities	1,502,476	1,525,631	(1,502,476)	1,525,631
	<u>\$ 12,434,354</u>	<u>\$ 12,590,274</u>	<u>\$ (12,434,354)</u>	<u>\$ 12,590,274</u>

The following amounts are also included as long-term obligations in the government-wide statement of net assets (Note 14):

Governmental Activities:				
Other Governmental Activities	\$ 36,936,184	\$ 15,450,338	\$ (13,754,359)	\$ 38,632,163
Internal Service Funds	<u>1,734,430</u>	<u>1,011,738</u>	<u>(894,737)</u>	<u>1,851,431</u>
Total Governmental Activities	38,670,614	16,462,076	(14,649,096)	40,483,594
Business-type Activities:				
Water	2,980,875	1,389,124	(1,321,839)	3,048,160
Sewer	1,663,392	1,406,279	(1,239,246)	1,830,425
Other Business-type Activities	<u>303,209</u>	<u>94,840</u>	<u>(73,136)</u>	<u>324,913</u>
Total Business-type Activities	4,947,476	2,890,243	(2,634,221)	5,203,498
	<u>\$ 43,618,090</u>	<u>\$ 19,352,319</u>	<u>\$ (17,283,317)</u>	<u>\$ 45,687,092</u>

9. Pension and Other Post-Retirement Benefit Plans

Police officers and firefighters participate in the statewide Ohio Police and Fire Pension Fund (Police and Fire), a cost-sharing, multi-employer defined-benefit public employee retirement system. Substantially all other City employees participate in the statewide Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multi-employer defined-benefit pension plan. The member-directed plan is a defined-contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined-benefit pension plan that has elements of both a defined-benefit and a defined-contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS

OPERS provides retirement and death benefits, disability benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employees of local governments are required to contribute 8.5% of their covered payroll to OPERS. The 2004 and 2003 employer contribution rate for local government employer units was 13.55% of covered payroll including 4.0% and 5.0%, respectively, which is used to fund post-retirement health care benefits. The City's total contributions to OPERS for pension benefits (excluding the amount relating to post-retirement health care benefits) for the years ended December 31, 2004, 2003, and 2002 were \$6,946,564, \$6,219,691, and \$6,031,715, respectively, which were equal to 100% of the required employer contributions for each year.

In addition to the pension benefits, OPERS provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is also available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered to be an "other post-employment benefit" (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement health care based on authority granted by State statute. As noted above, the Ohio Revised Code provides statutory authority for employer contributions. During 2004 and 2003, \$2,909,514 and \$3,637,188, respectively, of the City's total contribution to OPERS was used for post-retirement benefits.

9. Pension and Other Post-Retirement Benefit Plans (Continued)

The assumptions and calculations below were based on OPERS's latest actuarial review performed as of December 31, 2003. OPEB are advanced-funded using the entry-age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. Other significant actuarial assumptions include a rate of return on investments of 8.0% and a salary increase of 4.0% for inflation and between .50% and 6.3% based on seniority and merit. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.0% to 6.0% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.0% (the projected wage inflation rate).

At December 31, 2004, the number of active contributing participants to OPERS was approximately 369,885. Actuarial contribution requirements are determined for the retirement plan as a whole, not for the individual employers. Net assets available for payment of benefits at December 31, 2003 (latest information available) were approximately \$10.5 billion. The actuarial accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used were approximately \$26.9 billion and \$16.4 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipients will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefits. The Plan will also offer a spending account feature, enabling the benefit recipients to apply their allowances towards specific medical expenses, much like a Medical Spending Account.

Ohio Police and Fire Pension Fund

The Police and Fire Pension Fund provides retirement and death benefits, disability benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Police and Fire Pension Fund issues a publicly available financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to: Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. Required employer contributions to the Police and Fire Pension Fund are equal to the amounts actually paid by the City each year. The City's total contributed amounts for Police (excluding the amount relating to post-retirement health care benefits) for the years ended December 31, 2004, 2003, and 2002 were \$3,093,245, \$3,071,237, and \$2,961,838, respectively. The City's total contributed amounts for Fire (excluding the amount relating to post-retirement health care benefits) for the years ended December 31, 2004, 2003, and 2002 were \$3,460,666, \$3,390,407, and \$3,392,886, respectively.

9. Pension and Other Post-Retirement Benefit Plans (Continued)

In addition to pension benefits, the Police and Fire plan provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending at least on a 2/3 basis. The health care coverage provided by the retirement system is considered to be an "other post-employment benefit" (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the statutory authority allowing the fund's Board of Trustees to provide health care coverage to all eligible individuals. The Ohio Revised Code provides that health care costs paid from the funds of Police and Fire shall be included in the employer's contribution rate (the board-defined allocations are 7.75% in 2004 and 2003, of covered payroll). Health care funding and accounting is on a pay-as-you-go basis. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. The total health care costs paid by the Police and Fire plan were \$150.9 million, which was net of member contributions of \$17.2 million, for the year ended December 31, 2003 (latest information available). The City's contributions for Police for 2004 and 2003 used to pay post-retirement health care were \$2,036,515 and \$2,022,025, respectively. The City's contributions for Fire for 2004 and 2003 used to pay post-retirement health care were \$1,651,101 and \$1,617,580, respectively. Eligible benefit recipients totaled 13,662 and 10,474 for uniformed police and fire personnel, respectively, for the year ended December 31, 2003 for the entire fund.

10. Notes Payable

The following is a summary of note transactions for the year ended December 31, 2004 reflected in governmental activities in the government-wide financial statements:

	<u>Governmental Activities</u> Special Assessment	<u>Governmental Activities</u> Capital Projects	<u>Governmental Activities</u> Total
Notes Payable at January 1, 2004	\$ 8,852,900	\$ -	\$ 8,852,900
New notes issued	863,600	53,588,000	54,451,600
Notes retired	<u>(5,033,100)</u>	<u>(23,755,000)</u>	<u>(28,788,100)</u>
Notes Payable at December 31, 2004	<u>\$ 4,683,400</u>	<u>\$ 29,833,000</u>	<u>\$ 34,516,400</u>

10. Notes Payable (Continued)

Notes payable at December 31, 2004, are comprised of the following individual issues:

Issued	Rate %	Issue	Final Maturity	Amount
Special Assessment Notes:				
<u>Governmental Activities:</u>				
Paving Notes:				
July 25, 2001	6.00	6-01	July 25, 2006	\$ 419,900
July 25, 2001	6.00	9-01	July 25, 2006	110,000
November 18, 2002	5.00	10-02	November 18, 2007	456,100
November 18, 2002	5.00	13-02	November 18, 2007	1,036,000
February 10, 2003	5.00	2-03	February 10, 2008	307,900
November 7, 2003	4.00	3-03	November 7, 2008	20,400
November 7, 2003	4.00	5-03	November 7, 2008	111,900
November 7, 2003	4.00	7-03	November 7, 2008	258,500
November 7, 2003	4.00	8-03	November 7, 2008	418,300
November 7, 2003	4.00	9-03	November 7, 2008	452,500
May 10, 2004	4.00	1-04	May 10, 2009	109,900
June 8, 2004	4.00	2-04	June 8, 2009	261,300
October 22, 2004	4.00	3-04	October 22, 2009	57,100
October 22, 2004	4.00	4-04	October 22, 2009	92,300
October 22, 2004	4.00	5-04	October 22, 2009	111,800
October 22, 2004	4.00	6-04	October 22, 2009	113,700
October 22, 2004	4.00	7-04	October 22, 2009	117,500
Sidewalk Notes:				
February 10, 2003	5.00	1-03	February 10, 2008	15,600
November 7, 2003	4.00	6-03	November 7, 2008	212,700
Total Special Assessment Notes				\$ 4,683,400
General Obligation Notes:				
Various Purpose Improvement Notes:				
November 3, 2004	2.75	2001-2	November 3, 2005	\$ 29,833,000
				\$ 34,516,400

All of these notes are backed by the full faith and credit of the City and generally mature within one to five years. The notes generally are issued in anticipation of long-term bond financing and are refinanced, if necessary, until such bonds are issued.

Special assessment notes are issued to finance the property owners' share of improvements. Upon completion of a project, owners may pay the assessments in full. Bonds are issued in the amount of any unpaid assessments and are repaid largely from levies on the property owners for principal and interest collected by the County Fiscal Officer on behalf of the City.

The weighted average interest rates on special assessment notes and general obligation notes at December 31, 2004 were 4.61% and 2.75%, respectively.

10. Notes Payable (Continued)

The following is a summary of the City’s future debt service requirements for notes payable as of December 31, 2004 (in thousands):

Fiscal Year Ending December 31	Governmental Activities				Total
	Special Assessment Notes		General Obligation Notes		
	Notes	Interest	Notes	Interest	
2005	\$ -	\$ 181	\$ 29,833	\$ 820	\$ 30,834
2006	530	168	-	-	698
2007	1,492	141	-	-	1,633
2008	1,798	52	-	-	1,850
2009	864	-	-	-	864
	<u>\$ 4,684</u>	<u>\$ 542</u>	<u>\$ 29,833</u>	<u>\$ 820</u>	<u>\$ 35,879</u>

11. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended December 31, 2004:

	Governmental Activities					
	General Obligation	OPWC Loans	Ohio Department of Development Loans	Non-Tax Revenue	Income Tax Revenue	
Long-term debt payable at January 1, 2004	\$ 198,325,413	\$ 5,797,627	\$ 978,212	\$ 29,065,000	\$ 8,910,000	
New Issues:						
Capital Projects	-	-	489,460	-	-	
Community Learning Centers	-	-	-	-	215,000,000	
Sewer System	-	-	-	-	-	
Street Improvements	-	-	-	-	-	
Water System	-	-	-	-	-	
Retirements	<u>(14,090,371)</u>	<u>(460,924)</u>	<u>(51,310)</u>	<u>(1,340,000)</u>	<u>(3,285,000)</u>	
Long-term debt payable at December 31, 2004	<u>\$ 184,235,042</u>	<u>\$ 5,336,703</u>	<u>\$ 1,416,362</u>	<u>\$ 27,725,000</u>	<u>\$ 220,625,000</u>	
	Governmental Activities					
	Special Revenue	Special Assessment	SIB Loans	Internal Service General Obligation		
Long-term debt payable at January 1, 2004	\$ 50,260,000	\$ 11,924,332	\$ -	\$ 4,032,034		
New Issues:						
Capital Projects	-	-	7,758,500	-		
Community Learning Centers	-	-	-	-		
Sewer System	-	-	-	-		
Street Improvements	-	6,114,930	-	-		
Water System	-	-	-	-		
Retirements	<u>(1,935,000)</u>	<u>(2,231,344)</u>	<u>-</u>	<u>(1,292,512)</u>		
Long-term debt payable at December 31, 2004	<u>\$ 48,325,000</u>	<u>\$ 15,807,918</u>	<u>\$ 7,758,500</u>	<u>\$ 2,739,522</u>		
	Business-type Activities					
	General Obligation	Mortgage Revenue	Revenue	OWDA	OPWC	Total
Long-term debt payable at January 1, 2004	\$ 3,763,196	\$ 59,045,000	\$ 43,465,000	\$ 43,091,983	\$ 3,229,272	\$ 461,887,069
New Issues:						
Capital Projects	-	-	-	-	-	8,247,960
Community Learning Centers	-	-	-	-	-	215,000,000
Sewer System	-	-	-	18,864,411	-	18,864,411
Street Improvements	-	-	-	-	-	6,114,930
Water System	-	-	-	2,900,272	-	2,900,272
Retirements	<u>(906,315)</u>	<u>(5,010,000)</u>	<u>(2,330,000)</u>	<u>(4,338,451)</u>	<u>(170,006)</u>	<u>(37,441,233)</u>
Long-term debt payable at December 31, 2004	<u>\$ 2,856,881</u>	<u>\$ 54,035,000</u>	<u>\$ 41,135,000</u>	<u>\$ 60,518,215</u>	<u>\$ 3,059,266</u>	<u>\$ 675,573,409</u>

Included in the Governmental Activities Special Assessment are three ten-year Special Assessment Resurfacing Projects Notes: Series 1996, in the amount of \$56,799; Series 1997, in the amount of \$34,388; and Series 1998, in the amount of \$5,722.

Bonds and notes issued by the City of Akron and held by the City as investments at December 31, 2004 amounting to \$10,929,459 (see Note 2) are eliminated in the government-wide statement of net assets.

11. Long-Term Debt (Continued)

Long-term debt at December 31, 2004 is comprised of the following individual issues:

Issued	Rate %	Issue	Final Maturity	Amount
<u>Governmental Activities:</u>				
<u>General Obligation Bonds:</u>				
Highway Improvement Bonds:				
December 1, 1979	7.125	No. 8	December 1, 2005	\$ 400,000
Municipal Building Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	70,000
Municipal Garage Bonds:				
July 1, 1986	7.5	-	September 1, 2006	50,000
Parks Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	50,000
Pedestrian Walkway Bonds:				
July 1, 1986	7.5	-	September 1, 2006	110,000
Solid Waste Storage Facility Bonds:				
July 1, 1986	7.5	-	September 1, 2006	240,000
Street Improvement Bonds:				
May 1, 1985	8.75	-	November 1, 2005	200,000
July 1, 1986	7.5	-	September 1, 2006	550,000
Urban Renewal Public Improvement Bonds:				
February 21, 1991	8	Series 1990	December 1, 2020	848,304
December 10, 1991	8	Series 1991	December 1, 2021	1,470,000
Various Purpose Improvement Bonds:				
October 15, 1993	.05 to 8	-	December 1, 2013	\$ 6,325,000
August 1, 1995	4.9 to 5.5	-	December 1, 2008	810,000
November 1, 1995	4.2 to 6	-	November 1, 2016	4,860,000
August 15, 1996	4.6 to 8	-	August 15, 2021	285,000
December 1, 1996	3.95 to 6.125	-	December 1, 2017	8,595,000
December 1, 1997	4.3 to 6	-	December 1, 2018	12,185,000
December 1, 1998	4.25 to 4.75	-	December 1, 2019	8,733,738
November 1, 1999	4.4 to 6.5	-	November 1, 2020	15,170,000
November 1, 2000	5.5 to 5.75	-	November 1, 2021	14,830,000
November 1, 2001	3.0 to 5.5	-	December 1, 2022	39,888,000
December 1, 2002	2.0 to 5.25	-	December 1, 2023	30,925,000
October 1, 2003	2.0 to 5.25	-	December 1, 2024	37,640,000
				\$ 184,235,042

11. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<u>Governmental Activities (Continued):</u>				
<u>OPWC Loans:</u>				
July 1, 1997	0	Boxwood Ave.	July 1, 2018	\$ 513,000
July 1, 1998	0	Lakeshore Blvd.	January 1, 2020	785,850
July 1, 1998	0	Tallmadge Ave.	July 1, 2021	633,564
July 1, 1999	0	Lakeshore Blvd.	July 1, 2022	208,078
July 1, 1999	0	Bye Street	July 1, 2022	241,313
July 1, 1999	0	Wooster/East Ave.	July 1, 2022	508,725
July 1, 2000	0	Bishop Street	July 1, 2022	106,750
July 1, 2000	0	NW Storm Outlets	July 1, 2022	400,053
July 1, 2000	0	N. Arlington Bridge	July 1, 2022	290,072
July 1, 2001	0	Darrow Road	July 1, 2023	782,598
July 1, 2003	0	US 244 Phase II	July 1, 2024	866,700
				<u>\$ 5,336,703</u>
<u>Ohio Department of Development Loans:</u>				
November 26, 1996	3	1997	February 1, 2012	\$ 416,362
March 1, 2003	1/2 Prime	-	March 1, 2018	1,000,000
				<u>\$ 1,416,362</u>
<u>Non-Tax Revenue Bonds:</u>				
November 1, 1997	4 to 6	1997	December 1, 2018	\$ 27,725,000
				<u>\$ 27,725,000</u>
<u>Income Tax Revenue:</u>				
April 15, 1999	3.3 to 5.25	1999	December 1, 2023	\$ 8,625,000
January 1, 2004	4.0 to 5.25	2004A	December 1, 2033	165,000,000
January 1, 2004	2.0 to 6.0	2004B	December 1, 2014	47,000,000
				<u>\$ 220,625,000</u>
<u>Special Revenue:</u>				
July 1, 2000	4.55 to 5.625	2000	December 1, 2020	\$ 12,245,000
August 1, 2000	4.45 to 6	2000	December 1, 2020	12,240,000
September 1, 2002	2.0 to 5.25	2002	December 1, 2022	14,555,000
November 1, 2002	2.0 to 5.25	2002	December 1, 2022	9,285,000
				<u>\$ 48,325,000</u>

11. Long-Term Debt (Continued)

<u>Issued</u>	<u>Rate %</u>	<u>Issue</u>	<u>Final Maturity</u>	<u>Amount</u>
<u>Governmental Activities (Continued):</u>				
<u>Special Assessment Obligations:</u>				
Resurfacing Notes:				
June 1, 1997	6	1997	December 1, 2006	\$ 37,866
May 1, 1998	6	1998	December 1, 2007	26,527
April 1, 1999	6	1998	December 1, 2008	4,707
Street Improvement Bonds:				
September 1, 1978	7.25	Rosemary Blvd.	September 1, 2014	30,000
August 1, 1995	4.9 to 5.25	1995	December 1, 2005	80,000
August 15, 1996	4.6 to 8	1996	December 1, 2021	500,000
August 15, 1997	4.65 to 5.15	1997	December 1, 2007	585,000
August 15, 1998	4.25 to 4.55	1998	December 1, 2008	1,210,000
August 15, 1999	4.1 to 5.5	1999	December 1, 2009	355,000
April 1, 2000	6	1999	December 1, 2009	14,629
August 15, 2000	4.375 to 4.875	2000	December 1, 2010	2,080,000
November 1, 2001	3.0 to 5.5	2001	December 1, 2022	461,859
December 1, 2001	6	2000	December 1, 2006	259,029
September 1, 2002	1.5 to 3.375	2002	December 1, 2012	1,675,000
September 1, 2003	2 to 4	2003	December 1, 2013	2,615,000
September 1, 2004	4	2004	December 1, 2014	3,560,000
March 1, 2004	4	2004	December 1, 2013	1,115,281
December 1, 2004	4	2004B	December 1, 2014	1,198,020
				<u>\$ 15,807,918</u>
<u>State Infrastructure Bank (SIB) Loans:</u>				
July 12, 2004	0.0 to 3.0	U.S. 224	September 1, 2014	\$ 4,323,000
September 30, 2004	0.0 to 3.0	Bridges	September 30, 2014	3,435,500
				<u>\$ 7,758,500</u>
<u>Internal Service General Obligation Bonds:</u>				
Final Judgment Bonds:				
August 15, 1996	4.5 to 8	-	December 1, 2021	2,475,000
Municipal Facility Bonds:				
December 1, 1998	4.25 to 4.75	-	December 1, 2019	166,262
Radio Communications System Bonds:				
November 1, 2001	3.0 to 5.5	-	December 1, 2022	98,260
				<u>\$ 2,739,522</u>

11. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<u>Business-type Activities:</u>				
<u>Enterprise General Obligation Bonds:</u>				
Golf Course Clubhouse Bonds:				
December 1, 1997	4.3 to 6	-	December 1, 2018	\$ 595,000
Off-Street Parking Facility Bonds:				
May 1, 1985	8.75	-	November 1, 2005	160,000
December 1, 1997	4.3 to 6	-	December 1, 2018	350,000
November 1, 2001	3.0 to 5.5	Canal/Tell	December 1, 2022	800,209
Radio Communications System Bonds:				
November 1, 2001	3.0 to 5.5	-	December 1, 2022	351,672
Sewer System Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	100,000
Water System Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	500,000
				<u>\$ 2,856,881</u>
<u>Enterprise Mortgage Revenue Bonds:</u>				
Waterworks System Bonds:				
January 15, 1996	3.5 to 4.875	1996	March 1, 2012	\$ 16,240,000
February 1, 1998	3.65 to 5	1998	March 1, 2018	11,170,000
July 1, 2003	2 to 5	2003	September 1, 2014	26,625,000
				<u>\$ 54,035,000</u>
<u>Enterprise Revenue Bonds:</u>				
Sewer System Improvement Bonds:				
June 1, 1996	4.3 to 6.2	1996	December 1, 2016	\$ 15,620,000
January 1, 1997	3.75 to 5.55	1997	December 1, 2016	11,685,000
April 1, 1998	3.7 to 5.5	1998	December 1, 2017	13,830,000
				<u>\$ 41,135,000</u>

11. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<u>Business-type Activities (Continued):</u>				
<u>Enterprise OWDA Loans:</u>				
May 28, 1981	10.71	Water	July 1, 2006	\$ 599,473
December 31, 1981	10.71	Sewer	July 1, 2006	1,998,245
May 6, 1982	12	Sewer	January 1, 2010	3,711,092
March 30, 1995	4.56	Sewer	July 1, 2015	10,088,220
April 27, 1995	4.56	Sewer	July 1, 2015	11,763,038
September 30, 1999	2.01	Water	July 1, 2019	982,332
May 25, 2000	4.64	Water	July 1, 2021	7,021,624
April 26, 2001	3.9	Water	July 1, 2011	378,816
July 26, 2002	3.89	Water	July 1, 2013	2,333,058
January 29, 2004	3.5	Water	January 1, 2014	2,777,906
September 30, 2004	3.81	Sewer	July 1, 2015	8,109,648
December 16, 2004	3.35	Sewer	July 1, 2014	<u>10,754,763</u>
				<u><u>\$ 60,518,215</u></u>
<u>Enterprise OPWC Loans:</u>				
July 1, 1995	0	Water	July 1, 2016	\$ 742,513
December 1, 1995	0	Sewer	January 1, 2017	287,679
July 1, 1996	0	Sewer	July 1, 2017	680,449
July 1, 1997	0	Sewer	July 1, 2018	476,000
July 1, 2000	0	Water	July 1, 2021	<u>872,625</u>
				<u><u>\$ 3,059,266</u></u>

11. Long-Term Debt (Continued)

The following is a summary of the City's future debt service requirements as of December 31, 2004 (in thousands):

Fiscal Year Ending December 31	Governmental Activities					
	General Obligation Bonds		OPWC Loan		Ohio Department of Development Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 13,035	\$ 8,804	\$ 308	\$ -	\$ 53	\$ 15
2006	12,387	8,203	308	-	54	13
2007	11,396	7,710	308	-	56	11
2008	11,647	7,200	308	-	115	29
2009	10,536	6,725	308	-	119	26
2010-2014	52,167	26,354	1,538	-	448	89
2015-2019	44,795	14,365	1,481	-	346	51
2020-2024	28,272	3,553	778	-	225	14
2025-2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
	<u>\$ 184,235</u>	<u>\$ 82,914</u>	<u>\$ 5,337</u>	<u>\$ -</u>	<u>\$ 1,416</u>	<u>\$ 248</u>

Fiscal Year Ending December 31	Non-Tax Revenue Bonds		Income Tax Revenue		Special Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2005	\$ 1,400	\$ 1,435	\$ 3,040	\$ 10,644	\$ 2,010
2006	1,465	1,372	3,455	10,467	2,075	2,231
2007	1,530	1,304	3,970	10,266	2,150	2,156
2008	1,605	1,232	4,500	10,176	2,235	2,077
2009	1,680	1,155	5,005	10,057	2,320	1,985
2010-2014	9,990	4,184	33,005	47,038	13,275	8,270
2015-2019	10,055	1,287	32,565	38,748	16,755	4,667
2020-2024	-	-	39,935	29,631	7,505	629
2025-2029	-	-	47,660	19,049	-	-
2030-2034	-	-	47,490	6,084	-	-
	<u>\$ 27,725</u>	<u>\$ 11,969</u>	<u>\$ 220,625</u>	<u>\$ 192,160</u>	<u>\$ 48,325</u>	<u>\$ 24,315</u>

Fiscal Year Ending December 31	Special Assessment Bonds		State Infrastructure Bank Loans		Internal Service General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2005	\$ 2,600	\$ 676	\$ -	\$ 116	\$ 126
2006	2,607	532	-	118	132	140
2007	2,293	424	664	233	138	133
2008	2,164	330	925	206	145	126
2009	1,626	244	953	178	130	119
2010-2014	4,518	456	5,216	362	729	489
2015-2019	-	-	-	-	929	270
2020-2024	-	-	-	-	410	34
2025-2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
	<u>\$ 15,808</u>	<u>\$ 2,662</u>	<u>\$ 7,758</u>	<u>\$ 1,213</u>	<u>\$ 2,739</u>	<u>\$ 1,457</u>

11. Long-Term Debt (Continued)

Fiscal Year Ending December 31	Business-type Activities					
	General Obligation Bonds		Mortgage Revenue		Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 640	\$ 162	\$ 4,830	\$ 2,186	\$ 2,440	\$ 2,231
2006	485	117	4,980	2,034	2,565	2,105
2007	189	87	5,310	1,840	2,710	1,960
2008	194	78	5,540	1,624	2,855	1,817
2009	103	70	5,745	1,395	3,005	1,667
2010-2014	537	267	24,350	3,202	17,665	5,704
2015-2019	523	125	3,280	338	9,895	923
2020-2024	186	19	-	-	-	-
2025-2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
	<u>\$ 2,857</u>	<u>\$ 925</u>	<u>\$ 54,035</u>	<u>\$ 12,619</u>	<u>\$ 41,135</u>	<u>\$ 16,407</u>

Fiscal Year Ending December 31	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2005	\$ 4,898	\$ 2,212	\$ 192	\$ -
2006	5,228	2,047	192	-
2007	5,267	2,122	192	-
2008	5,532	1,890	193	-
2009	5,814	1,645	193	-
2010-2014	27,622	4,639	962	-
2015-2019	5,469	644	904	-
2020-2024	688	21	231	-
2025-2029	-	-	-	-
2030-2034	-	-	-	-
	<u>\$ 60,518</u>	<u>\$ 15,220</u>	<u>\$ 3,059</u>	<u>\$ -</u>

Fiscal Year Ending December 31	Governmental Activities Total		Business-type Activities Total		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 22,572	\$ 24,136	\$ 13,000	\$ 6,791	\$ 35,572	\$ 30,927
2006	22,483	23,076	13,450	6,303	35,933	29,379
2007	22,505	22,237	13,668	6,009	36,173	28,246
2008	23,644	21,376	14,314	5,409	37,958	26,785
2009	22,677	20,489	14,860	4,777	37,537	25,266
2010-2014	120,886	87,242	71,136	13,812	192,022	101,054
2015-2019	106,926	59,388	20,071	2,030	126,997	61,418
2020-2024	77,125	33,861	1,105	40	78,230	33,901
2025-2029	47,660	19,049	-	-	47,660	19,049
2030-2034	47,490	6,084	-	-	47,490	6,084
	<u>\$ 513,968</u>	<u>\$ 316,938</u>	<u>\$ 161,604</u>	<u>\$ 45,171</u>	<u>\$ 675,572</u>	<u>\$ 362,109</u>

11. Long-Term Debt (Continued)

All bonds and notes are backed by the full faith and credit of the City except revenue bonds. Water Mortgage Revenue Bonds are collateralized by the capital assets of the Water System that had net carrying values of approximately \$141,153,000 at December 31, 2004. It is the City's policy to pay debt service of the Enterprise and Internal Service Funds from the receipts of those funds. Accordingly, such debt is reported in those funds. Any deficiency is paid from the City's General Fund. Revenue bonds and OWDA loans are retired entirely from the excess of operating revenues over operating expenses of the applicable enterprise activity. Therefore, the City is under no obligation to repay these long-term obligations from the City's General Fund.

Bond Indenture Agreements for the Waterworks System Mortgage Revenue Improvement Bond dated January 15, 1996, the Sanitary Sewer System Revenue Bonds dated June 1, 1996, the Sanitary Sewer System Revenue Bonds dated January 1, 1997, the Sanitary Sewer System Improvement and Refunding Revenue Bond dated April 1, 1998, the Waterworks System Mortgage Revenue Improvement Bonds dated February 1, 1998, and the Waterworks System Mortgage Revenue Improvement and Refunding Bonds dated July 1, 2003, require deposits to a Debt Service Fund based on a calculation of net operating revenues. The Sewer System Revenue Bond Indenture Agreement dated April 1, 1998 requires that a Debt Service Reserve Fund be created and maintained at a minimum of \$4,682,187 for the Series 1996 Bonds, the Series 1997 Bonds, and the Series 1998 Bonds. The balances in the Debt Service Reserve Fund and the Debt Service Fund at December 31, 2004 were as follows:

	Waterworks System 1996 Issue	Waterworks System 1998 Issue	Waterworks System 2003 Issue	Sewer System 1996, 1997, and 1998 Issues
Minimum balance of debt service reserve fund	\$ -	\$ -	\$ -	\$ 4,682,187
Actual balance of debt service reserve fund	<u>833,397</u>	<u>1,220,247</u>	<u>2,147,486</u>	<u>4,689,242</u>
Excess	<u>\$ 833,397</u>	<u>\$ 1,220,247</u>	<u>\$ 2,147,486</u>	<u>\$ 7,055</u>

The debt service and debt service reserve funds for Mortgage Revenue Bond issues are included in the applicable enterprise fund for reporting purposes.

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2004, the City's total net debt amounted to 4.6% of the total assessed value of all property within the City and unvoted net debt amounted to 4.6% of the total assessed value of all property within the City.

11. Long-Term Debt (Continued)

The City has defeased certain debt issues by placing investments in U.S. Government obligations in irrevocable escrow accounts. Such accounts will be used, together with interest earned thereon, to provide for the payment of all principal and interest on the defeased bonds on their scheduled due dates. Accordingly, the escrow accounts and the defeased bonds summarized below are not included in the accompanying financial statements at December 31, 2004:

Issue	Defeasance Date	Original Amount		Principal Outstanding at 12/31/04
		Defeased	Escrowed	
Waterworks System First Mortgage Revenue Bonds Series 1991	1996	\$ 19,090,000	\$ 20,726,104	\$ 15,115,000
Sewer System Improvement General Obligation Bonds	1998	7,800,000	8,317,677	3,600,000
Various Purpose Improvement Bonds, Series 1991	2001	1,265,000	1,330,320	805,000
Various Purpose Improvement Bonds, Series 1992	2001	10,785,000	11,869,971	6,985,000
Street Improvement Bonds, Series 1992	2001	1,940,000	2,135,164	450,000
Various Purpose Improvement Bonds, Series 1994	2001	15,825,000	18,761,930	9,865,000
Waterworks System Mortgage Revenue Bonds Series 1994	2003	19,405,000	20,820,490	<u>19,405,000</u>
				<u>\$ 56,225,000</u>

During 2001, the City entered into an amendment and restatement of cooperative agreement among various parties to unconditionally guarantee the principal and interest payments of the Summit County Port Authority Revenue Bonds (Akron Civic Theatre Project), issued by the Summit County Port Authority. As of December 31, 2004, the principal amount outstanding was \$14,611,070. The City believes that the Summit County Port Authority is current on all required debt service payments and will continue to pay all debt service when due throughout the remaining term of the bonds; therefore, no provision for such guarantee has been recorded in the financial statements as of December 31, 2004.

11. Long-Term Debt (Continued)

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received by the bond trustees on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements. As of December 31, 2004, there was one industrial revenue bond outstanding. The aggregate principal amount payable for the issue was \$790,000.

12. Obligations Under Capitalized Leases

In November, 1996, \$28.9 million Series 1996 Convertible Capital Appreciation Certificates of Participation (COPs) were issued by a bank to finance the costs of the construction of a professional baseball stadium (meeting class "AA" standards) within the City. In connection with the issuance of the Series 1996 COPs, the City entered into a capital lease agreement (as lessee) for the baseball stadium. The City will make lease payments during successive annual renewal periods through November 25, 2016, providing City Council appropriates funds each year for that purpose. If the lease is paid through November 25, 2016, the City will acquire title to the baseball stadium. The lease agreement also includes a purchase option during the years 2002 through 2016.

Unspent funds of approximately \$4 million provided from the COPs are recorded as restricted assets in the governmental activities in the accompanying government-wide statement of net assets as of December 31, 2004. In the unlikely event the lease is terminated, the restricted funds are available for payment of the certificates.

The City also has two other capital leases. One for computer hardware, software and licenses and another for emergency vehicle radio equipment. The cost of the computer lease agreement is \$928,919 and is included in the City's capital assets in the Management Information Systems Fund.

The cost of the radio equipment lease agreement is \$930,000 and is included in the City's capital assets in the Statement of Net Assets – Governmental Activities.

The following is a summary of the capital assets transactions for the year ended December 31, 2004:

	<u>Governmental Activities</u>	<u>Internal Service</u>
	<u>COPS</u>	<u>Radio Equipment</u>
		<u>Computer Equipment</u>
Capital Lease at January 1, 2004	\$ 23,666,965	\$ 711,163
Additions	-	-
Retirements	(1,218,558)	(201,006)
Capital Lease at December 31, 2004	<u>\$ 22,448,407</u>	<u>\$ 510,157</u>

12. Obligations Under Capitalized Leases (Continued)

Future lease payments are as follows as of December 31, 2004:

Year	<u>Governmental Activities</u>		<u>Internal Service</u>
	<u>COPS</u>	<u>Radio Equipment</u>	<u>Computer Equipment</u>
2005	\$ 3,941,095	\$ 258,719	\$ 201,006
2006	3,943,010	258,719	201,006
2007	3,940,770	258,719	184,255
2008	3,938,820	258,719	-
2009	3,939,780	-	-
2010-2014	19,700,865	-	-
2015-2019	<u>7,881,583</u>	<u>-</u>	<u>-</u>
Total lease payments	47,285,923	1,034,876	586,267
Less amount representing interest	<u>24,837,516</u>	<u>104,876</u>	<u>76,110</u>
Present value of lease payments	<u>\$ 22,448,407</u>	<u>\$ 930,000</u>	<u>\$ 510,157</u>
Net book value of leased assets *	<u>\$ 24,976,748</u>	<u>\$ 837,000</u>	<u>\$ 464,460</u>

*Amount represents the entire net book value of the capital lease recorded in the statement of net assets.

13. Self-Insurance Funds

The City is exposed to various risks of loss including employee health-care costs and accidents, torts and legal judgments, and damage or destruction of assets. The City purchases fire and extended coverage insurance on all buildings and contents up to \$125,000,000 per occurrence, with a variety of deductibles beginning at \$100,000. Coverage is purchased on 1,205 vehicles for combined single-limit liability of \$1,000,000. There has been no significant reduction in coverage from the prior year, and settled claims have not exceeded the City's insurance coverage in any of the past three years.

The City has a Medical Self-Insurance Fund. The purpose of this fund is to pay medical claims for City employees and their covered dependents and minimize the total cost of medical benefits of the City. The plan is internally managed and accounted for as an internal service fund. This internal service fund has been in existence since 1987.

13. Self-Insurance Funds (Continued)

The City has an internal service fund entitled "Workers' Compensation Reserve Fund" to account for self-insured workers' compensation claims. Workers' compensation is administered by the State of Ohio under a retrospective rating plan. The City reimburses the Ohio Bureau of Workers' Compensation for injured workers' claims subject to a maximum annual claim limit of \$300,000 for each worker's compensation claim. All funds of the City participate in the program and make payments to the internal service fund based on the experience premium that would normally be charged by the Ohio Bureau of Workers' Compensation. Future claims liabilities are actuarially determined.

The City has a Self-Insurance Settlement Fund. The purpose of this fund is to pay judgments and claims. Claims are accrued based upon estimates, past experience, and current claims outstanding. Actual claims experience may differ from the estimate.

The claims liabilities of \$1,715,848, \$8,285,269 and \$641,789 reported in the Medical, Workers' Compensation, and Self-Insurance Settlement funds, respectively, at December 31, 2004, are in accordance with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and GASB Statement No. 30, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. These GASB statements require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liabilities recorded include the estimated incremental expenses to be incurred to settle the claims, including legal fees. Claims liabilities are based on evaluations of individual claims and a review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The claims liabilities represent the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Estimated future recoveries on settled and unsettled claims, such as subrogations, if any, are evaluated in terms of their estimated realizable value and deducted from the liability for unpaid claims. Any adjustments resulting from the actual settlement of the claims are reflected in the financial statements at the time the adjustments are determined. Changes in the funds' claims liabilities (both current and long-term) amounts in fiscal 2003 and 2004 were:

	Beginning of Year Liability	Current Period Claims	Claim Payments	Balance at End of Year
<u>Medical Self-Insurance Fund</u>				
2003	\$ 2,229,620	\$ 18,256,229	\$ (18,074,191)	\$ 2,411,658
2004	2,411,658	17,947,754	(18,643,564)	1,715,848
<u>Workers' Compensation Reserve Fund</u>				
2003	7,781,751	1,065,171	(878,930)	7,967,992
2004	7,967,992	1,398,870	(1,081,593)	8,285,269
<u>Self-Insurance Settlement Fund</u>				
2003	586,849	419,168	(252,080)	753,937
2004	753,937	156,636	(268,784)	641,789

14. Long-term Liabilities

The City reports the following amounts relating to the government's long-term liabilities for the year ended December 31, 2004:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Governmental Activities:				
Governmental Funds:				
Accrued vacation and leave (Note 8)	\$ 36,936,184	\$ 15,450,338	\$ (13,754,359)	\$ 38,632,163
Due to other governments (Note 4)	9,415,000	3,350,000	(660,000)	12,105,000
Due to others	2,706,000	-	(1,700,000)	1,006,000
	<u>49,057,184</u>	<u>18,800,338</u>	<u>(16,114,359)</u>	<u>51,743,163</u>
Total Governmental Funds				
Internal Service Funds:				
Accrued vacation and leave (Note 8)	1,734,430	1,011,738	(894,737)	1,851,431
Estimated liability for unpaid claims	6,337,281	1,398,870	(914,719)	6,821,432
	<u>8,071,711</u>	<u>2,410,608</u>	<u>(1,809,456)</u>	<u>8,672,863</u>
Total Internal Service Funds				
Total Governmental Activities	<u><u>57,128,895</u></u>	<u><u>21,210,946</u></u>	<u><u>(17,923,815)</u></u>	<u><u>60,416,026</u></u>
Business-type Activities:				
Enterprise Funds:				
Water				
Accrued vacation and leave (Note 8)	2,980,875	1,389,124	(1,321,839)	3,048,160
Sewer				
Accrued vacation and leave (Note 8)	1,663,392	1,406,279	(1,239,246)	1,830,425
Due to other governments (Note 4)	494,687	-	(37,837)	456,850
Other Business-type Activities				
Accrued vacation and leave (Note 8)	303,209	94,840	(73,136)	324,913
	<u>5,442,163</u>	<u>2,890,243</u>	<u>(2,672,058)</u>	<u>5,660,348</u>
Total Enterprise Funds/ Business-type Activities	<u><u>5,442,163</u></u>	<u><u>2,890,243</u></u>	<u><u>(2,672,058)</u></u>	<u><u>5,660,348</u></u>
Total	<u><u>\$ 62,571,058</u></u>	<u><u>\$ 24,101,189</u></u>	<u><u>\$ (20,595,873)</u></u>	<u><u>\$ 66,076,374</u></u>

The above liabilities are liquidated by the various operating funds in which the liabilities exist.

See Note 4 for detailed explanations for the amounts recorded as due to other governments.

15. Compliance and Accountability

A. Legal compliance

The City did not certify the availability of funds for certain expenditures as required by the Ohio Revised Code. The City incurred expenditures that were not individually appropriated which is also required by the Ohio Revised Code.

15. Compliance and Accountability (Continued)

B. *Deficit fund balances*

The following funds have fund balance deficits or net assets deficits at December 31, 2004:

Governmental Activities:	
Economic Development	26,955,736
Special Revenue Funds:	
Street and Highway Maintenance	974,649
City Facilities Operating	830,698
Litter Control	37,417
Deposits	653,635
Community Development	534,719
Income Tax Capital Improvement	1,124,835
Summer Lunch	743
Police Grants	1,106,903
Various Domestic Violence	90,686
Safety Programs	325,435
Health Grants	69,202
Various Purpose Funding	2,064,683
Capital Project Funds:	
Non-appropriated Capital Projects	1,738,971
Parks and Recreation	2,949,464
Streets	9,523,568
Public Facilities and Improvements	1,250,960
Information Technology and Improvements	449,701
Transportation	3,478,773
Public Parking	1,570,748
Internal Service Funds:	
Medical Self-Insurance	1,956,869
Workers' Compensation Reserve	4,902,207
Self-Insurance Settlement	3,686,194
Engineering Bureau	1,402,254
Management Information Systems	625,793

The special revenue funds that have deficit fund balances at year-end have incurred expenditures that have not yet received the revenue under federal or state grant agreements or as a reimbursement from other funds. The Community Development Grant requested draws are based on actual cash basis expenditures and the Various Purpose Funding Fund receives revenue from a variety of sources on a reimbursement basis.

The capital project funds that have deficit fund balances at year-end have incurred expenditures that have not yet been reimbursed from debt issuances and/or interfund transfers. The City carries out programs in its capital budget for which pooled cash is spent up front. The Economic Development Fund contains several large projects that will request grant funds, use shared revenues, receive charges for services, and issue bonds to cover the current deficit.

The internal service funds, that have deficit net assets balances at year-end, have incurred expenses above charges for services. User charges will be assessed to eliminate the deficits. The Workers' Compensation Reserve Fund has budgeted an increase in charges for services for 2005. The majority of the deficit in the Self-Insurance Settlement Fund is the lawsuit settlement with Ohio Water Development Authority (OWDA) regarding the Recycle Energy System (RES) in 1996. The remaining deficit is the estimated accrued liability for claims. The City's policy is to transfer funds from the pertinent division's operating budget for actual claim settlements to reimburse the Self-Insurance Settlement Fund. The Engineering Bureau will review its applied overhead rate charged to

15. Compliance and Accountability (Continued)

capital projects to address its deficit which has decreased slightly from the prior year. The deficit in the Management Information Systems Fund has decreased more than \$1.2 million from the prior year, and the remaining deficit is the result of issuing bonds to cover the costs of implementing new and updated technology, including the network infrastructure, mainframe, accounting system, and payroll and personnel systems. The bonds are being repaid with user fees charged to each division's operating budget.

16. Income Taxes

The City levies a tax at the rate of 2.25% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income earned outside the City. However, a credit is allowed for income taxes paid to other municipalities.

On May 6, 2003, Akron voters increased the City's income tax rate from 2% to 2.25% which took effect January 1, 2004. However, the additional .25% increase is designated exclusively for funding the Akron Public Schools' local share in obtaining State of Ohio grants for the construction and renovation of community learning centers in Akron. Therefore, the additional .25% will not be distributed according to City Charter into both operation and capital improvement funds, as described below.

The proceeds of income taxes, after payment of the expenses incurred from collection thereof, are allocated by the City Charter as follows: 27% to capital expenditures and 73% to the General Fund. The portion allocated to capital expenditures may be utilized for payment of debt service or capital expenditures of any City fund.

Employers within the City are required to withhold income tax on employee compensation and remit this tax to the City at least quarterly. Corporations and other individual taxpayers are required to file a declaration annually and pay their estimated tax quarterly.

17. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City.

Real property taxes are levied each October on the assessed value listed as of the prior January 1. Assessed values are established by the County Fiscal Officer at 35% of appraised market value. By law, a revaluation of all property based on current individual appraisals is required to be completed no less than every six years. The last revaluation was completed in tax year 2002 for collection in 2003. The next sexennial revaluation will be completed in 2008 for collection in 2009. In addition, the County Fiscal Officer is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal) taxable real property values triennially to reflect true values.

Real estate and public utility taxes attach an enforceable lien on property as of December 31 in the year levied. Payments are scheduled in two installments in mid-February and mid-July of the succeeding year and are considered delinquent if unpaid as of December 31 of that year.

Generally, tangible personal property used in business (including certain public utilities) is currently assessed for ad valorem taxation purposes at 25% of true value (in general, the same as net book value).

17. Property Taxes (Continued)

The assessed value upon which the 2004 property tax was based aggregated \$3,175,389,000. The assessed value for 2004 (upon which the 2005 property tax will be based) is approximately \$3,201,596,000.

Under the current allocation method, the City's share was 1.030% (10.30 mills) of assessed value in 2004 for collection in 2005. The City's Charter limits the maximum total tax rate that could be levied without a vote of the electors to 1.05% (10.5 mills).

The Fiscal Officer collects property taxes on behalf of all taxing districts in the County including the City of Akron and periodically remits to the City its portion of the taxes collected. Current real property and tangible personal property tax collections for the year ended December 31, 2004, including delinquencies from prior years, were 99.8% and 101.5%, respectively, of the current year tax levy.

Property taxes are allocated to the various funds based upon voter authorization.

18. JEDD Revenues

In an effort to promote regional growth and economic development, the City has entered into contracts with four surrounding townships and a bordering municipality to create Joint Economic Development Districts (JEDDs). The City entered into separate contracts with Copley, Coventry, and Springfield Townships to create JEDDs in 1994. Voters in each township approved the respective JEDD contracts in the November 1994 election, which became effective January 1, 1995. In accordance with state law, each of the Districts' Board of Trustees levied a 2% income tax effective January 1, 1995. The proceeds of that tax are allocated, in accordance with the contract, primarily to the City. The City has utilized these JEDD revenues, in part, to construct water and sewer lines so that the JEDDs have access to the City's water and sewer system and to encourage and promote economic development.

In 1998 the City entered into a JEDD contract with Bath Township (Bath) and the City of Fairlawn (Fairlawn). This contract was approved by voters in November 1998 and became effective on January 1, 1999. As in the other JEDDs, a 2% income tax has been levied by the District. In accordance with the contract, the net JEDD revenues are allocated to the City and Fairlawn, with the City providing water and sewer services. A payment representing 10% of the net revenues for six years commencing January 1, 2000 will be delivered to Bath Township on or before March 15, 2006. The amount for calendar years 2000, 2001 and 2002 has been estimated at \$1,900,000 and has been recorded in the statement of net assets as a noncurrent liability. In addition, Bath Township receives an annual payment of \$250,000 for ten years from the City. The City has recorded the \$1,750,000 remaining balance as of December 31, 2003 due to Bath Township on the financial statements with \$250,000 as a current liability and a noncurrent liability of \$1,500,000.

On May 6, 2003, Akron voters increased the City's income tax rate from 2% to 2.25% to take effect for the City on January 1, 2004. The date the increase takes effect for Copley, Coventry and Springfield is January 1, 2005 and for Bath the increase takes effect January 1, 2006. The additional .25% increase is designated exclusively for funding the Akron Public Schools' local share in obtaining State of Ohio grants for the construction and renovation of community learning centers in Akron.

19. Transfers

For the year ended December 31, 2004 transfers presented in conformity with generally accepted accounting principles (GAAP) are listed in the following table. Interfund transfers are made to cover expenditures/expenses in various funds.

19. Transfers (Continued)

	Transfers In		
	Transfers Out	Other Governmental Funds	Other Enterprise Funds
Governmental Funds:			
General Fund	\$ 2,463,724	\$ 2,250,000	\$ 213,724
Economic Development	953,323	953,323	-
Other Governmental Funds	2,553,657	2,553,657	-
	\$ 5,970,704	\$ 5,756,980	\$ 213,724

20. Contingencies

(1) Litigation

The City is a defendant in a number of lawsuits pertaining to matters that are incidental to performing routine governmental functions. The City Law Director is of the opinion that ultimate settlement of all outstanding litigation and claims will not result in a material adverse effect on the City’s financial position.

(2) Federal and State Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grants. The City believes that such disallowances, if any, would not have a material adverse effect on the City’s financial position.

21. Closure and Post-Closure Care Costs

Pursuant to a ruling by the Ohio EPA, the Hardy Road Landfill officially closed on June 30, 2002. The City has begun diverting its waste to Waste Management's American Landfill located in Stark County. As part of a 1998 agreement, the City agreed to use landfill facilities controlled by Akron Regional Landfill, Inc., (a subsidiary of Waste Management) for disposal of ninety percent of the refuse collected by the City's sanitation division.

On October 4, 2004, the City entered into an Agreement with the Summit/Akron Solid Waste Management Authority (Authority) implementing a \$1.20 per ton increase in the waste management generation fee by the Authority to help fund the closure and post-closure operations of the landfill.

22. Related Organizations

Reported as a non-major special revenue fund in the City’s CAFR, the Akron Metropolitan Area Transportation Study (AMATS) is an association of various local political subdivisions in the Akron area whose purpose is to develop and implement a comprehensive and continuing transportation plan for Summit, Portage and parts of Wayne County. The operations of AMATS are financed primarily by federal and state grants and local matching contributions. AMATS is staffed by employees of the City of Akron Department of Planning and Urban Development, and support functions are performed

22. Related Organizations (Continued)

by various departments of the City. The City also makes all disbursements on behalf of AMATS and is reimbursed by the AMATS local share and grant funds. Most of AMATS' grant funds are deposited in a trust fund with Summit County (not included in the City's books), while some funds are deposited directly with the City of Akron.

The Akron/Summit Convention and Visitors' Bureau (Convention Center) was constructed by the City of Akron along with the County of Summit and the University of Akron, with the City paying approximately 26% of the construction costs. The Convention Center contains meeting rooms, an exhibit hall, and a large ballroom-banquet facility to accommodate a wide range of seminars, trade shows, and major community events.

23. Subsequent Event

On May 9, 2005 City Council passed ordinance # 248-2005 authorizing the refunding of a portion of the outstanding Certificates of Participation, Series 1996, by providing for the issuance, sale and delivery of Refunding Certificates of Participation, Series 2005, as Additional Certificates under the Original Trust Agreement and authorizing and approving other documents relating to the refunding.

City of Akron, Ohio

Budgetary Comparison Schedule (Non-GAAP Basis) - General Fund

For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Income taxes	\$ 71,262,140	\$ 71,262,140	\$ 69,216,301
Investment earnings	1,000,000	1,000,000	990,000
Local government	14,648,471	14,648,471	14,405,109
Other revenue	27,023,339	27,023,330	35,150,844
Property taxes	18,839,126	18,378,415	18,554,963
State taxes	6,384,330	6,384,330	3,150,694
	<u>139,157,406</u>	<u>138,696,686</u>	<u>141,467,911</u>
Other sources:			
Previous year's encumbrances	2,980,556	2,980,556	2,980,556
	<u>2,980,556</u>	<u>2,980,556</u>	<u>2,980,556</u>
Total revenues and other sources	142,137,962	141,677,242	144,448,467
Expenditures and other uses			
Expenditures:			
General Governmental:			
Civil Service Commission:			
Wages/benefits	1,443,140	1,422,140	1,398,427
Other	196,795	196,795	109,622
Capital outlay	6,000	6,000	-
	<u>1,645,935</u>	<u>1,624,935</u>	<u>1,508,049</u>
Finance:			
Administration:			
Wages/benefits	2,211,710	2,189,710	2,149,249
Other	5,226,594	5,564,994	5,334,544
	<u>7,438,304</u>	<u>7,754,704</u>	<u>7,483,793</u>
Law:			
Wages/benefits	3,012,900	2,977,900	2,910,293
Other	1,119,399	1,154,399	1,121,932
	<u>4,132,299</u>	<u>4,132,299</u>	<u>4,032,225</u>
Legislative:			
Wages/benefits	850,570	835,570	809,656
Other	268,218	288,218	184,660
	<u>1,118,788</u>	<u>1,123,788</u>	<u>994,316</u>

City of Akron, Ohio

Budgetary Comparison Schedule (Non-GAAP Basis) - General Fund

For the Year Ended December 31, 2004
(continued)

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Municipal Court - Clerk:			
Wages/benefits	\$ 2,666,950	\$ 2,691,950	\$ 2,671,462
Other	319,476	339,126	308,248
Capital outlay	6,300	6,650	6,643
	<u>2,992,726</u>	<u>3,037,726</u>	<u>2,986,353</u>
Municipal Court - Judges:			
Wages/benefits	2,840,210	2,865,210	2,850,863
Other	211,267	226,267	217,296
	<u>3,051,477</u>	<u>3,091,477</u>	<u>3,068,159</u>
Office of the Mayor:			
Wages/benefits	2,574,000	2,458,000	2,416,087
Other	370,233	506,233	478,617
	<u>2,944,233</u>	<u>2,964,233</u>	<u>2,894,704</u>
Planning Administration:			
Wages/benefits	1,411,990	1,336,990	1,307,421
Other	98,923	247,923	229,948
	<u>1,510,913</u>	<u>1,584,913</u>	<u>1,537,369</u>
Public Health:			
Wages/benefits	6,573,900	6,423,900	6,238,490
Other	971,967	996,967	960,859
	<u>7,545,867</u>	<u>7,420,867</u>	<u>7,199,349</u>
Public Safety:			
Wages/benefits	8,073,930	7,873,930	7,787,373
Other	10,837,782	10,987,782	10,835,226
Capital outlay	22,500	22,500	13,667
	<u>18,934,212</u>	<u>18,884,212</u>	<u>18,636,266</u>
Public Service:			
Wages/benefits	13,000,320	12,850,320	12,695,342
Other	11,554,610	12,369,610	12,050,420
	<u>24,554,930</u>	<u>25,219,930</u>	<u>24,745,762</u>
Fire:			
Wages/benefits	24,976,750	24,556,750	23,799,979
Other	1,381,091	1,601,091	1,502,989
Capital outlay	52,500	52,500	26,600
	<u>26,410,341</u>	<u>26,210,341</u>	<u>25,329,568</u>

City of Akron, Ohio

Budgetary Comparison Schedule (Non-GAAP Basis) - General Fund

For the Year Ended December 31, 2004
(continued)

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Police:			
Wages/benefits	\$ 40,188,920	\$ 39,966,920	\$ 39,504,289
Other	3,982,471	4,092,471	3,959,879
Capital outlay	28,000	28,000	27,197
	<u>44,199,391</u>	<u>44,087,391</u>	<u>43,491,365</u>
Total expenditures	146,479,416	147,136,816	143,907,278
Other uses:			
Transfer to Airport	284,970	239,970	213,722
Transfer to Mud Run Golf Course	211,000	211,000	-
Transfer to Highway Maintenance	1,800,000	1,800,000	1,800,000
	<u>2,295,970</u>	<u>2,250,970</u>	<u>2,013,722</u>
Total expenditures and other uses	<u>148,775,386</u>	<u>149,387,786</u>	<u>145,921,000</u>
Deficiency of revenues and other sources under expenditures and other uses	(6,637,424)	(7,710,544)	(1,472,533)
Fund balance, January 1, 2004	<u>3,271,676</u>	<u>3,271,676</u>	<u>3,271,676</u>
Fund balance (deficit), December 31, 2004	<u>\$ (3,365,748)</u>	<u>\$ (4,438,868)</u>	<u>\$ 1,799,143</u>

City of Akron, Ohio

Notes to the Budgetary Comparison Schedule – General Fund

For the Year Ended December 31, 2004

Budgetary Data

The City's budgetary process is based upon accounting for certain transactions on a basis other than on generally accepted accounting principles (GAAP). The actual results of operations are presented in the Budgetary Comparison Schedule – General Fund in accordance with the City's budgetary process (budget basis) to provide a meaningful comparison of actual results with the budget. The legal level of budgetary control is by category for each department within each fund. The categories are wages/benefits, other, and capital outlay. The only major governmental fund formally budgeted by the City is the general fund.

The major differences between budget basis and GAAP basis in the general fund are:

1. Revenues are recorded when received in cash (budget) as opposed to susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to reservation of fund balances (GAAP).

Recognition of certain revenues may be reclassified between funds to facilitate matching with the related expenditures. For example, income taxes under the budget basis are recorded in a special revenue fund and shown as transfers to the ultimate recipient fund while income taxes under the GAAP basis are recognized directly in the recipient fund.

	General Fund
Deficiency of revenues and other financing sources under expenditures and other financing uses (budgetary basis)	\$ (1,472,533)
Adjustments:	
To adjust revenues for accruals	(7,222,677)
To adjust expenditures for accruals	5,421,402
To adjust for encumbrances	<u>3,038,866</u>
Net change in fund balance	<u><u>\$ (234,942)</u></u>

**SUPPLEMENTARY
INFORMATION**

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - are used to account for types of resources for which specific uses are mandated by City ordinances or federal and state statutes. The title of the fund is descriptive of the activities accounted for therein. The non-major Special Revenue Funds are:

To Account for Special Purposes:

Income Tax Collection	Section 108 Loans
Emergency Medical Service	Industrial Incubator
Special Assessment	Joint Economic Development Districts
Income Tax Capital Improvement	Akron Muni. Court Information System
C.I.P. Operating	Canal Park Stadium COPs
Street and Highway Maintenance	Public Health
Street Assessment	Safety Programs
Equipment Replacement	City Facilities Operating
Convention and Exhibition Hall	Various Purpose Funding
Weed Control	Recreation Special Purpose
Litter Control	Deposits
Building Code Enforcement	Payroll
Tax Equivalency	Investment Earnings
E.D.A. Revolving Loans	

Federal and/or State Statutes to Account for Grants and Subsidies:

Community Development	H.O.M.E. Program
Air Pollution Control	K.A.B. Litter Control
Community Environment Grants	Police Grants
Akron Metro. Area Transportation Study	Various Domestic Violence
Summer Lunch Program	Health Grants

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Debt Service Funds - are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs. The non-major Debt Service Funds are as follows:

- General Bond Payment
- Debt Service Bond Payment
- Special Assessment Bond Payment
- Main Place Bond Payment
- Market Valley Urban Renewal Bond Payment
- Downtown Hotel Bond Payment
- Non-Tax Revenue Bond Payment
- Pension Obligation Refunding
- JEDD Bond Payment

Capital Project Funds - are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The non-major Capital Projects Funds are as follows:

To Account for Grant Revenue and Other Funding Sources:

Non-appropriated Capital Projects	Transportation
Road and Bridge Improvements	Parks and Recreation
Streets	Public Facilities and Improvements
Capital Projects with Private Funding	Public Parking
Information Technology and Improvements	

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004

Special Revenue Funds		Income Tax Collection	Emergency Medical Service	Special Assessment	Income Tax Capital Improvement	C.I.P. Operating	Street and Highway Maintenance	Street Assessment Fund
Assets								
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	9,204,473	-	8,136	5,525,352	2,183,625	-	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	93,484	-	2,354	-	1,410
Due from other funds	1,139,889	691,855	530,160	632,210	2,023,958	186,457	5,800,118	-
Total assets	\$ 1,139,889	\$ 9,896,328	\$ 530,160	\$ 733,830	\$ 7,549,310	\$ 2,372,436	\$ 5,801,528	
Liabilities								
Accounts payable	\$ 99,327	\$ 62,188	\$ 13,756	\$ 459,195	\$ 12,187	\$ 228,559	\$ 783,333	
Customer deposits	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	1,447	18,406	1,794	3,870	5,615	1,396,981	160,631	
Due to others	-	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-	-
Deferred revenue	-	8,400,938	-	-	1,890,252	1,495,772	-	-
Matured bonds payable	-	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	59,600	-	-	-	-
Accrued wages	52,797	239,724	8,825	-	25,529	225,773	110,481	
Accrued vacation and leave	-	47,832	-	-	-	-	28,130	
G.O. Notes	-	-	-	1,336,000	-	-	-	-
Total liabilities	153,571	8,769,088	24,375	1,858,665	1,933,583	3,347,085	1,082,575	
Fund balances								
Fund balance:								
Reserved for encumbrances	86,641	209,818	6,765	398,136	12,188	229,214	1,338,065	
Reserved for loans receivable	-	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	5,584	66,932	-	84,687	1,550	12,790	871	
Unreserved reported in special revenue funds	894,093	850,490	499,020	(1,607,658)	5,601,989	(1,216,653)	3,380,017	
Unreserved reported in debt service funds	-	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-	-
Total fund balances	986,318	1,127,240	505,785	(1,124,835)	5,615,727	(974,649)	4,718,953	
Total liabilities and fund balances	\$ 1,139,889	\$ 9,896,328	\$ 530,160	\$ 733,830	\$ 7,549,310	\$ 2,372,436	\$ 5,801,528	

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004
(continued)

	Equipment Replacement	Convention and Exhibition Hall	Weed Control	Litter Control	Building Code Enforcement	Community Development	Air Pollution Control
Special Revenue Funds							
Assets							
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	193,692	-
Due from other governments	-	-	-	-	-	1,445,590	-
Due from other funds	-	-	-	-	-	166,250	2,182,712
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,805,532	\$ 2,182,712
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,417	\$ 1,145
Customer deposits	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	2,008,769	3,847
Due to others	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Accrued wages	-	-	-	-	-	64,611	30,510
Accrued vacation and leave	-	-	-	-	-	3,454	-
G.O. Notes	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	\$ 2,340,251	\$ 35,502
Fund balances							
Fund balance:							
Reserved for encumbrances	-	-	-	-	-	604,452	8,932
Reserved for loans receivable	-	-	-	-	-	193,692	-
Unreserved designated for pre-encumbrances	-	-	-	-	-	6,563	1,387
Unreserved reported in special revenue funds	-	-	-	-	-	(1,339,426)	2,136,891
Unreserved reported in debt service funds	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	\$ (534,719)	\$ 2,147,210
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,805,532	\$ 2,182,712

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004
(continued)

	Akron						
	Community Environment Grants	Metro. Area Transportation Study	Summer Lunch Program	H.O.M.E. Program	K.A.B. Litter Control	Tax Equivalency	E.D.A. Revolving Loans
Special Revenue Funds							
Assets							
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	118,456	-	8,000	-	-	-
Loans receivable	984,310	-	-	1,471,885	-	-	42,521
Due from other governments	355,326	-	1,775	-	4,905	-	-
Due from other funds	203,849	-	-	2,000,246	-	357,969	20,250
Total assets	\$ 1,543,485	\$ 118,456	\$ 1,775	\$ 3,480,131	\$ 4,905	\$ 357,969	\$ 62,771
Liabilities							
Accounts payable	\$ 202,348	\$ 425	\$ -	\$ 37,575	\$ 215	\$ 87,356	\$ -
Customer deposits	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	14,183
Due to other funds	-	49,393	2,518	173,765	42,107	182	-
Due to others	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	1,286,656	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Accrued wages	-	28,451	-	-	-	-	-
Accrued vacation and leave	-	5,966	-	-	-	-	-
G.O. Notes	-	-	-	-	-	-	-
Total liabilities	202,348	84,235	2,518	1,497,996	42,322	87,538	14,183
Fund balances							
Fund balance:							
Reserved for encumbrances	368,318	16,153	-	829,158	-	475,268	-
Reserved for loans receivable	984,310	-	-	1,471,885	-	-	42,521
Unreserved designated for pre-encumbrances	-	4,331	-	-	-	-	-
Unreserved reported in special revenue funds	(11,491)	13,737	(743)	(318,908)	(37,417)	(204,837)	6,067
Unreserved reported in debt service funds	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-
Total fund balances	1,341,137	34,221	(743)	1,982,135	(37,417)	270,431	48,588
Total liabilities and fund balances	\$ 1,543,485	\$ 118,456	\$ 1,775	\$ 3,480,131	\$ 4,905	\$ 357,969	\$ 62,771

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004
(continued)

Special Revenue Funds		Joint Economic Districts	Akron Muni. Court Information System	Canal Park Stadium COPs	Public Health	Police Grants
Section 108	Industrial Incubator					
Assets						
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ -
Restricted cash and investments	-	-	-	4,095,164	-	-
Receivables, net of allowances for uncollectibles	-	-	7,109	-	-	-
Loans receivable	-	1,908,896	-	-	-	-
Due from other governments	-	-	-	-	-	999,892
Due from other funds	-	8,539,505	590,709	-	813,060	-
Total assets	\$ -	\$ 10,448,401	\$ 597,818	\$ 4,095,164	\$ 831,060	\$ 999,892
Liabilities						
Accounts payable	\$ -	\$ 234,092	\$ -	\$ -	\$ 59,093	\$ 12,641
Customer deposits	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	4,460	214	-	571	2,065,836
Due to others	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-
Deferred revenue	-	632,637	-	-	-	-
Matured bonds payable	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-
Accrued liabilities	-	287,544	-	-	-	-
Accrued wages	-	86	-	-	15,544	28,318
Accrued vacation and leave	-	-	-	-	3,454	-
G.O. Notes	-	350,000	-	-	-	-
Total liabilities	-	\$ 1,508,819	\$ 214	\$ -	\$ 78,662	\$ 2,106,795
Fund balances						
Fund balance:						
Reserved for encumbrances	-	1,727,554	10,226	-	84,924	118,194
Reserved for loans receivable	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	-	-	42,191	-	2,394	114,105
Unreserved reported in special revenue funds	-	7,212,028	545,187	4,095,164	665,080	(1,339,202)
Unreserved reported in debt service funds	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-
Total fund balances	-	\$ 8,939,582	\$ 597,604	\$ 4,095,164	\$ 752,398	\$ (1,106,903)
Total liabilities and fund balances	\$ -	\$ 10,448,401	\$ 597,818	\$ 4,095,164	\$ 831,060	\$ 999,892

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004
(continued)

Special Revenue Funds									
	Various Domestic Violence	Safety Programs	Health Grants	City Facilities Operating	Various Purpose Funding	Recreation Special Purpose	Deposits		
Assets									
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Restricted cash and investments	-	-	-	-	-	-	-		
Receivables, net of allowances for uncollectibles	-	-	-	30,070	-	-	-		5,269
Loans receivable	-	-	-	-	-	-	-		-
Due from other governments	31,552	-	-	-	-	-	-		-
Due from other funds	5,720	98,427	640,960	881,386	9,352	-	-		2,977,292
Total assets	\$ 37,272	\$ 98,427	\$ 640,960	\$ 911,456	\$ 9,352	\$ -	\$ -		\$ 2,982,561
Liabilities									
Accounts payable	\$ -	\$ 8,519	\$ 312,897	\$ 215,730	\$ 31,942	\$ -	\$ -		\$ 1,855,289
Customer deposits	-	-	-	-	-	-	-		552,798
Due to other governments	-	-	-	-	-	-	-		-
Due to other funds	127,146	647	10,211	22,395	2,040,068	-	-		257,828
Due to others	-	-	-	500,000	-	-	-		-
Deferred grant revenue	-	414,696	317,688	-	-	-	-		-
Deferred revenue	-	-	-	-	-	-	-		-
Matured bonds payable	-	-	-	-	-	-	-		-
Matured interest payable	-	-	-	-	-	-	-		-
Accrued liabilities	-	-	-	-	-	-	-		970,281
Accrued wages	812	-	69,366	4,029	2,025	-	-		-
Accrued vacation and leave	-	-	-	-	-	-	-		-
G.O. Notes	-	-	-	1,000,000	-	-	-		-
Total liabilities	127,958	423,862	710,162	1,742,154	2,074,035	-	-		3,636,196
Fund balances									
Fund balance:									
Reserved for encumbrances	81,625	61,455	845,714	3,547,840	496,564	-	-		4,000
Reserved for loans receivable	-	-	-	-	-	-	-		-
Unreserved designated for pre-encumbrances	-	92,130	53,708	243,556	10,172	-	-		-
Unreserved reported in special revenue funds	(172,311)	(479,020)	(968,624)	(4,622,094)	(2,571,419)	-	-		(657,635)
Unreserved reported in debt service funds	-	-	-	-	-	-	-		-
Unreserved reported in capital project funds	-	-	-	-	-	-	-		-
Total fund balances	(90,686)	(325,435)	(69,202)	(830,698)	(2,064,683)	-	-		(653,635)
Total liabilities and fund balances	\$ 37,272	\$ 98,427	\$ 640,960	\$ 911,456	\$ 9,352	\$ -	\$ -		\$ 2,982,561

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004
(continued)

	Special Revenue Funds						Debt Service Funds						
	Payroll	Investment Earnings	General Bond Payment	Debt Service Bond Payment	Special Assessment Bond Payment	Market Valley Urban Renewal Bond Payment	Payroll	Investment Earnings	General Bond Payment	Debt Service Bond Payment	Special Assessment Bond Payment	Main Place Bond Payment	
Assets													
Pooled cash and investments	\$ -	\$ -	293,234	\$ -	\$ -	\$ -	-	-	-	-	-	284,206	3,009
Restricted cash and investments	-	-	-	3,080,472	59,058	-	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	-	949,542	2,475	25,040,528	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	1,242,776	\$ 3,082,947	\$ 25,099,586	\$ 284,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,206	\$ 3,009
Liabilities													
Accounts payable	\$ -	\$ -	13,728	\$ -	\$ -	\$ -	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	1,128	-	-	-	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	870,097	-	23,040,528	-	-	-	-	-	-	-	-
Matured bonds payable	-	-	-	200,000	-	-	-	-	-	-	-	-	-
Matured interest payable	-	-	-	51,309	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued wages	-	-	8,863	-	-	-	-	-	-	-	-	-	-
Accrued vacation and leave	-	-	-	-	-	-	-	-	-	-	-	-	-
G.O. Notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	893,816	251,309	23,040,528	-	-	-	-	-	-	284,206	3,009
Fund balances													
Fund balance:													
Reserved for encumbrances	-	-	2,642	-	-	-	-	-	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	-	-	696	-	-	-	-	-	-	-	-	-	-
Unreserved reported in special revenue funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved reported in debt service funds	-	-	345,622	2,831,638	2,059,058	284,206	-	-	-	-	-	-	3,009
Unreserved reported in capital project funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	-	348,960	2,831,638	2,059,058	284,206	-	-	-	-	-	284,206	3,009
Total liabilities and fund balances	\$ -	\$ -	1,242,776	\$ 3,082,947	\$ 25,099,586	\$ 284,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,206	\$ 3,009

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004
(continued)

	Capital Project Funds					
	Debt Service Funds	Non-Tax Revenue	JEDD Bond Payment	Non-appropriated Capital Projects	Road and Bridge Improvements	Streets
	Downtown	Hotel Bond Payment	Pension Obligation Refunding			
Assets						
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 3,357,017	\$ -
Restricted cash and investments	4	3,105,064	53,107	4,466,512	-	-
Receivables, net of allowances for uncollectibles	-	-	-	-	1,539,360	-
Loans receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	543,134	504,613
Due from other funds	-	-	-	-	44,939	-
Total assets	4	\$ 3,105,064	\$ 53,107	\$ 4,466,512	\$ -	\$ 5,484,450
						\$ 504,613
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 70,801	\$ 6,854
Customer deposits	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	1,690,598	4,712	4,544,336
Due to others	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-
Deferred revenue	-	-	-	-	1,357,976	-
Matured bonds payable	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	13,089	114,801	1,311,825
Accrued wages	-	-	-	-	-	1,166
Accrued vacation and leave	-	-	-	-	-	-
G.O. Notes	-	-	-	-	560,000	4,164,000
Total liabilities	-	-	-	1,738,971	2,108,290	10,028,181
Fund balances						
Fund balance:						
Reserved for encumbrances	-	-	-	530,115	2,893,474	5,150,520
Reserved for loans receivable	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	-	-	-	-	-	10,745
Unreserved reported in special revenue funds	-	-	-	-	-	-
Unreserved reported in debt service funds	4	3,105,064	53,107	4,466,512	-	-
Unreserved reported in capital project funds	-	-	-	(2,269,086)	482,686	(14,684,833)
Total fund balances	4	\$ 3,105,064	\$ 53,107	\$ 4,466,512	\$ 3,376,160	\$ (9,523,568)
Total liabilities and fund balances	4	\$ 3,105,064	\$ 53,107	\$ 4,466,512	\$ 5,484,450	\$ 504,613

City of Akron, Ohio
 Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2004
 (continued)

	Capital Project Funds					Total
	Capital Projects with Private Funding	Information Technology and Improvements	Parks and Recreation	Public Facilities and Improvements	Public Parking	
Assets						
Pooled cash and investments	\$ -	\$ -	\$ 178,943	\$ 1,886,032	\$ 1,059,853	\$ 6,793,079
Restricted cash and investments	-	-	-	-	-	15,146,596
Receivables, net of allowances for uncollectibles	-	-	-	-	-	46,531,291
Loans receivable	-	-	-	-	-	2,692,408
Due from other governments	-	897,933	-	154,490	-	5,036,458
Due from other funds	-	-	-	-	-	30,537,273
Total assets	\$ -	\$ 897,933	\$ 178,943	\$ 2,040,522	\$ 1,059,853	\$ 106,737,105
Liabilities						
Accounts payable	\$ -	\$ 98,119	\$ 2,359	\$ 17,857	\$ 18,635	\$ 5,244,866
Customer deposits	-	-	-	-	-	552,798
Due to other governments	-	-	-	-	-	14,183
Due to other funds	349,701	2,221,523	4,126	3,421	3,934	17,222,180
Due to others	-	-	-	-	-	500,000
Deferred grant revenue	-	-	-	-	-	2,019,040
Deferred revenue	-	-	-	-	-	37,688,200
Matured bonds payable	-	-	-	-	-	200,000
Matured interest payable	-	-	172,922	145,204	523,032	51,309
Accrued liabilities	-	-	-	-	-	3,598,298
Accrued wages	-	64	-	-	-	916,974
Accrued vacation and leave	-	-	-	-	-	88,836
G.O. Notes	100,000	2,057,000	2,949,000	3,125,000	2,085,000	17,726,000
Total liabilities	-	449,701	4,376,706	3,291,482	2,630,601	85,822,684
Fund balances						
Fund balance:						
Reserved for encumbrances	-	28,600	512,237	625,934	1,334,977	24,415,099
Reserved for loans receivable	-	-	-	-	-	2,692,408
Unreserved designated for pre-encumbrances	-	1,120	-	28,342	-	783,854
Unreserved reported in special revenue funds	-	-	-	-	-	10,352,325
Unreserved reported in debt service funds	-	-	-	-	-	13,148,220
Unreserved reported in capital project funds	-	(478,301)	(3,461,701)	(1,905,236)	(2,905,725)	(30,477,485)
Total fund balances	-	(449,701)	(3,478,773)	(2,949,464)	(1,570,748)	20,914,421
Total liabilities and fund balances	\$ -	\$ 897,933	\$ 178,943	\$ 2,040,522	\$ 1,059,853	\$ 106,737,105

City of Akron, Ohio
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
 Year Ended December 31, 2004

	Special Revenue Funds						
	Income Tax Collection	Emergency Medical Service	Special Assessment	Income Tax Capital Improvement	C.I.P. Operating	Street and Highway Maintenance	Street Assessment Fund
Revenues							
Income taxes	\$ 5,120,693	\$ -	\$ -	\$ 22,374,020	\$ 1,892,372	\$ -	\$ -
Property taxes	-	7,701,159	-	-	-	-	-
JEDD revenues	-	-	-	-	1,800,000	-	-
Special assessments	-	-	1,136,778	-	-	96,620	7,108,013
Grants and subsidies:							
Community development	-	-	-	20,000	-	-	-
Other	-	-	-	73,484	-	71,450	9,867
Investment earnings	-	66,997	-	-	-	-	-
Shared revenues	-	1,080,589	-	-	-	4,563,874	-
Licenses, fees and fines	-	-	-	-	-	43,493	-
Charges for services	20,955	1,030,075	-	-	-	2,736,190	55,944
Miscellaneous	5,882	-	20	1,249,428	126	81,892	10,935
	5,147,530	9,878,820	1,136,798	23,716,932	3,692,498	7,593,519	7,184,759
Expenditures							
Current:							
General government	4,762,965	-	664,480	-	-	160	10,537
Public service	-	-	-	2,240,022	-	8,523,493	7,979,631
Public safety	-	10,650,332	-	119,158	-	1,296,245	-
Community environment	-	-	-	185	1,119,586	-	-
Public health	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	128	-
Capital outlay	-	-	-	1,037,985	-	-	-
Debt service:							
Principal Retirement	-	-	-	15,055,278	-	44,169	17,435
Interest	-	-	-	11,656,928	-	10,250	4,046
	4,762,965	10,650,332	664,480	30,109,556	1,119,586	9,874,445	8,011,649
Excess (deficiency) of revenues over expenditures	384,565	(771,512)	472,318	(6,392,624)	2,572,912	(2,280,926)	(826,890)
Other financing sources (uses)							
Proceeds of general obligation bonds	-	-	-	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	1,800,000	-
Transfers-out	-	-	-	-	-	-	-
	-	-	-	-	-	1,800,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	384,565	(771,512)	472,318	(6,392,624)	2,572,912	(480,926)	(826,890)
Fund balances (deficits), January 1, 2004	601,753	1,898,752	33,467	5,267,789	3,042,815	(493,723)	5,545,843
Fund balances (deficits), December 31, 2004	\$ 986,318	\$ 1,127,240	\$ 505,785	\$ (1,124,835)	\$ 5,615,727	\$ (974,649)	\$ 4,718,953

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds

Year Ended December 31, 2004
(continued)

	Equipment Replacement	Convention and Exhibition Hall	Weed Control	Litter Control	Building Code Enforcement	Community Development	Air Pollution Control
Revenues							
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Grants and subsidies:							
Community development	-	-	-	-	-	9,473,017	-
Other	-	-	-	-	-	10,000	743,949
Investment earnings	-	-	-	-	-	-	-
Shared revenues	-	-	-	-	-	-	-
Licenses, fees and fines	-	-	-	-	-	166,660	143,654
Charges for services	-	-	-	-	-	166,290	764,159
Miscellaneous	-	-	-	-	-	427,584	234
						10,243,551	1,651,996
Expenditures							
Current:							
General government	-	-	-	-	-	51,753	-
Public service	-	-	-	-	-	160	-
Public safety	-	-	-	-	-	-	-
Community environment	-	-	-	-	-	9,650,592	264
Public health	-	-	-	-	-	251,497	1,351,427
Recreation and parks	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal Retirement	-	-	-	-	-	52,532	-
Interest	-	-	-	-	-	-	-
						10,006,534	1,351,691
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	237,017	300,305
Other financing sources (uses)							
Proceeds of general obligation bonds	-	-	-	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-
Transfers-in	821,881	-	-	1,523	-	-	-
Transfers-out	-	(144,042)	(14,186)	-	-	-	-
	821,881	(144,042)	(14,186)	1,523	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	821,881	(144,042)	(14,186)	1,523	23,535	237,017	300,305
Fund balances (deficits), January 1, 2004	(821,881)	144,042	14,186	(1,523)	(23,535)	(771,736)	1,846,905
Fund balances (deficits), December 31, 2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (534,719)	\$ 2,147,210

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds

Year Ended December 31, 2004
(continued)

	Special Revenue Funds									
	Community Environment Grants	Akron Metro. Area Transportation Study	Summer Lunch Program	H.O.M.E. Program	K.A.B. Litter Control	Tax Equivalency	E.D.A. Revolving Loans			
Revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income taxes	-	-	-	-	-	154,956	-	-	-	-
Property taxes	-	-	-	-	-	95,534	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-
Grants and subsidies:										
Community development	576,703	-	-	917,098	-	-	-	-	-	-
Other	55,879	1,182,899	150,407	33,475	47,355	-	-	-	-	-
Investment earnings	11,711	-	-	-	-	-	-	-	-	-
Shared revenues	-	-	-	-	-	41,477	-	-	-	-
Licenses, fees and fines	600	-	-	7,515	-	-	-	-	-	-
Charges for services	-	86,279	-	463,230	-	-	-	-	-	(2,788)
Miscellaneous	6,329	27,584	-	-	1,822	153,531	-	-	-	4,170
	651,222	1,296,762	150,407	1,421,318	49,177	445,498	-	-	-	1,382
Expenditures										
Current:										
General government	-	-	-	-	-	4,901	-	-	-	41,282
Public service	-	-	6,790	-	-	201,599	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Community environment	637,843	1,261,882	-	1,573,773	90,705	24,740	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-
Recreation and parks	-	-	137,185	-	-	64,015	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal Retirement	-	-	-	-	-	185,237	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
	637,843	1,261,882	143,975	1,573,773	90,705	480,490	-	-	-	41,282
Excess (deficiency) of revenues over expenditures	13,379	34,880	6,432	(152,455)	(41,528)	(34,992)	-	-	-	(39,900)
Other financing sources (uses)										
Proceeds of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-	-	(4,674)
	-	-	-	-	-	-	-	-	-	(4,674)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	13,379	34,880	6,432	(152,455)	(41,528)	(34,992)	-	-	-	(44,574)
Fund balances (deficits), January 1, 2004	1,327,758	(659)	(7,175)	2,134,590	4,111	305,423	-	-	-	93,162
Fund balances (deficits), December 31, 2004	1,341,137	34,221	(743)	1,982,135	(37,417)	270,431	-	-	-	48,588

City of Akron, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds

Year Ended December 31, 2004
(continued)

Special Revenue Funds		Joint	Akron	Canal	Public	Police
Section	108	Economic	Muni. Court	Park	Health	Grants
Loans	Incubator	Development	Information	Stadium		
		Districts	System	COFs		
Revenues	\$ -	\$ -	\$ -	4,378	\$ -	-
Income taxes	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-
JEDD revenues	-	9,532,783	-	-	-	-
Special assessments	-	-	-	-	115,704	-
Grants and subsidies:	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Other	-	-	-	30,909	10,112	467,402
Investment earnings	-	-	-	-	-	-
Shared revenues	-	-	-	-	-	-
Licenses, fees and fines	-	-	196,447	-	228,418	-
Charges for services	-	744,322	-	-	786,325	86,572
Miscellaneous	-	784,282	-	-	197,179	3,001
	-	11,061,387	196,447	35,287	1,337,738	556,975
Expenditures						
Current:						
General government	-	3,196,028	121,603	10,317	-	-
Public service	-	2,154,080	-	-	-	-
Public safety	-	-	-	-	-	1,626,475
Community environment	-	12,166	-	-	-	-
Public health	-	-	-	-	1,305,166	-
Recreation and parks	-	6,727,350	-	-	-	-
Capital outlay	-	2,295,205	-	-	-	-
Debt service:	-	2,365,045	-	-	-	-
Principal Retirement	-	-	-	-	-	-
Interest	-	16,749,874	121,603	10,317	1,305,166	1,626,475
Excess (deficiency) of revenues over expenditures	-	(5,688,487)	74,844	24,970	32,572	(1,069,500)
Other financing sources (uses)						
Proceeds of general obligation bonds	-	-	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-
Transfers-in	4,674	86,917	-	-	-	100,000
Transfers-out	4,674	86,917	-	-	-	100,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,674	86,917	74,844	24,970	32,572	(969,500)
Fund balances (deficits), January 1, 2004	(4,674)	(86,917)	522,760	4,070,194	719,826	(137,403)
Fund balances (deficits), December 31, 2004	\$ -	\$ -	\$ 597,604	\$ 4,095,164	\$ 752,398	\$ (1,106,903)

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds

Year Ended December 31, 2004

(continued)

Special Revenue Funds									
	Various Domestic Violence	Safety Programs	Health Grants	City Facilities Operating	Various Purpose Funding	Recreation Special Purpose	Deposits		
Revenues	\$ -	\$ -	\$ -	\$ 582,664	\$ 193,096	\$ -	\$ -		
Income taxes	-	-	-	-	-	-	-		
Property taxes	-	-	-	-	-	-	-		
JEDD revenues	-	-	-	-	-	-	-		
Special assessments	-	-	-	346,159	-	-	-		
Grants and subsidies:									
Community development	-	-	1,246,336	-	54,345	-	-		
Other	63,104	78,166	3,467,770	-	-	-	-		
Investment earnings	-	15,953	16,139	-	22,584	-	-		
Shared revenues	-	137,941	-	224,429	-	-	-		
Licenses, fees and fines	-	89,484	-	100	-	-	-		
Charges for services	-	38,112	1,619,639	308,210	380,531	-	82,184		
Miscellaneous	-	213,910	35,093	1,812,856	495,153	-	8,269		
	63,104	573,566	6,384,977	3,274,418	1,145,709	-	90,453		
Expenditures									
Current:	59,155	-	-	433,683	106,684	-	744,591		
General government	-	-	1,191	2,251,662	1,867,072	-	-		
Public service	-	567,696	44,205	405,097	-	-	-		
Public safety	-	-	-	217,162	188,693	-	-		
Community environment	-	279	6,057,255	61,985	-	-	-		
Public health	-	-	-	164,357	514,225	-	-		
Recreation and parks	-	-	-	509,139	5,679	-	-		
Capital outlay	-	-	-	-	-	-	-		
Debt service:	-	160,429	-	25,655	-	-	-		
Principal Retirement	-	2,915	-	-	-	-	-		
Interest	-	-	-	-	-	-	-		
	59,155	731,319	6,102,651	4,068,740	2,682,353	-	744,591		
Excess (deficiency) of revenues over expenditures	3,949	(157,753)	282,326	(794,322)	(1,536,644)	-	(654,138)		
Other financing sources (uses)									
Proceeds of general obligation bonds	-	-	-	-	-	-	-		
Proceeds of general obligation notes	-	-	-	-	-	-	-		
Loan proceeds	-	-	-	-	-	-	-		
Premium on G.O. Debt	-	-	-	-	-	-	-		
Transfers-in	-	-	-	508,228	166,509	-	40,336		
Transfers-out	-	-	-	(933,856)	-	(166,509)	(22,191)		
	-	-	-	(425,628)	166,509	(166,509)	18,145		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,949	(157,753)	282,326	(1,219,950)	(1,370,135)	(166,509)	(635,993)		
Fund balances (deficits), January 1, 2004	(94,635)	(167,682)	(351,528)	389,252	(694,548)	166,509	(17,642)		
Fund balances (deficits), December 31, 2004	\$ (90,686)	\$ (325,435)	\$ (69,202)	\$ (830,698)	\$ (2,064,683)	\$ -	\$ (653,635)		

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
 Year Ended December 31, 2004
 (continued)

	Special Revenue Funds					Debt Service Funds				
	Payroll	Investment Earnings	General Bond Payment	Debt Service Bond Payment	Special Assessment Bond Payment	Main Place Bond Payment	Market Valley Urban Renewal Bond Payment			
Revenues										
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Property taxes			190,661	1,243,208		228,482				
JEDD revenues										
Special assessments					4,326,010					
Grants and subsidies:										
Community development										
Other										
Investment earnings				79,822	50,627	3,834				
Shared revenues			119,134							
Licenses, fees and fines										
Charges for services										
Miscellaneous				371,076						
			309,795	1,694,106	4,376,637	232,316				
Expenditures										
Current:										
General government			399,409	380,796	470,446					
Public service										
Public safety										
Community environment										
Public health										
Recreation and parks										
Capital outlay										
Debt service:										
Principal Retirement				2,246,292	7,264,444	244,883				
Interest				2,627,088	8,288,039	244,883				
			399,409	2,627,088	8,288,039	244,883				
			(89,614)	(932,982)	(3,911,402)	(12,567)				
Excess (deficiency) of revenues over expenditures										
Other financing sources (uses)										
Proceeds of general obligation bonds					3,560,000					
Proceeds of general obligation notes										
Loan proceeds										
Premium on G.O. Debt				216,325						
Transfers-in		22,191			100,000					
Transfers-out	(40,336)			(100,000)						
	(40,336)	22,191		116,325	3,660,000					
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(40,336)	22,191	(89,614)	(816,657)	(251,402)	(12,567)				
Fund balances (deficits), January 1, 2004	40,336	(22,191)	438,574	3,648,295	2,310,460	296,773				3,009
Fund balances (deficits), December 31, 2004	\$ -	\$ -	\$ 348,960	\$ 2,831,638	\$ 2,059,058	\$ 284,206	\$ -	\$ -	\$ -	\$ 3,009

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds

Year Ended December 31, 2004

(continued)

	Debt Service Funds		Capital Project Funds					Streets
	Downtown Hotel Bond Payment	Non-Tax Revenue Bond Payment	Pension Obligation Refunding	JEDD Bond Payment	Non-appropriated Capital Projects	Road and Bridge Improvements		
Revenues								
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ 147,757	\$ 233,466	\$ 762,475	
Property taxes	-	-	708,078	-	-	-	-	
JEDD revenues	-	-	-	-	-	-	-	
Special assessments	-	-	-	-	-	-	-	417,978
Grants and subsidies:								
Community development	-	-	-	-	-	-	-	1,986,863
Other	-	-	-	-	-	1,769,597	3,726,666	
Investment earnings	-	11,140	1,761	62,492	-	44,939	-	
Shared revenues	-	-	-	-	-	2,850,116	-	
Licenses, fees and fines	-	-	-	-	35,230	-	-	
Charges for services	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	171,068	-	236,841	
	-	11,140	709,839	62,492	354,055	4,898,118	7,130,823	
Expenditures								
Current:								
General government	-	2,500	-	-	-	-	29,373	
Public service	-	-	-	-	294,373	2,058,747	8,112,835	
Public safety	-	-	-	-	-	-	748	
Community environment	-	-	-	-	-	-	-	
Public health	-	-	-	-	12,262	110	-	
Recreation and parks	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	223,299	352,716	7,048,194	
Debt service:								
Principal Retirement	-	-	285,000	-	-	-	-	
Interest	-	-	423,078	-	-	-	456,711	
	-	2,500	708,078	-	529,934	2,411,573	15,647,861	
	-	8,640	1,761	62,492	(175,879)	2,486,545	(8,517,038)	
Other financing sources (uses)								
Proceeds of general obligation bonds	-	-	-	-	-	-	-	
Proceeds of general obligation notes	-	-	-	-	-	-	3,418,530	
Loan proceeds	-	-	-	-	-	1,609,855	1,431,839	
Premium on G.O. Debt	-	-	-	-	-	-	-	
Transfers-in	-	-	-	-	216,533	-	-	
Transfers-out	-	-	-	-	(1,065,464)	-	-	
	-	-	-	-	(848,931)	1,609,855	4,850,369	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	8,640	1,761	62,492	(1,024,810)	4,096,400	(3,666,669)	
Fund balances (deficits), January 1, 2004	4	3,096,424	51,346	4,404,020	(714,161)	(720,240)	(5,856,899)	
Fund balances (deficits), December 31, 2004	4	3,105,064	53,107	4,466,512	(1,738,971)	3,376,160	(9,523,568)	

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds

Year Ended December 31, 2004
(continued)

	Capital Project Funds	Information Technology and Improvements	Transportation	Parks and Recreation	Public Facilities and Improvements	Public Parking	Total
Revenues							
Income taxes	\$ -	\$ -	\$ 11,464	\$ 23,899	\$ -	\$ -	\$ 31,501,240
Property taxes	-	-	-	-	-	-	10,167,122
JEDD revenues	-	-	-	-	-	-	11,332,783
Special assessments	-	-	-	-	-	-	13,547,262
Grants and subsidies:							
Community development	-	-	-	-	-	-	14,274,362
Other	-	-	936,195	-	401,227	-	13,299,004
Investment earnings	-	-	-	-	-	-	418,908
Shared revenues	-	-	-	-	-	-	9,017,560
Licenses, fees and fines	-	-	-	-	-	-	986,270
Charges for services	-	-	-	-	-	1,850	8,830,180
Miscellaneous	-	-	31,746	197,389	375,985	-	7,366,615
	-	-	979,405	221,288	777,212	1,850	120,741,306
Expenditures							
Current:							
General government	-	99,931	-	-	125	-	11,590,719
Public service	-	125,119	3,679,158	2,719,769	2,469,169	5,445,089	50,129,959
Public safety	-	-	-	-	-	-	14,709,956
Community environment	-	-	-	10,860	-	-	14,788,451
Public health	-	-	-	-	-	-	9,039,981
Recreation and parks	-	-	-	559,777	-	-	1,375,672
Capital outlay	-	-	-	183,357	-	4,484	16,156,216
Debt service:							
Principal Retirement	-	-	-	-	342,625	-	25,972,892
Interest	-	-	-	-	-	-	17,718,414
	-	225,050	3,679,158	3,473,763	2,811,919	5,449,573	161,482,260
Excess (deficiency) of revenues over expenditures	-	(225,050)	(2,699,753)	(3,252,475)	(2,034,707)	(5,447,723)	(40,740,954)
Other financing sources (uses)							
Proceeds of general obligation bonds	-	-	-	-	-	-	3,560,000
Proceeds of general obligation notes	-	-	-	-	-	-	3,418,530
Loan proceeds	-	-	-	-	-	-	3,041,694
Premium on G.O. Debt	-	-	-	-	-	-	216,325
Transfers-in	1,065,464	-	62,399	-	736,790	-	5,756,980
Transfers-out	(1,065,464)	-	(62,399)	(62,399)	(736,790)	-	(2,553,657)
	-	-	62,399	(62,399)	736,790	-	13,439,872
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,065,464	(225,050)	(2,637,354)	(3,314,874)	(1,297,917)	(5,447,723)	(27,301,082)
Fund balances (deficits), January 1, 2004	(1,065,464)	(224,651)	(841,419)	365,410	46,957	3,876,975	48,215,503
Fund balances (deficits), December 31, 2004	\$ -	\$ (449,701)	\$ (3,478,773)	\$ (2,949,464)	\$ (1,250,960)	\$ (1,570,748)	\$ 20,914,421

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Income Tax Collection Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues and other sources			
Revenues:			
Income taxes	\$ 101,346,000	\$ 101,346,000	\$ 5,120,693
Miscellaneous	129,000	129,000	103,654
	<u>101,475,000</u>	<u>101,475,000</u>	<u>5,224,347</u>
Other sources:			
Previous year's encumbrances	67,392	67,392	67,392
	<u>101,542,392</u>	<u>101,542,392</u>	<u>5,291,739</u>
Expenditures and other uses			
Expenditures:			
General Governmental:			
Taxation:			
Wages/benefits	2,136,510	2,136,510	2,049,311
Other	101,053,272	101,053,272	3,166,157
	<u>103,189,782</u>	<u>103,189,782</u>	<u>5,215,468</u>
Total expenditures			
	103,189,782	103,189,782	5,215,468
Excess (deficiency) of revenues and other sources over expenditures and other uses			
	(1,647,390)	(1,647,390)	76,271
Fund balance, January 1, 2004			
	971,393	971,393	971,393
Fund balance (deficit), December 31, 2004			
	<u>\$ (675,997)</u>	<u>\$ (675,997)</u>	<u>\$ 1,047,664</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Emergency Medical Services Fund,
Non-GAAP Budget Basis

For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues and other sources			
Revenues:			
Property taxes	\$ 9,231,697	\$ 8,990,573	\$ 9,077,739
Miscellaneous	527,500	527,500	1,402,825
	<u>9,759,197</u>	<u>9,518,073</u>	<u>10,480,564</u>
Other sources:			
Previous year's encumbrances	270,294	270,294	270,294
	<u>10,029,491</u>	<u>9,788,367</u>	<u>10,750,858</u>
Total revenues and other sources	10,029,491	9,788,367	10,750,858
Expenditures and other uses			
Expenditures:			
Public Safety:			
Emergency Medical Services:			
Wages/benefits	9,750,070	9,750,070	9,669,351
Other	1,405,494	1,768,884	1,003,250
Capital outlay	70,000	70,000	50,000
	<u>11,225,564</u>	<u>11,588,954</u>	<u>10,722,601</u>
Total expenditures	11,225,564	11,588,954	10,722,601
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,196,073)	(1,800,587)	28,257
Fund deficit, January 1, 2004	<u>(55,231)</u>	<u>(55,231)</u>	<u>(55,231)</u>
Fund deficit, December 31, 2004	<u>\$ (1,251,304)</u>	<u>\$ (1,855,818)</u>	<u>\$ (26,974)</u>

Schedule of Revenues, Expenditures and
 Changes in Fund Balance-Budget and Actual-
 Special Assesment Fund, Non-GAAP Budget Basis
 For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Special assessments	\$ 12,750,000	\$ 12,750,000	\$ 1,136,798
Other sources:			
Previous year's encumbrances	1,856	1,856	1,856
Total revenues and other sources	12,751,856	12,751,856	1,138,654
Expenditures and other uses			
Expenditures:			
General Governmental:			
Treasury:			
Wages/benefits	357,860	357,860	336,411
Other	11,690,266	11,690,266	701,984
Total expenditures	12,048,126	12,048,126	1,038,395
Excess of revenues and other sources over expenditures and other uses	703,730	703,730	100,259
Fund balance, January 1, 2004	423,135	423,135	423,135
Fund balance, December 31, 2004	\$ 1,126,865	\$ 1,126,865	\$ 523,394

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Police Pension Employer's Liability Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Property taxes	\$ 989,110	\$ 963,275	\$ 367,614
Total revenues	989,110	963,275	367,614
Expenditures and other uses			
Expenditures:			
Public Safety:			
Police:			
Other	954,040	966,250	366,187
Total expenditures	954,040	966,250	366,187
Excess (deficiency) of revenues and other sources over expenditures and other uses	35,070	(2,975)	1,427
Fund balance, January 1, 2004	9,417	9,417	9,417
Fund balance, December 31, 2004	\$ 44,487	\$ 6,442	\$ 10,844

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Fire Pension Employer's Liability Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Property taxes	\$ 989,110	\$ 963,275	\$ 367,614
Total revenues	989,110	963,275	367,614
Expenditures and other uses			
Expenditures:			
Public Safety:			
Fire:			
Other	954,040	966,250	366,187
Total expenditures	954,040	966,250	366,187
Excess (deficiency) of revenues and other sources over expenditures and other uses	35,070	(2,975)	1,427
Fund balance, January 1, 2004	9,417	9,417	9,417
Fund balance, December 31, 2004	\$ 44,487	\$ 6,442	\$ 10,844

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Capital Investments Program (C.I.P.) Operating Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Income taxes	\$ 27,372,090	\$ 27,372,090	\$ 1,200,548
Miscellaneous	100	100	1,800,126
	<u>27,372,190</u>	<u>27,372,190</u>	<u>3,000,674</u>
Other sources:			
Previous year's encumbrances	<u>11,625</u>	<u>11,625</u>	<u>11,625</u>
Total revenues and other sources	27,383,815	27,383,815	3,012,299
Expenditures and other uses			
Expenditures:			
Community Environment:			
Planning and Urban Development:			
Wages/benefits	1,000,480	1,000,480	991,642
Other	25,362,375	25,362,255	155,904
Capital outlay	<u>6,000</u>	<u>6,120</u>	<u>6,117</u>
Total expenditures	26,368,855	26,368,855	1,153,663
Excess of revenues and other sources over expenditures and other uses	1,014,960	1,014,960	1,858,636
Fund balance, January 1, 2004	<u>151,583</u>	<u>151,583</u>	<u>151,583</u>
Fund balance, December 31, 2004	<u>\$ 1,166,543</u>	<u>\$ 1,166,543</u>	<u>\$ 2,010,219</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Street and Highway Maintenance Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Gasoline tax	\$ 4,256,710	\$ 4,256,710	\$ 3,415,284
Motor vehicle license tax	1,658,150	1,658,150	1,344,482
Sales and service revenue	859,250	859,250	756,815
Transfer from State of Ohio	1,555,940	1,555,940	2,082,811
	<u>8,330,050</u>	<u>8,330,050</u>	<u>7,599,392</u>
Other sources:			
Other transfer in	1,800,000	1,800,000	1,800,000
Previous year's encumbrances	546,255	546,255	546,255
	<u>2,346,255</u>	<u>2,346,255</u>	<u>2,346,255</u>
Total other sources	<u>2,346,255</u>	<u>2,346,255</u>	<u>2,346,255</u>
Total revenues and other sources	10,676,305	10,676,305	9,945,647
Expenditures and other uses			
Expenditures:			
Public Service:			
Wages/benefits	5,396,170	5,396,170	5,320,285
Other	3,959,890	4,099,890	3,725,886
	<u>9,356,060</u>	<u>9,496,060</u>	<u>9,046,171</u>
Public Safety:			
Wages/benefits	949,540	979,540	973,234
Other	291,775	296,775	285,352
Capital outlay	3,470	3,470	3,825
	<u>1,244,785</u>	<u>1,279,785</u>	<u>1,262,411</u>
Total expenditures	10,600,845	10,775,845	10,308,582
Excess (deficiency) of revenues and other sources over expenditures and other uses	75,460	(99,540)	(362,935)
Fund deficit, January 1, 2004	<u>(1,213,301)</u>	<u>(1,213,301)</u>	<u>(1,213,301)</u>
Fund deficit, December 31, 2004	<u>\$ (1,137,841)</u>	<u>\$ (1,312,841)</u>	<u>\$ (1,576,236)</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Street Assessment Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Special assessments	\$ 6,462,000	\$ 6,462,000	\$ 7,103,414
Miscellaneous	80,000	80,000	79,934
	<u>6,542,000</u>	<u>6,542,000</u>	<u>7,183,348</u>
Other sources:			
Previous year's encumbrances	2,422,325	2,422,325	2,422,325
	<u>2,422,325</u>	<u>2,422,325</u>	<u>2,422,325</u>
Total revenues and other sources	8,964,325	8,964,325	9,605,673
Expenditures and other uses			
Expenditures:			
Public Service:			
Street Lighting:			
Wages/benefits	144,470	144,470	139,725
Other	5,389,770	5,389,770	5,112,612
	<u>5,534,240</u>	<u>5,534,240</u>	<u>5,252,337</u>
Street Cleaning:			
Wages/benefits	2,701,340	2,601,340	2,602,230
Other	2,445,465	2,905,465	2,804,273
	<u>5,146,805</u>	<u>5,506,805</u>	<u>5,406,503</u>
Total expenditures	10,681,045	11,041,045	10,658,840
Deficiency of revenues and other sources over expenditures and other uses	(1,716,720)	(2,076,720)	(1,053,167)
Fund balance, January 1, 2004	4,170,543	4,170,543	4,170,543
Fund balance, December 31, 2004	<u>\$ 2,453,823</u>	<u>\$ 2,093,823</u>	<u>\$ 3,117,376</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Community Development Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Grants and subsidies	\$ 3,569,760	\$ 3,569,760	\$ 2,882,646
Other sources:			
Previous year's encumbrances	38,869	38,869	38,869
Total revenues and other sources	3,608,629	3,608,629	2,921,515
Expenditures and other uses			
Expenditures:			
General Government:			
Economic Development:			
Wages/benefits	82,590	82,090	54,130
Other	1,550	2,050	1,936
	<u>84,140</u>	<u>84,140</u>	<u>56,066</u>
Community Environment:			
Planning and Urban Development:			
Wages/benefits	2,587,970	2,587,470	2,323,159
Other	583,879	583,879	483,366
Capital Outlay	9,500	10,000	3,540
	<u>3,181,349</u>	<u>3,181,349</u>	<u>2,810,065</u>
Public Health:			
Environmental Services:			
Wages/benefits	263,200	258,200	238,430
Other	12,880	17,880	16,279
	<u>276,080</u>	<u>276,080</u>	<u>254,709</u>
Total expenditures	3,541,569	3,541,569	3,120,840
Excess (deficiency) of revenues and other sources over expenditures and other uses	67,060	67,060	(199,325)
Fund deficit, January 1, 2004	<u>(239,573)</u>	<u>(239,573)</u>	<u>(239,573)</u>
Fund deficit, December 31, 2004	<u>\$ (172,513)</u>	<u>\$ (172,513)</u>	<u>\$ (438,898)</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Air Pollution Control Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Federal grant	\$ 419,530	\$ 419,530	\$ 379,051
Local emmission/asbestos fees	146,300	146,300	189,679
Other revenue	2,110	2,110	2,246
State general revenues	49,810	49,810	130,537
State permit fees	782,250	782,250	964,888
	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,666,401</u>
Other sources:			
Previous year's encumbrances	18,012	18,012	18,012
	<u>1,418,012</u>	<u>1,418,012</u>	<u>1,684,413</u>
Total revenues and other sources	1,418,012	1,418,012	1,684,413
Expenditures and other uses			
Expenditures:			
Public Health:			
Wages/benefits	1,257,460	1,257,460	1,090,350
Other	300,772	300,772	278,317
	<u>1,558,232</u>	<u>1,558,232</u>	<u>1,368,667</u>
Total expenditures	1,558,232	1,558,232	1,368,667
Excess (deficiency) of revenues and other sources over expenditures and other uses	(140,220)	(140,220)	315,746
Fund balance, January 1, 2004	<u>1,825,024</u>	<u>1,825,024</u>	<u>1,825,024</u>
Fund balance, December 31, 2004	<u>\$ 1,684,804</u>	<u>\$ 1,684,804</u>	<u>\$ 2,140,770</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Akron Metropolitan Area Transportation Study Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Grants and subsidies	\$ 1,372,310	\$ 1,372,310	\$ 1,262,901
Miscellaneous	19,000	19,000	9,985
	<u>1,391,310</u>	<u>1,391,310</u>	<u>1,272,886</u>
Other sources:			
Previous year's encumbrances	43,717	43,717	43,717
	<u>1,435,027</u>	<u>1,435,027</u>	<u>1,316,603</u>
Expenditures and other uses			
Expenditures:			
Community Environment:			
AMATS:			
Wages/benefits	1,167,090	1,167,090	1,034,293
Other	289,596	286,846	232,156
Capital outlay	23,231	25,981	25,571
	<u>1,479,917</u>	<u>1,479,917</u>	<u>1,292,020</u>
Total expenditures	1,479,917	1,479,917	1,292,020
Excess (deficiency) of revenues and other sources over expenditures and other uses	(44,890)	(44,890)	24,583
Fund deficit, January 1, 2004	(93,045)	(93,045)	(93,045)
Fund deficit, December 31, 2004	<u>\$ (137,935)</u>	<u>\$ (137,935)</u>	<u>\$ (68,462)</u>

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
General Bond Payment Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Property taxes	\$ 945,837	\$ 920,863	\$ 340,217
Other sources:			
Previous year's encumbrances	6,198	6,198	6,198
Total revenues and other sources	952,035	927,061	346,415
Expenditures and other uses			
Expenditures:			
General Government:			
Treasury:			
Wages/benefits	322,530	322,530	318,508
Other	838,108	851,878	95,311
Total expenditures	1,160,638	1,174,408	413,819
Deficiency of revenues and other sources over expenditures and other uses	(208,603)	(247,347)	(67,404)
Fund balance, January 1, 2004	357,302	357,302	357,302
Fund balance, December 31, 2004	\$ 148,699	\$ 109,955	\$ 289,898

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NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds - are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The non-major Enterprise Funds are as follows:

- Oil and Gas
- Golf Course
- Airport

City of Akron, Ohio

Statement of Net Assets - Non-Major Enterprise Funds

December 31, 2004

	Oil and Gas	Golf Course	Airport	Total
Assets				
Pooled cash and investments	\$ 315,530	\$ -	\$ 172,212	\$ 487,742
Due from other governments	-	847	31,884	32,731
Due from other funds	7,469	-	1,110	8,579
Inventories, at cost	-	36,831	14,952	51,783
Property, plant and equipment, net of accumulated depreciation	395,485	1,448,835	8,552,737	10,397,057
Total assets	718,484	1,486,513	8,772,895	10,977,892
Liabilities				
Accounts payable	11,770	16,959	1,662	30,391
Due to other funds	1,173	262,437	7,122	270,732
Accrued interest payable	-	2,563	-	2,563
Accrued liabilities	2,900	21,519	9,490	33,909
Accrued wages	2,899	11,289	11,424	25,612
Accrued vacation and leave	10,299	30,286	30,054	70,639
Debt:				
General obligation bonds	-	42,500	-	42,500
Noncurrent liabilities				
Due in more than one year	51,485	151,696	121,731	324,912
Bonds, notes, loans	-	552,500	-	552,500
Total liabilities	80,526	1,091,749	181,483	1,353,758
Net assets				
Invested in capital assets net of related debt	395,485	853,835	8,552,737	9,802,057
Unrestricted (deficit)	242,473	(459,071)	38,675	(177,923)
Total net assets	\$ 637,958	\$ 394,764	\$ 8,591,412	\$ 9,624,134

City of Akron, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Assets - Non-Major Enterprise Funds

For the Year Ended December 31, 2004

	Oil and Gas	Golf Course	Airport	Total
Operating revenues				
Charges for services	\$ -	\$ 889,957	\$ 180,169	\$ 1,070,126
Other	351,976	94,112	263,937	710,025
	<u>351,976</u>	<u>984,069</u>	<u>444,106</u>	<u>1,780,151</u>
Operating expenses				
Personal services	115,647	775,439	383,603	1,274,689
Direct expenses	134,195	298,051	92,714	524,960
Rentals and lease	4,000	65,842	-	69,842
Utilities	978	122,815	10,369	134,162
Insurance	2,026	4,277	32,758	39,061
Depreciation, depletion and amortization	24,777	48,577	185,422	258,776
Royalty and expense	925	-	-	925
Other	2,059	-	-	2,059
	<u>284,607</u>	<u>1,315,001</u>	<u>704,866</u>	<u>2,304,474</u>
Operating income (loss)	67,369	(330,932)	(260,760)	(524,323)
Non-operating revenues (expenses)				
Interest income	2,219	-	-	2,219
Interest expense	-	(32,464)	-	(32,464)
Capital contributions	-	847	31,884	32,731
	<u>2,219</u>	<u>(31,617)</u>	<u>31,884</u>	<u>2,486</u>
Income (loss) before transfers	69,588	(362,549)	(228,876)	(521,837)
Transfers-in	-	-	213,724	213,724
	<u>-</u>	<u>-</u>	<u>213,724</u>	<u>213,724</u>
Changes in net assets	69,588	(362,549)	(15,152)	(308,113)
Net assets, January 1, 2004	568,370	757,313	8,606,564	9,932,247
Net assets, December 31, 2004	<u>\$ 637,958</u>	<u>\$ 394,764</u>	<u>\$ 8,591,412</u>	<u>\$ 9,624,134</u>

City of Akron, Ohio
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2004

	<u>Oil and Gas</u>	<u>Golf</u>	<u>Airport</u>	<u>Total Non-Major Enterprise Funds</u>
Operating activities				
Cash received from customers	\$ 595	\$ 889,957	\$ 179,059	\$1,069,611
Cash payments to suppliers for goods and services	(131,410)	(490,266)	(140,115)	(761,791)
Cash paid for salaries and employee benefits	(112,283)	(764,797)	(374,569)	(1,251,649)
Other revenues	351,976	94,112	263,937	710,025
Other expenses	(2,059)	-	-	(2,059)
Net cash provided by (used for) operating activities	106,819	(270,994)	(71,688)	(235,863)
Non-capital financing activities				
Operating transfers from other funds	-	-	213,724	213,724
Transfers in for negative cash balances	-	261,382	-	261,382
Net cash provided by non-capital financing activities	-	261,382	213,724	475,106
Capital and related financing activities				
Principal paid on bonds and loans	-	(42,500)	-	(42,500)
Interest paid on bonds and loans	-	(32,619)	-	(32,619)
Acquisition and construction of capital assets	-	-	(212,160)	(212,160)
Net cash used for capital and related financing activities	-	(75,119)	(212,160)	(287,279)
Investing activities				
Interest on investments	2,219	-	-	2,219
Net cash provided by investing activities	2,219	-	-	2,219
Net increase (decrease) in cash and cash equivalents	109,038	(84,731)	(70,124)	(45,817)
Cash and cash equivalents, January 1, 2004	206,492	84,731	242,336	533,559
Cash and cash equivalents, December 31, 2004	<u>\$ 315,530</u>	<u>\$ -</u>	<u>\$ 172,212</u>	<u>\$ 487,742</u>

City of Akron, Ohio
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2004
(continued)

	<u>Oil and Gas</u>	<u>Golf</u>	<u>Airport</u>	<u>Total Non-Major Enterprise Funds</u>
Operating income (loss)	\$ 67,369	\$ (330,932)	\$ (260,760)	\$ (524,323)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	24,777	48,577	185,422	258,776
(Increase) decrease in operating assets:				
Receivables	-	-	-	-
Due from other funds	595	-	(1,110)	(515)
Inventories	-	(2,927)	984	(1,943)
Increase (decrease) in operating liabilities:				
Accounts payable	11,615	3,277	(6,183)	8,709
Due to other funds	(901)	369	925	393
Accrued liabilities	129	1,630	(710)	1,049
Accrued wages	(719)	(2,463)	(3,025)	(6,207)
Accrued vacation and leave	3,954	11,475	12,769	28,198
Net cash provided by (used for) operating activities	<u>\$ 106,819</u>	<u>\$ (270,994)</u>	<u>\$ (71,688)</u>	<u>\$ (235,863)</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds - are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The title of the funds indicate the type of service provided. The Internal Service Funds are:

- Motor Equipment:
- Medical Self-Insurance
- Workers' Compensation Reserve
- Self-Insurance Settlement
- Storeroom
- Telephone System
- Graphics
- Engineering Bureau
- Management Information Systems

Combining Statement of Net Assets - Internal Service Funds

December 31, 2004

	Motor Equipment	Medical Self- Insurance	Workers' Compensation Reserve	Self- Insurance Settlement
Assets				
Pooled cash and investments	\$ -	\$ -	\$ 4,853,765	\$ -
Receivables, net of allowances for uncollectibles	77,548	59,119	-	-
Due from other funds	1,054,422	-	-	-
Inventories, at cost	844,922	-	-	-
Property, plant and equipment, net of accumulated depreciation	1,651,001	-	-	-
Total assets	3,627,893	59,119	4,853,765	-
Liabilities				
Accounts payable	342,351	42,424	5,242	544
Due to other funds	740,915	257,716	-	557,699
Accrued interest payable	708	-	-	11,162
Accrued liabilities	59,927	-	1,465,461	-
Accrued wages	73,276	-	-	-
Accrued vacation and leave	127,274	-	-	-
Obligations under capital lease	-	-	-	-
Liability for unpaid claims	-	1,715,848	1,463,837	641,789
Debt:				
General obligation bonds	13,096	-	-	95,000
Noncurrent liabilities				
Obligations under capital lease	-	-	-	-
Due in more than one year	317,443	-	6,821,432	-
Bonds, notes, loans	175,576	-	-	2,380,000
Total liabilities	1,850,566	2,015,988	9,755,972	3,686,194
Net assets				
Invested in capital assets net of related debt	1,462,329	-	-	-
Unrestricted (deficit)	314,998	(1,956,869)	(4,902,207)	(3,686,194)
Total net assets	\$ 1,777,327	\$ (1,956,869)	\$ (4,902,207)	\$ (3,686,194)

Combining Statement of Net Assets - Internal Service Funds

December 31, 2004

Storeroom	Telephone System	Graphics	Engineering Bureau	Management Information Systems	Total
\$ 18,728	\$ 194,163	\$ -	\$ 463,425	\$ -	\$ 5,530,081
-	-	-	-	-	136,667
91,702	82,469	-	75,714	-	1,304,307
75,047	-	-	-	-	919,969
40,582	281,673	-	130,461	1,741,219	3,844,936
226,059	558,305	-	669,600	1,741,219	11,735,960
51,434	71,770	-	7,409	22,837	544,011
183	443	-	97,840	1,369,421	3,024,217
-	-	-	264	-	12,134
4,278	-	-	143,526	34,634	1,707,826
4,748	-	-	151,487	37,090	266,601
8,395	-	-	385,371	102,503	623,543
-	-	-	-	181,783	181,783
-	-	-	-	-	3,821,474
-	-	-	17,816	-	125,912
-	-	-	-	328,374	328,374
33,512	-	-	1,210,107	290,370	8,672,864
-	-	-	58,034	-	2,613,610
102,550	72,213	-	2,071,854	2,367,012	21,922,349
40,582	281,673	-	54,611	1,231,062	3,070,257
82,927	204,419	-	(1,456,865)	(1,856,855)	(13,256,646)
\$ 123,509	\$ 486,092	\$ -	\$ (1,402,254)	\$ (625,793)	\$ (10,186,389)

City of Akron, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds

For the Year Ended December 31, 2004

	Motor Equipment	Medical Self- Insurance	Workers' Compensation Reserve	Self- Insurance Settlement
Operating revenues				
Charges for services	\$ 7,230,087	\$ 21,203,960	\$ 974,720	\$ -
Other	56,991	231,155	11,200	480,901
	<u>7,287,078</u>	<u>21,435,115</u>	<u>985,920</u>	<u>480,901</u>
Operating expenses				
Personal services	2,501,530	-	-	-
Direct expenses	4,637,973	2,687,128	4,508,126	544
Claims	-	17,947,754	1,398,870	156,636
Rentals and lease	-	-	-	-
Utilities	97,518	-	-	-
Insurance	11,781	-	-	-
Depreciation, depletion and amortization	61,632	-	-	-
	<u>7,310,434</u>	<u>20,634,882</u>	<u>5,906,996</u>	<u>157,180</u>
Operating income (loss)	(23,356)	800,233	(4,921,076)	323,721
Non-operating revenues (expenses)				
Interest income	-	-	4,896	-
Interest expense	(8,986)	-	-	(137,905)
Gain on disposal of capital assets	4,260	-	-	-
	<u>(4,726)</u>	<u>-</u>	<u>4,896</u>	<u>(137,905)</u>
Net income (loss)	(28,082)	800,233	(4,916,180)	185,816
Net assets, January 1, 2004	<u>1,805,409</u>	<u>(2,757,102)</u>	<u>13,973</u>	<u>(3,872,010)</u>
Net assets, December 31, 2004	<u>\$ 1,777,327</u>	<u>\$ (1,956,869)</u>	<u>\$ (4,902,207)</u>	<u>\$ (3,686,194)</u>

City of Akron, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds

For the Year Ended December 31, 2004

Storeroom	Telephone System	Graphics	Engineering Bureau	Management Information Systems	Total
\$ 1,270,118	\$ 440,628	\$ -	\$ 6,503,436	\$ 4,174,997	\$ 41,797,946
3,800	41,944	-	2,605	21	828,617
1,273,918	482,572	-	6,506,041	4,175,018	42,626,563
174,600	-	-	5,673,004	1,243,112	9,592,246
999,774	261,332	18,075	670,490	542,176	14,325,618
-	-	-	-	-	19,503,260
107,157	-	-	-	419,324	526,481
3,802	136,830	-	96,296	3,701	338,147
-	-	-	13,777	810	26,368
6,159	30,158	-	142,225	683,001	923,175
1,291,492	428,320	18,075	6,595,792	2,892,124	45,235,295
(17,574)	54,252	(18,075)	(89,751)	1,282,894	(2,608,732)
-	-	-	-	-	4,896
-	-	-	(3,891)	(45,706)	(196,488)
-	-	-	-	-	4,260
-	-	-	(3,891)	(45,706)	(187,332)
(17,574)	54,252	(18,075)	(93,642)	1,237,188	(2,796,064)
141,083	431,840	18,075	(1,308,612)	(1,862,981)	(7,390,325)
\$ 123,509	\$ 486,092	\$ -	\$ (1,402,254)	\$ (625,793)	\$ (10,186,389)

City of Akron, Ohio
Combining Statement of Cash Flows-Internal Service Funds
For the Year Ended December 31, 2004

	Motor Equipment	Medical Self - Insurance	Workers' Compensation Reserve	Self - Insurance Settlement	Storeroom
Operating activities					
Cash received from customers	\$ 7,092,384	\$ 21,168,813	\$ 974,720	\$ -	\$ 1,330,909
Cash payments to suppliers for goods and services	(4,588,370)	-	-	(273,075)	(1,185,873)
Cash paid for salaries and employee benefits	(2,618,140)	(21,289,592)	(5,628,902)	-	(183,227)
Other revenues	56,991	231,155	20,012	480,901	3,800
Net cash provided by (used for) operating activities	(57,135)	110,376	(4,634,170)	207,826	(34,391)
Non-capital financing activities					
Transfers in for negative cash balances	738,775	257,716	-	557,699	-
Transfers out for negative cash balances	(496,763)	(368,092)	-	(537,260)	-
Principal paid on bonds and loans	-	-	-	(90,000)	-
Interest paid on bonds and loans	-	-	-	(138,265)	-
Net cash provided by (used for) non-capital financing activities	242,012	(110,376)	-	(207,826)	-
Capital and related financing activities					
Principal paid on bonds and loans	(12,267)	-	-	-	-
Interest paid on bonds and loans	(9,031)	-	-	-	-
Acquisition and construction of capital assets	(163,579)	-	-	-	-
Net cash used for capital and related financing activities	(184,877)	-	-	-	-
Investing activities					
Proceeds from the sales and maturities of investment securities	-	-	4,896	-	-
Net cash provided by investing activities	-	-	4,896	-	-
Net increase (decrease) in cash and cash equivalents	-	-	(4,629,274)	-	(34,391)
Cash and cash equivalents, January 1, 2004	-	-	9,483,039	-	53,119
Cash and cash equivalents, December 31, 2004	\$ -	\$ -	\$ 4,853,765	\$ -	\$ 18,728

City of Akron, Ohio
Combining Statement of Cash Flows-Internal Service Funds
For the Year Ended December 31, 2004

Telephone System	Graphics	Engineering Bureau	Management Information Systems	Total
\$ 364,729	\$ 3,792	\$ 6,483,492	\$ 4,174,997	\$ 41,593,836
(343,912)	(18,466)	(806,927)	(1,024,157)	(8,240,780)
-	-	(5,552,706)	(1,189,983)	(36,462,550)
41,944	-	2,605	21	837,429
62,761	(14,674)	126,464	1,960,878	(2,272,065)
207,037	-	357,965	1,367,104	3,486,296
-	-	-	(1,788,406)	(3,190,521)
-	-	-	-	(90,000)
-	-	-	-	(138,265)
207,037	-	357,965	(421,302)	67,510
-	-	(17,047)	(1,173,198)	(1,202,512)
-	-	(3,957)	(49,861)	(62,849)
(75,635)	-	-	(316,517)	(555,731)
(75,635)	-	(21,004)	(1,539,576)	(1,821,092)
-	-	-	-	4,896
-	-	-	-	4,896
194,163	(14,674)	463,425	-	(4,020,751)
-	14,674	-	-	9,550,832
\$ 194,163	\$ -	\$ 463,425	\$ -	\$ 5,530,081

City of Akron, Ohio
Combining Statement of Cash Flows-Internal Service Funds
For the Year Ended December 31, 2004
(continued)

	Motor Equipment	Medical Self - Insurance	Workers' Compensation	Self - Insurance Settlement	Storeroom
Operating income (loss)	\$ (23,356)	\$ 800,233	\$ (4,921,076)	\$ 323,721	\$ (17,574)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	61,632	-	-	-	6,159
(Increase) decrease in operating assets:					
Receivables	(49,223)	(35,147)	8,812	-	-
Due from other funds	(88,480)	-	-	-	60,791
Inventories	23,276	-	-	-	(695)
Increase (decrease) in operating liabilities:					
Accounts payable	136,749	41,100	1,644	(3,747)	(74,624)
Due to other funds	(1,123)	-	-	-	179
Accrued liabilities	(6,648)	-	-	-	(580)
Accrued wages	(25,094)	-	-	-	(1,964)
Accrued vacation and leave	(84,868)	-	-	-	(6,083)
Estimated liability for unpaid claims	-	(695,810)	276,450	(112,148)	-
Net cash provided by (used for) operating activities	<u>\$ (57,135)</u>	<u>\$ 110,376</u>	<u>\$ (4,634,170)</u>	<u>\$ 207,826</u>	<u>\$ (34,391)</u>

City of Akron, Ohio
 Combining Statement of Cash Flows-Internal Service Funds
 For the Year Ended December 31, 2004
 (continued)

Telephone System	Graphics	Engineering Bureau	Management Information Systems	Total
\$ 54,252	\$ (18,075)	\$ (89,751)	\$ 1,282,894	\$ (2,608,732)
30,158	-	142,225	683,001	923,175
-	-	-	-	(75,558)
(75,899)	3,792	(19,944)	-	(119,740)
-	-	-	-	22,581
53,807	(87)	(24,646)	(25,741)	104,455
443	(304)	(1,718)	(32,405)	(34,928)
-	-	(780)	5,544	(2,464)
-	-	(48,383)	(2,724)	(78,165)
-	-	169,461	50,309	128,819
-	-	-	-	(531,508)
<u>\$ 62,761</u>	<u>\$ (14,674)</u>	<u>\$ 126,464</u>	<u>\$ 1,960,878</u>	<u>\$ (2,272,065)</u>

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FIDUCIARY FUNDS

Private Purpose Trust Funds - are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. The City has the following Fiduciary Funds:

Claire Merrix Trust
Holocaust Memorial Trust
Police/Fire Beneficiary Trust

Municipal Court Agency Fund - is used to account for assets held by the Municipal Court Clerk for individuals, private organizations, and other governments.

City of Akron, Ohio

Combining Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2004

	Private Purpose Trust				Agency
	Claire Merrix Trust	Holocaust Memorial Trust	Police/Fire Beneficiary Trust	Total Private Purpose Trust Funds	Municipal Court
Assets					
Cash and investments	\$ 810	\$ 206	\$ 1,600	\$ 2,616	\$ 639,727
Total assets	810	206	1,600	2,616	639,727
Liabilities					
Due to other governments	-	-	-	-	639,727
Total liabilities	-	-	-	-	639,727
Net assets	\$ 810	\$ 206	\$ 1,600	\$ 2,616	\$ -

City of Akron, Ohio

Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds

For the Year Ended December 31, 2004

	Claire Merrix Trust	Holocaust Memorial Trust	Police/Fire Beneficiary Trust	Total
Additions				
Contributions	\$ -	\$ 6,730	\$ 300	\$ 7,030
	-	6,730	300	7,030
Deductions				
Education and awareness	-	12,580	-	12,580
	-	12,580	-	12,580
Excess (deficiency) of revenues over expenditures	-	(5,850)	300	(5,550)
Net assets, January 1, 2004	810	6,056	1,300	8,166
Net assets, December 31, 2004	\$ 810	\$ 206	\$ 1,600	\$ 2,616

City of Akron, Ohio

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Municipal Court				
Assets				
Cash	\$ 668,138	\$ -	\$ 28,411	\$ 639,727
Liabilities				
Due to other governments	\$ 668,138	\$ -	\$ 28,411	\$ 639,727
 Total All Agency Funds				
Assets				
Cash	\$ 668,138	\$ -	\$ 28,411	\$ 639,727
Liabilities				
Due to other governments	\$ 668,138	\$ -	\$ 28,411	\$ 639,727

Statistical Section

TABLE 1
CITY OF AKRON, OHIO
GENERAL GOVERNMENTAL EXPENDITURES
BY FUNCTION (1)
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	General Government	Public Service	Public Safety	Community Environment	Public Health	Recreation & Parks	Capital Outlay	Debt Service	Total
1995	\$ 28,181	\$18,430	\$80,285	\$ 22,615	\$12,596	\$ 5,839	\$ 39,363	\$ 20,552	\$ 227,861
1996	24,083	20,962	82,980	19,141	10,499	7,014	61,691	22,329	248,699
1997	20,937	32,971	86,614	14,919	11,823	3,620	49,764	22,372	243,020
1998	23,757	28,844	89,467	18,007	12,589	3,580	74,294	25,717	276,255
1999	27,744	32,460	87,926	17,552	13,680	3,816	50,235	25,773	259,186
2000	32,063	33,316	95,100	14,929	13,516	3,712	52,013	30,624	275,273
2001	32,930	49,245	95,299	15,131	14,860	4,893	57,249	33,914	303,521
2002	30,884	63,233	99,841	14,283	15,579	5,523	43,234	38,350	310,927
2003	34,654	75,365	96,926	14,249	17,088	4,908	41,239	40,380	324,809
2004	33,315	69,853	102,645	28,624	16,249	4,746	16,987	58,038	330,457

(1) Includes General, Special Revenue, Debt Service and Capital Project Funds on the modified accrual basis of accounting

Source: City of Akron, Ohio Finance Department

TABLE 2
CITY OF AKRON, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(In Thousands)

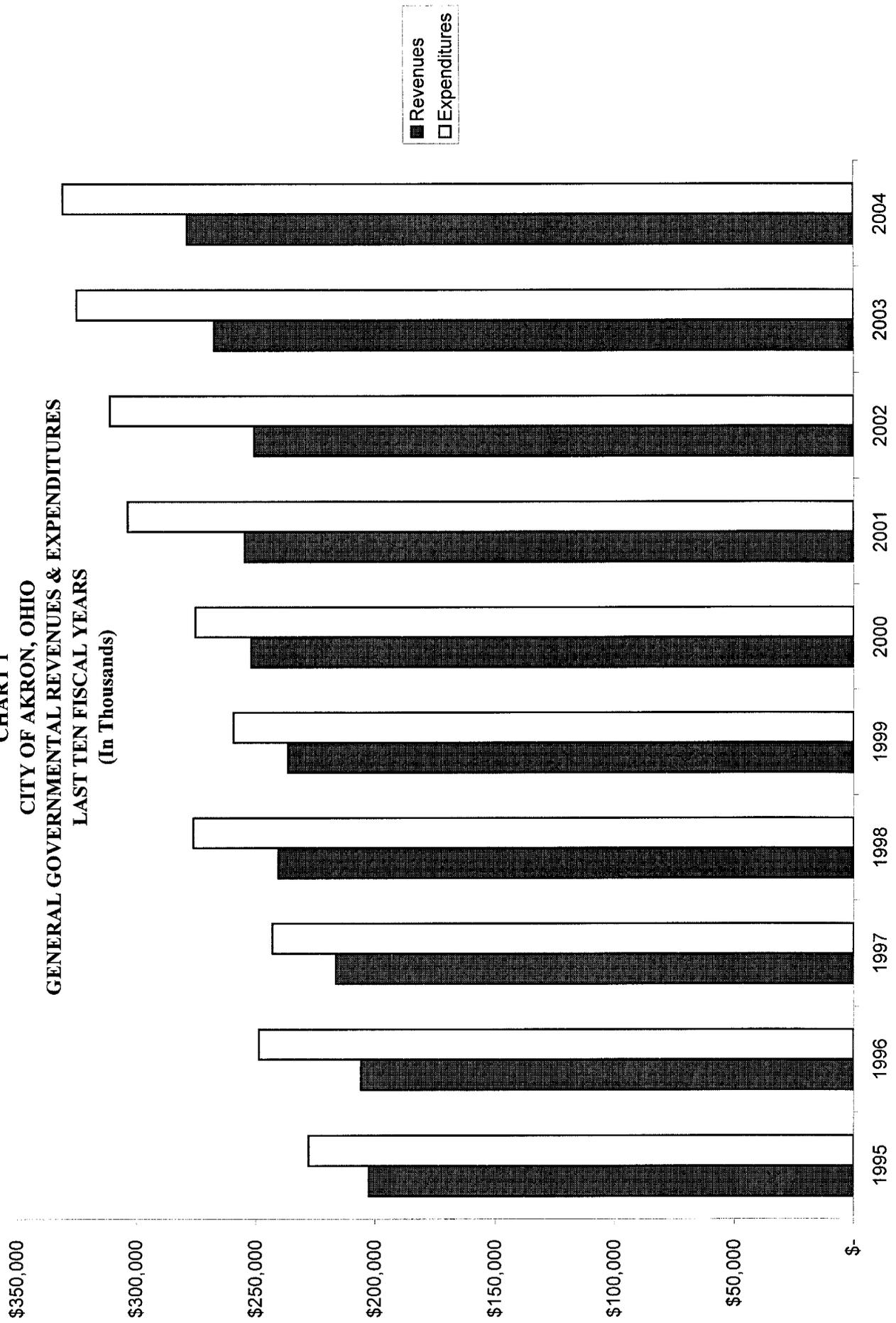
Fiscal Year	Income Taxes	Property Taxes	JEDD Revenues (2)	Grants & Subsidies	Investment Earnings	Shared Revenues	Licenses, Fees & Fines	Special Assessments & Charges For Services	Miscellaneous	
										Total
1995	\$ 85,227	\$ 22,491	\$ -	\$ 25,769	\$ 5,000	\$ 25,699	\$ 8,725	\$ 26,105	\$ 3,406	\$ 202,422
1996	94,507	22,530	-	19,394	3,247	26,552	7,818	26,710	4,931	205,689
1997	92,189	25,109	-	21,838	3,721	24,224	8,837	33,612	6,737	216,267
1998	89,495	27,236	-	22,728	5,658	30,693	8,406	32,504	23,808	240,528
1999	93,105	26,074	11,978	20,555	4,632	32,123	8,220	33,165	6,577	236,429
2000	93,689	27,272	16,183	28,147	6,157	30,357	8,520	33,905	7,634	251,864
2001	95,961	26,511	14,683	28,221	4,051	30,606	8,833	36,816	8,701	254,383
2002	97,067	31,443	13,781	29,162	1,934	26,812	8,592	31,915	8,731	249,437
2003	100,774	30,374	12,532	34,156	1,385	33,095	8,473	34,701	11,904	267,394
2004	112,669	28,194	13,333	31,833	2,921	32,462	8,358	37,469	11,504	278,743

(1) Includes General, Special Revenue, Debt Service and Capital Project Funds on the modified accrual basis of accounting

(2) JEDD Revenues are derived from a 2% income tax collected in the City's Joint Economic Development Districts. Previously the City had classified these revenues as Income Taxes (1995 - 1997) and Misc. (1998). JEDD Revenue collections for prior years were as follows: 1995 \$3,452,322; 1996 \$6,842,265; 1997 \$6,672,285; 1998 \$7,856,106.

Source: City of Akron, Ohio Finance Department

CHART 1
CITY OF AKRON, OHIO
GENERAL GOVERNMENTAL REVENUES & EXPENDITURES
LAST TEN FISCAL YEARS
(In Thousands)



Includes General, Special Revenue, Debt Service and Capital Project Funds on the modified accrual basis of accounting

TABLE 3
CITY OF AKRON, OHIO
AD VALOREM PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Collection Year	Total Tax		Amount of		Percent of		Amount of		Percent of	
	Levy	Collection	Total Tax Collection	Total Tax Collection	Total Tax Collection	to Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes	Delinquent Taxes to Tax Levy	Delinquent Taxes to Tax Levy
1995	\$ 16,799,605	\$ 16,441,285	\$ 16,441,285	97.9 %	\$ 1,704,235	10.1 %				
1996	17,367,148	17,262,372	17,262,372	99.4	1,497,785	8.6				
1997	20,449,613	20,257,358	20,257,358	99.1	1,838,513	9.0				
1998	20,499,377	20,396,338	20,396,338	99.5	2,054,099	10.0				
1999	20,779,354	21,037,337	21,037,337	101.2	1,696,834	8.2				
2000	22,505,782	22,238,102	22,238,102	98.8	2,034,172	9.0				
2001	22,651,092	22,220,183	22,220,183	98.1	2,194,962	9.7				
2002	22,638,225	22,471,793	22,471,793	99.3	2,088,045	9.2				
2003	26,092,082	25,393,968	25,393,968	97.3	3,008,437	11.5				
2004	25,924,487	25,866,285	25,866,285	99.8	2,338,092	9.0				

Source: City of Akron, Ohio Finance Department

TABLE 4
CITY OF AKRON, OHIO
INCOME TAX COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Collected-2%	CLC Taxes Collected-.25% (1)	Total Taxes Collected	Tax Rate
1995	\$ 80,509,971	-	\$ 80,509,971	2.0 %
1996	84,048,750	-	84,048,750	2.0
1997	85,270,894	-	85,270,894	2.0
1998	88,324,829	-	88,324,829	2.0
1999	92,681,503	-	92,681,503	2.0
2000	94,006,773	-	94,006,773	2.0
2001	96,173,451	-	96,173,451	2.0
2002	97,052,694	-	97,052,694	2.0
2003	99,938,891	-	99,938,891	2.0
2004	98,231,448	10,210,818	108,442,266	2.25

Source: City of Akron, Ohio Finance Department

(1) CLC Taxes were approved by the voters in 2003 with an implementation date of January 1, 2004.

TABLE 5
CITY OF AKRON, OHIO
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Tax Collection Year	Real Property		Personal Property		Public Utilities		Total		Percent of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1996	\$1,769,745	\$ 5,056,414	\$ 389,230	\$ 1,556,922	\$ 174,080	\$ 197,818	\$2,333,055	\$6,811,154	34.25 %
1997	2,102,773	6,007,925	395,098	1,580,392	167,796	190,677	2,665,667	7,778,994	34.27
1998	2,110,844	6,030,983	386,865	1,547,460	166,939	189,702	2,664,648	7,768,145	34.30
1999	2,124,127	6,068,934	396,770	1,587,083	167,948	190,849	2,688,845	7,846,866	34.27
2000	2,324,149	6,640,426	405,265	1,621,060	166,661	189,387	2,896,075	8,450,873	34.27
2001	2,339,016	6,682,903	403,913	1,615,652	153,577	174,518	2,896,506	8,473,073	34.18
2002	2,368,179	6,766,226	438,484	1,753,936	122,332	139,013	2,928,995	8,659,176	33.83
2003	2,743,691	7,839,117	391,104	1,564,416	126,710	506,100	3,261,505	9,909,633	32.91
2004	2,725,682	7,787,663	323,378	1,293,512	126,329	504,569	3,175,389	9,585,744	33.13
2005	2,751,773	7,862,209	321,452	1,285,808	128,371	512,763	3,201,596	9,660,780	33.14

Source: Summit County Fiscal Officer

TABLE 6
CITY OF AKRON, OHIO
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per \$1,000 of Assessed Valuations)

Tax Collection Year	City of Akron										Total
	Operating	Police Pension	Fire Pension	Debt Retirement	Total City Rate	Akron City School District	Summit County	Akron Metro Parks			
1996	8.15	0.30	0.30	0.25	9.00	54.86	14.03	0.85			78.74
1997	8.15	0.30	0.30	0.25	9.00	54.86	11.43	0.85			76.14
1998	8.15	0.30	0.30	0.29	9.04	54.86	12.67	0.85			77.42
1999	8.15	0.30	0.30	0.30	9.05	54.86	13.21	0.85			77.97
2000	8.15	0.30	0.30	0.29	9.04	54.86	12.81	0.85			77.56
2001	8.15	0.30	0.30	0.29	9.04	54.86	13.61	0.85			78.36
2002	8.15	0.30	0.30	0.34	9.09	63.76	13.57	0.85			87.27
2003	8.15	0.30	0.30	0.34	9.09	63.76	13.81	0.85			87.51
2004	8.15	0.30	0.30	0.34	9.09	63.76	13.00	0.85			86.70
2005	9.15	0.30	0.30	0.55	10.30	63.76	14.36	0.85			89.27

Source: Summit County Fiscal Officer

TABLE 7
CITY OF AKRON, OHIO
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Certified for Collection	Amount Collected	Percent Collected	Accumulated Delinquent
1995	\$ 10,266,611	\$ 10,071,528	98.1 %	\$ 2,956,502
1996	10,360,551	10,126,330	97.7	3,295,272
1997	11,176,255	10,824,913	96.9	3,675,389
1998	11,011,677	10,846,347	98.5	3,909,322
1999	10,676,569	11,585,883	108.5 (1)	3,280,568
2000	10,628,747	10,661,383	100.3	3,256,734
2001	11,331,061	11,191,162	98.8	2,418,777
2002	11,030,263	11,009,546	99.8	3,690,459
2003	11,262,716	11,283,129	100.2	2,713,227
2004	11,285,597	11,359,415	100.7	2,474,047

(1) Included in the 1999 amount collected is approximately \$1,464,000 collected as a result of Summit County selling some of the delinquent tax liens to a private company.

Source: Summit County Fiscal Officer

TABLE 8
CITY OF AKRON, OHIO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value (000's)	Gross Bonded Debt (2)	Debt Service Monies Available	Debt Payable From Enterprise Funds (3)	Net Bonded Debt	Percent of Net Bonded Debt	
							to Assessed Value	Per Capita
1995	223,019	\$2,333,055	\$135,339,080	\$2,414,094	\$16,160,000	\$116,764,986	5.00 %	\$ 524
1996	223,019	2,665,667	143,239,000	2,393,577	14,655,000	126,190,423	4.73	566
1997	223,019	2,664,648	157,999,624	2,548,662	13,665,000	141,785,962	5.32	636
1998	223,019	2,688,845	160,286,248	2,718,371	4,910,000	152,657,877	5.68	685
1999	223,019	2,896,075	164,747,872	3,406,072	3,885,000	157,456,800	5.44	706
2000	217,074	2,896,506	168,491,626	3,160,356	3,260,000	162,071,270	5.60	747
2001	217,074	2,928,995	178,233,239	3,536,134	2,635,000	172,062,105	5.87	793
2002	217,074	3,261,505	195,624,027	4,426,694	2,010,000	189,187,333	5.80	872
2003	217,074	3,175,389	217,948,066	3,067,087	5,585,000	209,295,979	6.59	964
2004	217,074	3,201,596	205,570,263	2,082,280	4,660,000	198,827,983	6.21	916

(1) Source: U.S. Bureau of the Census

(2) Includes all bonded general obligation debt

(3) Includes bonded debt payable from Water, Sewer, and Off-Street Parking revenues

Source: City of Akron, Ohio Finance Department

TABLE 9
CITY OF AKRON, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
UNVOTED DEBT LIMIT (5 1/2%)
AS OF DECEMBER 31, 2003 AND 2004

	2003	2004
Total assessed property value	\$ 3,175,389,000	\$ 3,201,596,000
Total unvoted bonds outstanding	\$ 216,948,066	\$ 205,170,263
Total unvoted notes outstanding	8,949,809	34,585,500
Total unvoted debt	225,897,875	239,755,763
Less exemptions:		
Funds available for debt		
service requirements	2,816,431	2,023,218
Water Bonds	750,000	500,000
Sewer Bonds	150,000	100,000
Final Judgment Bonds	2,565,000	2,475,000
Off-Street Parking Bonds	4,685,000	4,060,000
Public Improvement Bonds	3,031,368	2,898,304
Special Assessment Bonds	11,827,423	15,738,818
Special Assessment Notes	8,949,809	4,752,500
Inventors' Hall of Fame Bonds	1,325,000	1,095,000
G.O. Bonds Pledged with Income Tax	62,002,397	57,951,877
Total exemptions	98,102,428	91,594,717
Net debt subject to 5 1/2% limit	\$ 127,795,447	\$ 148,161,046
Total debt limit - 5 1/2% of assessed value	174,646,395	176,087,780
Less net debt subject to 5 1/2% limitation	127,795,447	148,161,046
Total legal unvoted debt margin	\$ 46,850,948	\$ 27,926,734

Source: City of Akron, Ohio
Finance Department

TABLE 10
CITY OF AKRON, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
TOTAL DEBT LIMIT (10 1/2%)
AS OF DECEMBER 31, 2003 AND 2004

	<u>2003</u>	<u>2004</u>
Total assessed property value	\$ 3,175,389,000	\$ 3,201,596,000
Total bonds outstanding	\$ 320,458,066	\$ 300,740,263
Total notes outstanding	8,949,809	34,585,500
Total OWDA loans outstanding	43,091,983	49,763,452
Total OPWC loans outstanding	9,026,899	8,395,969
Total Certificates of Participation	23,666,965	22,448,407
Total ODOD loans outstanding	978,212	1,416,362
Total Non-Tax Revenue Bonds	29,065,000	27,725,000
Total Special Revenue (JEDD) Bonds	50,260,000	48,325,000
Total SIB loans outstanding	-	7,758,500
Total Income Tax Revenue Bonds	8,910,000	220,625,000
	<u>494,406,934</u>	<u>721,783,453</u>
Total debt		
Less exemptions:		
Funds available for debt		
service retirement	2,816,431	2,023,218
Water Bonds	750,000	500,000
Sewer Bonds	150,000	100,000
Final Judgment Bonds	2,565,000	2,475,000
Inventors' Hall of Fame Bonds	1,325,000	1,095,000
Off-Street Parking Bonds	4,685,000	4,060,000
Public Improvement Bonds	3,031,368	2,898,304
Special Assessment Bonds	11,827,423	15,738,818
Special Assessment Notes	8,949,809	4,752,500
Water Mortgage Revenue Bonds	59,045,000	54,035,000
Sewer Revenue Bonds	43,465,000	41,135,000
Special Assessment Improvement		
Notes (One Year)		
Water OWDA Loans	12,191,548	22,202,857
Sewer OWDA Loans	30,900,435	27,560,595
Water OPWC Loan	1,688,721	1,615,138
Sewer OPWC Loan	1,540,551	1,444,128
RES OPWC Loan	24,356	-
Certificates of Participation	23,666,965	22,448,407
Non-Tax Revenue Bonds	29,065,000	27,725,000
Income Tax Revenue Bonds	8,910,000	220,625,000
JEDD Revenue Bonds	50,260,000	48,325,000
Capital Projects OPWC Loan	5,773,271	5,336,703
Industrial Incubator - ODOD	467,672	416,362
University Technology Park - ODOD	510,540	1,000,000
Total SIB loans outstanding	-	7,758,500
G.O. Bonds Pledged with Income Tax	62,002,397	57,951,877
	<u>365,611,487</u>	<u>573,222,407</u>
Total exemptions		
Net debt subject to		
10 1/2% limit	<u>\$ 128,795,447</u>	<u>\$ 148,561,046</u>
Total debt limit -		
10 1/2% of assessed value	333,415,845	336,167,580
Less net debt subject		
to 10 1/2% limitation	<u>128,795,447</u>	<u>148,561,046</u>
Total legal debt margin	<u>\$ 204,620,398</u>	<u>\$ 187,606,534</u>

Source: City of Akron, Ohio
Finance Department

TABLE 11
CITY OF AKRON, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2004

Political Subdivision	Amount of Debt	Percent Applicable to City	City's Share
City of Akron	\$240,155,763 *	100.00 %	\$240,155,763
Summit County	130,239,640	26.75	34,839,104
Copley-Fairlawn City School District	5,464,990	3.93	214,774
Revere Local School District	12,278,547	2.64	324,154
Akron Metro Regional Transit Authority	1,680,000	26.75	449,400
Woodridge Local School District	14,726,376	30.48	4,488,599
Summit County Library District	61,229,269	39.57	24,228,422
	<u>\$465,774,585</u>		<u>\$304,700,216</u>

* Includes the following, all of which are secured by the City's ability to levy ad valorem property taxes:

General Obligation Bonds	\$205,570,263
General Obligation Notes	34,585,500
	<u>\$240,155,763</u>

Source: City of Akron, Ohio Finance Department

TABLE 12
CITY OF AKRON, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest (1)	Total Debt Service (2)	Total General Governmental Expenditures (3)	Percent of Debt Service to Total General Governmental Expenditures
1995	\$ 12,972,245	\$ 7,579,543	\$ 20,551,788	\$ 227,860,939	9.02 %
1996	14,366,769	7,962,202	22,328,971	249,353,650	8.95
1997	14,253,463	8,118,199	22,371,662	243,020,360	9.21
1998	15,483,845	10,232,741	25,716,586	276,254,720	9.31
1999	15,356,417	10,416,671	25,773,088	259,186,004	9.94
2000	19,163,480	11,460,262	30,623,742	275,273,002	11.12
2001	19,164,096	14,749,669	33,913,765	303,521,001	11.17
2002	21,823,043	16,526,911	38,349,954	310,927,937	12.33
2003	22,808,733	17,570,520	40,379,253	324,808,587	12.43
2004	29,645,607	28,392,859	58,038,466	330,457,081	17.56

(1) Interest for 2001 includes \$571,774 of bond issuance expenditures.

(2) Includes all debt service other than Proprietary Funds

(3) Includes General, Special Revenue, Debt Service and Capital Project Funds on the modified accrual basis of accounting

Source: City of Akron, Ohio Finance Department

TABLE 13
CITY OF AKRON, OHIO
WATER ENTERPRISE REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements		Total	GAAP Basis	
				Mtg. Principal	Mtg. Interest		Revenue Bond Coverage	Bond (2) Coverage Per Indenture
1995	\$ 29,072,979	\$ 25,771,036	\$ 3,301,943	\$ 1,760,000	\$ 3,643,963	\$ 5,403,963	0.61	1.80
1996	33,465,609	28,501,848	4,963,761	1,845,000	3,552,475	5,397,475	0.92	1.88
1997	35,341,049	26,531,539	8,809,510	2,035,000	3,215,798	5,250,798	1.68	2.35
1998	33,297,429	27,168,776	6,128,653	2,125,000	3,308,992	5,433,992	1.13	1.77
1999	33,504,853	23,485,953	10,018,900	2,740,000	3,257,578	5,997,578	1.67	1.86
2000	32,452,297	22,767,300	9,684,997	2,850,000	3,138,595	5,988,595	1.62	2.00
2001	33,115,084	22,906,974	10,208,110	2,970,000	3,010,803	5,980,803	1.71	2.06
2002	34,191,880	23,469,901	10,721,979	3,265,000	2,870,681	6,135,681	1.75	1.73
2003	29,444,360	27,616,438	1,827,922	3,425,000	2,140,974	5,565,974	0.33	1.25
2004	35,615,520	30,151,235	5,464,285	5,010,000	2,529,714	7,539,714	0.72	1.84

(1) Direct operating expenses do not include depreciation

(2) The Revenue Bond Coverage used in complying with Section 8.02(a) of the Trust Indenture is calculated quarterly on a cash basis and is presented at year end for informational purposes only.

Source: City of Akron, Ohio Finance Department and Public Utilities Bureau

TABLE 14
CITY OF AKRON, OHIO
SEWER ENTERPRISE REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Total	GAAP Basis	
				Mtg./Rev Principal	Mtg./Rev Interest	Mtg./Rev		Revenue Bond Coverage	Bond (2) Coverage Per Indenture
1995	\$ 27,763,489	\$ 26,358,312	\$ 1,405,177	\$ -	\$ 899,802	\$ 899,802	1.56	13.70	
1996	35,090,761	24,861,166	10,229,595	-	1,102,797	1,102,797	9.28	7.55	
1997	36,342,889	21,750,388	14,592,501	1,145,000	1,989,506	3,134,506	4.66	4.96	
1998	33,862,063	21,550,161	12,311,902	2,120,000	2,598,058	4,718,058	2.61	2.68	
1999	36,653,760	22,257,657	14,396,103	2,005,000	2,816,110	4,821,110	2.99	2.73	
2000	30,960,810	19,927,901	11,032,909	2,045,000	2,731,065	4,776,065	2.31	3.10	
2001	32,400,006	19,348,093	13,051,913	2,095,000	2,642,193	4,737,193	2.76	2.90	
2002	35,295,797	22,458,357	12,837,440	2,150,000	2,549,018	4,699,018	2.73	2.59	
2003	32,773,941	22,497,137	10,276,804	2,225,000	2,449,718	4,674,718	2.20	2.51	
2004	34,696,054	26,317,954	8,378,100	2,330,000	2,344,285	4,674,285	1.79	2.52	

(1) Direct operating expenses do not include depreciation

(2) The Revenue Bond Coverage used in complying with Section 8.02(a) of the Trust Indenture is calculated quarterly on a cash basis and is presented at year end for informational purposes only.

Source: City of Akron, Ohio Finance Department and Public Utilities Bureau

**TABLE 15
CITY OF AKRON, OHIO
DEMOGRAPHIC STATISTICS
DECEMBER 31, 2004**

POPULATION

<u>Year</u>	<u>City</u>	<u>County</u>	<u>PMSA *</u>
1940	244,791	339,405	386,065
1950	274,605	410,032	473,986
1960	290,351	513,569	605,367
1970	275,425	553,371	679,239
1980	237,177	524,472	660,328
1990	223,019	514,990	657,575
2000	217,074	542,899	694,960

* PMSA - Primary Metropolitan Statistical Area

Source: U.S. Bureau of Census

**ESTIMATED EFFECTIVE BUYING INCOME PER HOUSEHOLD
PERCENT OF HOUSEHOLDS BY INCOME GROUP, 2000
PRIMARY METROPOLITAN STATISTICAL AREA**

<u>Income Group</u>	<u>Percent</u>
\$-0- - \$19,999	25.10
\$20,000 - \$34,999	21.40
\$35,000 - \$49,999	18.10
\$50,000 - and over	35.40
Median Household Effective Buying Income (EBI)	\$37,619

Source: Survey of Buying Power, SALES AND
MARKETING MANAGEMENT, 2000

PER CAPITA MONEY INCOME AND MEDIAN FAMILY INCOME

	<u>1999 Per Capita Money Income</u>	<u>1999 Median Household Money Income</u>
County:		
Summit	\$ 22,842	\$ 42,304
Stark	20,417	39,824
Hamilton	24,053	40,964
Cuyahoga	22,272	39,168
Franklin	23,059	42,734
Montgomery	21,743	40,156
Lucas	20,518	38,004
Mahoning	18,818	35,248
State of Ohio	21,003	40,956
United States	21,587	41,994

Source: U. S. Bureau of Census

TABLE 16
CITY OF AKRON, OHIO
PROPERTY VALUES AND CONSTRUCTION ACTIVITY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (Real & Personal Property) (1)	Building Permits Issued (2)	
		Number	Estimated Valuation
1995	\$ 2,333,055,000	3,495	\$158,145,162
1996	2,665,667,000	3,550	134,444,703
1997	2,664,648,000	3,376	139,613,241
1998	2,688,845,000	3,853	117,675,504
1999	2,896,075,000	3,662	155,200,543
2000	2,896,506,000	3,201	113,657,295
2001	2,928,995,000	2,852	140,481,950
2002	3,261,505,000	2,533	207,275,180
2003	3,175,389,000	2,570	150,927,282
2004	3,201,596,000	2,257	171,475,696

Sources: (1) Summit County Fiscal Officer
(2) City of Akron, Ohio Building Inspection Division

TABLE 17
CITY OF AKRON, OHIO
TEN LARGEST PROPERTY TAXPAYERS
DECEMBER 31, 2004

<u>Name</u>	<u>Type of Business</u>	<u>Valuation (in thousands)</u>	<u>Percent of Total Assessed Valuation</u>
First Energy	Public Utility	\$ 69,390	2.17 %
SBC	Public Utility	39,888	1.25
Goodyear Tire & Rubber Co.	Rubber Industry	27,013	0.84
Aircraft Braking Systems	Aeronautics Equipment	20,043	0.63
F.W. Albrecht Co.	Grocery	16,914	0.53
Bernard B. Busson	Construction Contractor	12,838	0.40
CBL & Associates Properties	Shopping Malls	12,399	0.39
Dominion East Ohio	Public Utility	12,222	0.38
Lockheed Martin Tactical Systems	Electronics	10,908	0.34
Bridgestone/Firestone	Rubber Industry	10,779	0.34
	Totals:	<u>\$ 232,394</u>	<u>7.27 %</u>

Source: Summit County Fiscal Officer

TABLE 18
CITY OF AKRON, OHIO
MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2004

Date of Incorporation	March 12, 1836
Adoption of City Charter	1918
Form of Government	Mayor - Council
Council Members	13
Area of City	Approximately 62 square Miles
Population (2000 census)	217,074
Police Protection:	
Number of Stations	1
Number of Uniformed Police and Officers	477
Fire Protection:	
Number of Stations	13
Number of Firefighters and Officers	352
Education:	
University of Akron Students	23,000
Akron City School District:	
Number of Schools	58
Number of Students	27,700
Number of Teachers	1,952
2004 Water System:	
Average Daily Consumption	37.97 MGD
Annual Pumpage	13,897 MG
Maximum Capacity	67 MGD
Communities Served	12
Number of Customers	82,955
Miles of Water Lines	1,214
2004 Sewer System:	
Average Daily Demand	85.93 MGD
Annual Wastewater Flow	31,451 MG
Plant Capacity	90 MGD
Communities Served	13
Number of Customers	81,346
Miles of Sewer Lines	1,203
Medical Facilities:	
Number of Hospitals	6
Number of Beds	2,430
Transportation:	
Motor Freight Carriers:	
Akron	36
SMSA	43
Railroad Systems	3
Airports	3
Bus Lines:	
Local	1 (Metro Regional Transit Authority)
National	2 (Greyhound & Continental Trailways)
Interstate Highways	6
State Highways	9
Recreation and Culture:	
City Park System	Over 2,100 Acres
Metro Park District	Over 6,000 Acres
Cuyahoga Valley National	
Recreation Area	33,000 Acres
Private and Public Golf Courses	66

Source: City of Akron, Ohio Finance Department

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**Auditor of State
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CITY OF AKRON

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 29, 2005**