



**Mary Taylor, CPA**  
Auditor of State



CITY OF AKRON  
SUMMIT COUNTY

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# Mary Taylor, CPA

Auditor of State

## 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2007. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated August 24, 2007

### **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 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 24, 2007.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management, City Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 28, 2007



# Mary Taylor, CPA

Auditor of State

## 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, 2006. 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 of Akron 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-003 through 2006-005.

In a separate letter to the City's management dated August 24, 2007, we reported another matter 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2006-003 through 2006-006 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The City's responses to the findings we identified are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

### **Supplemental Schedule of Expenditures of Federal Awards**

We have also 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, 2006, and have issued our report thereon dated June 28, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplemental Schedule of Expenditures of Federal Awards 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.

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

**Mary Taylor, CPA**  
Auditor of State

August 24, 2007, except for the Supplemental Schedule of Expenditures of Federal Awards which is dated on June 28, 2007

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**CITY OF AKRON, OHIO**

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2006**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<b>DEPARTMENT OF AGRICULTURE</b>		
From the Ohio Department of Health:		
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Child Nutrition Cluster:	10.557	\$ 1,560,394
Summer Food Service Program for Children	10.559	132,818
Total Department of Agriculture		<u>1,693,212</u>
<b>DEPARTMENT OF COMMERCE</b>		
Direct Programs:		
Incubator Renovations	11.300	1,775,000
Total Department of Commerce		<u>1,775,000</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Direct Programs:		
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster:		
Community Development Block Grants/Entitlement Grants	14.218	9,503,310
Emergency Shelter Grants Program	14.231	300,959
HOME Investment Partnership Program	14.239	2,386,256
Lead-Based Paint:		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	1,311,334
Lead Hazard Reduction Demonstration Grant Program	14.905	651,382
Total Department of Housing and Urban Development		<u>14,153,241</u>
<b>DEPARTMENT OF THE INTERIOR</b>		
Direct Programs:		
National Park Service	15.919	21,700
Total Department of the Interior		<u>21,700</u>
<b>DEPARTMENT OF JUSTICE</b>		
Direct Programs:		
Juvenile Accountability Incentive Block Grants	16.523	61,550
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	40,260
Local Law Enforcement Block Grants Program	16.592	98,563
From the Governor's Office of Criminal Justice Services:		
Executive Office for Weed and Seed	16.595	336
Total Department of Justice		<u>200,709</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
From the Ohio E.P.A.:		
Air Pollution Control Program Support	66.001	251,556
Brownfields Assessment and Cleanup	66.818	95,717
Total Environmental Protection Agency		<u>347,273</u>

**CITY OF AKRON, OHIO**

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2006**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Direct Programs:		
From the Federal Aviation Administration:		
Airport Improvement Program	20.106	48,355
From the Ohio Department of Highway Safety:		
State and Community Highway Safety	20.600	109,956
Highway Planning and Construction:		
Akron Metropolitan Area Transportation Study	20.205	1,060,847
ODOT - Canton Road Signals	20.205	68,531
ODOT - South Arlington Signals	20.205	2,115,955
ODOT - West Market Street	20.205	656,000
ODOT - Perkins Street Signals	20.205	289,028
ODOT - South Main Street	20.205	110,852
ODOT - Cascade Locks Bikeway, Phase IIB	20.205	379,969
ODOT - City Sidewalk Accessibility	20.205	1,575
ODOT - Tallmadge Avenue Signals	20.205	44,918
Total CFDA No. 20.205		<u>4,727,675</u>
Total Department of Transportation		<u>4,885,986</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
From the Ohio Department of Health:		
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	45,837
Childhood Lead Poisoning Prevention Projects - State and Local		
Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	93,911
Immunization Grants	93.268	82,440
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	526,126
Refugee and Entrant Assistance Discretionary Grants	93.576	33,735
Katrina Relief Reimbursement	93.776	124,235
HIV Care Formula Grants:		
Ryan White Planning/Evaluation	93.917	8,014
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	374,540
HIV Prevention Activities - Health Department Based:		
Federal Aids Education	93.940	353,466
Block Grants for Prevention and Treatment of Substance Abuse	93.959	350,225
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	33,081
Preventive Health and Health Services Block Grant	93.991	34,415
Maternal and Child Health Services Block Grant to the States		
Child and Family Health Services	93.994	101,386
Dental Sealant Grant	93.994	33,339
Total CFDA No. 93.994		<u>134,725</u>
Total Department of Health and Human Services		<u>2,194,750</u>

**CITY OF AKRON, OHIO**

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2006**

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<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>		
Direct Programs:		
From the Department of Health and Human Services		
Metropolitan Medical Response System	97.071	453,377
From the Federal Emergency Management Agency		
Assistance to Firefighters Grant	97.044	169,188
Total Department of Homeland Security		<u>622,565</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u><u>\$ 25,894,436</u></u>

See notes to supplemental schedule of expenditures of federal awards.

# CITY OF AKRON, OHIO

## NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2006

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### 1. BASIS OF PRESENTATION

The accompanying supplemental schedule of expenditures of federal awards 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:

Program Title	Federal CFDA No.	Provided to Subrecipients
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	\$521,764
Emergency Shelter Grants Program	14.218	1,021,227
HOME Investment Partnership Program	14.231	294,791
Lead-Based Paint Hazard Control in Privately Owned Housing	14.239	582,002
Juvenile Justice and Delinquency Prevention Allocation to States	14.900	1,047,678
Centers for Disease Control and Prevention Investigations and Technical Assistance	16.540	40,177
Outpatient Early Intervention Services - HIV Disease	93.283	310,318
HIV Prevention Activities	93.918	345,960
Preventive Health and Health Services Block Grant	93.940	206,732
	93.977	25,000

### 3. LOANS OUTSTANDING

The City of Akron, Ohio, had the following loan balances outstanding at December 31, 2006, which had continuing compliance requirements.

Program Title	Federal CFDA No.	Balance Outstanding
Community Development Block Grants/Entitlement Grants	14.218	\$ 124,296
Empowerment Zone Program	14.244	918,873
HOME Investment Partnership Program	14.239	2,452,877

# CITY OF AKRON, OHIO

## NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2006

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### 4. INCUBATOR RENOVATIONS – CFDA NO. 11.300

The City of Akron, Ohio was awarded a \$1,775,000 grant from the Department of Commerce for the renovation and demolition of 3 floors, mezzanine and basement of an eight story city-owned industrial incubator building. The prior year expenses were not reported on the previous Supplemental Schedule of Expenditures of Federal Awards, therefore, all years are being reported on the 2006 schedule. Listed below are the federal expenditures by year:

<u>Year</u>	<u>Amount</u>
2003	\$ 10,148
2004	80,298
2005	608,229
2006	978,873
2007	<u>97,452</u>
Total:	<u>\$ 1,775,000</u>

### 5. MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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CITY OF AKRON  
SUMMIT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Incubator Renovations - CFDA #11.300 Community Development Block Grants/Entitlement Grants - CFDA #14.218 HOME Investment Partnership Program - CFDA #14.239 Highway Planning and Construction - CFDA #20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 776,833 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2006-001**

**Noncompliance Citation and Significant Deficiency**

**Ohio Rev. Code Section 5705.10** requires 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, 2006, the following funds (aggregated at the level used for preparing the financial statements) had negative cash fund balances:

Fund Number	Fund Name	Cash Fund Balance
2080	Community Development	\$(3,163,143)
2095	Community Environment Grants	(19,885)
2127	AMATS	(160,066)
2140	Summer Lunch Program	(14,260)
2185	KAB Litter Control	(15,564)
2295	Police Grants	(1,066,221)
2300	Various Domestic Violence	(236,774)
2320	Equipment & Facilities Operating	(1,660,440)
4048	Capital Projects w/ O/S funds	(2,471,035)
4060	Streets	(15,052,419)
4155	Transportation	(2,415,388)
4160	Parks and Recreation	(2,489,909)
4165	Public Facilities and Improvements	(1,075,480)
4175	Economic Development	(407,436)
5015	Golf Course	(470,118)
6000	Motor Equipment	(965,779)
6005	Liability Self Insurance	(4,876,865)
6010	Storeroom	(313,369)
6025	Engineering	(308,615)

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.

**FINDING NUMBER 2006-001 (Continued)**

Maintaining positive cash fund balances is not only required by statute but is a key control in the disbursement process to assure funds are available to pay obligations. To improve controls over cash management and disbursements and to help reduce the possibility of the City's funds not having adequate balances to pay incurred obligations, we recommend the City monitor fund activity 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.

**Officials' Response:** The City has been working to minimize the amount of funds with negative cash balances at year-end. There are four less funds with negative cash balances this year with a total deficit decrease of almost \$2.5 million. The City has numerous reimbursable grant funds and capital project funds, at year-end there are expenditures that have been incurred that have not been reimbursed. The City's general practice is to issue debt after capital projects are complete to cover the deficit balance in those funds.

**FINDING NUMBER 2006-002**

**Noncompliance Citation and Significant Deficiency**

**Ohio Rev. Code Section 5705.39** requires 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 certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2006, we noted the following funds which had appropriations in excess of estimated resources.

<b>Fund Number</b>	<b>Fund Name</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Variance</b>
1000	General Fund	\$153,443,447	\$153,981,350	\$(537,903)
2000	Income Tax Collection	9,280,073	11,761,967	(2,481,894)
2005	Emergency Medical Service	11,291,410	11,551,199	(259,789)
2025/7	C.I.P. Operating	38,919,874	39,267,761	(347,887)
2030	Street & Highway Maintenance	7,959,184	10,159,236	(2,200,052)
2080	Community Development	8,644,446	11,821,411	(3,176,965)
2095	Community Environment Grants	1,016,768	1,357,519	(340,751)
2127	AMATS	1,274,359	1,582,975	(308,616)
2140	Summer Lunch Program	130,110	153,100	(22,990)
2146	HOME Program	3,049,069	3,688,411	(639,342)
2185	KAB Litter Control	71,822	109,000	(37,178)
2195	Tax Equivalency	384,007	715,324	(331,317)
2200	Special Revenue Loans Fund	42,880	50,000	(7,120)
2255	Akron Muni Court Information System	569,016	660,115	(91,099)
2300	Various Domestic Violence	(4,483)	192,030	(196,513)
2305	Safety Programs	1,099,310	2,204,497	(1,105,187)
2315	Health Grants	5,893,590	7,684,239	(1,790,649)
2320	Equipment & Facilities Operating	3,573,090	14,017,269	(10,444,179)
2330	Various Purpose Funding	(896,418)	3,534,977	(4,431,395)
2355	Community Learning Centers	20,757,086	23,690,121	(2,933,035)
4060	Streets	5,448,799	28,345,325	(22,896,526)
4155	Transportation	2,834,510	10,514,170	(7,679,660)
4160	Parks and Recreation	3,702,316	5,032,491	(1,330,175)
4165	Public Facilities and Improvements	4,270,508	11,541,499	(7,270,991)
4175	Economic Development	5,301,954	28,985,950	(23,683,996)
5000	Water	38,552,373	46,817,800	(8,265,427)
5005	Sewer	44,257,060	49,071,130	(4,814,070)
5015	Golf Course	567,725	1,377,080	(809,355)

**FINDING NUMBER 2006-002 (Continued)**

<b>Fund Number</b>	<b>Fund Name</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Variance</b>
5020	Airport	605,984	927,250	(321,266)
5030	Off-Street Parking	5,062,170	5,252,920	(190,750)
6000	Motor Equipment	6,778,484	7,906,040	(1,127,556)
6005	Liability Self – Insurance	20,600,267	24,000,000	(3,399,733)
6009	Self - Insurance Settlement	(74,198)	100,000	(174,198)
6010	Storeroom	984,283	1,707,050	(722,767)
4048	Capital Projects w/ O/S Funds	210,025	1,500,000	(1,289,975)

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.

Ensuring that total appropriations from each fund do not exceed the total official estimate or amended official estimate is not only required by statute but is a key control in the budgetary process to assure funds are not appropriated to be spent when there are not adequate resources available for the expenditures. To improve control over the budgetary process and to help avoid overspending, we recommend the City Council should monitor appropriations versus estimated resources. In addition, the Finance Director should obtain the required certificate from the County Fiscal Officer when amending appropriations and estimated resources.

**Officials' Response:** It is not the City's standard practice to submit an amended official estimate of resources to the County because we feel the statute is antiquated. It used to be that property taxes collected by the County of Summit were the primary revenue source for the City. However, with the implementation of a 1% local income tax in 1963 along with several subsequent ballot increases passed by voters, income taxes are by far the largest revenue source of the City. Out of the 28 funds listed in this finding, there were only 12 funds in which expenditures exceeded revenues on a cash basis. Those 12 funds were either grant or capital project funds.

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	<b>2006-003</b>
<b>CFDA Title and Number</b>	Incubator Renovations / 11.300
<b>Federal Award Number / Year</b>	06-01-04826 / 2003
<b>Federal Agency</b>	U.S. Department of Commerce
<b>Pass-Through Agency</b>	N/A

**Questioned Cost/Significant Deficiency**

**OMB Circular A-87 Attachment A, Section C(1)(h)** states in part that to be allowable under Federal awards, costs must not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.

**Finding Number 2006-003 (Continued)**

During 2006 the City reported approximately \$12,618 in Economic Development Facilities expenses related to in-house employee benefits charges for the Engineering Division. The Economic Development Administration’s Special Award Conditions specifically prohibit architect/engineering fees charged on a cost-plus-a-percentage-of-cost basis. The City calculates its benefit charges as 59.2% - 71.0% of actual straight time costs.

Requesting reimbursement for costs other than those considered to be allowable as stated by Federal regulations and/or the grant agreement could subject the City to fines, penalties, and/or loss of federal funding.

A key control in the disbursement process is to ensure federal funds are only expended for purposes allowed by the grant. To improve controls over federal disbursements the City should monitor their grant charges more carefully to ensure they are only charging allowable costs to their grants.

Accordingly, we are reporting questioned costs of \$12,618. The City should contact U.S. Department of Commerce to rectify this issue.

**Officials’ Response:** The City will work to ensure we are requesting reimbursements allowable per the grant agreements. The City will contact the U.S. Department of Commerce and resubmit the reimbursement requests without the unallowable costs included.

<b>Finding Number</b>	<b>2006-004</b>
<b>CFDA Title and Number</b>	Incubator Renovations / 11.300
<b>Federal Award Number / Year</b>	2003
<b>Federal Agency</b>	U.S. Department of Commerce
<b>Pass-Through Agency</b>	N/A

**Federal Noncompliance/Significant Deficiency**

**EDA Standard Terms and Conditions – Construction Program Requirement B.1.c** requires all Recipients of an Economic Development Administration (EDA) grant award of more than \$100,000 whose grant has not been fully disbursed as of the end of each reporting period to submit a financial report to EDA annually on the status of unreimbursed obligations. The report will provide information on the amount of allowable project expenses that have been incurred by the Recipient but not claimed for reimbursement as of the end of the reporting period. The report will be as of September 30 of each year and must be submitted annually until the final grant payment is made by EDA. The report will be submitted to EDA no later than October 30 of each year. Noncompliance with this requirement will result in the suspension of EDA grant disbursements. Standard Form 269A, Financial Status Report, will be used for this purpose.

The City did not submit any SF-269A reports for the Incubator Renovation project. The City should prepare and submit the required financial reports, as stipulated by the grant agreements, to reduce the risk of potential fines, penalties, and/or loss of federal funding.

**Finding Number 2006-004 (Continued)**

**EDA Standard Terms and Conditions – Construction Program Requirement C.1.b** states project performance reports are to be submitted for each calendar quarter. The project performance report will be due not later than January 15, April 15, July 15, and October 15 for the immediate previous quarter. The report submission dates are to be no more than 30 days after the due date, with a due date of 90 days after expiration of the award. This reporting requirement begins with the Recipient's acceptance of the award and ends when the final project disbursement is approved.

The City did not submit 3 of 8 (37.5%) project performance reports tested for the Incubator Renovation project. Additionally, 1 of 5 (20%) existing project performance reports tested was submitted 56 days after the end of the quarter. The City should prepare and submit the required performance reports and ensure they are submitted in a timely manner to avoid potential fines, penalties, and/or loss of federal funding.

**EDA Standard Terms and Conditions – Construction Program Requirement C.1.c** requires Recipients of awards which involve both Federal financial assistance valued at \$500,000 or more and procurement of supplies, equipment, construction, or services are required to submit the SF-334, "Minority Business Enterprise/Women Business Enterprise Utilization Under Federal Grants, Cooperative Agreements, and Other Federal Financial Assistance." Reports are to be submitted on a quarterly basis for the period ending March 31, June 30, September 30, and December 31. Reports are due no later than thirty days following the end of the reporting period during which any procurement in excess of \$10,000 is executed under this award.

The City did not submit any SF-334 reports for the Incubator Renovation project. The City should prepare and submit the required performance reports, as stipulated by the grant agreements, to avoid potential fines, penalties, and/or loss of federal funding.

**Federal Financial Reports** The City could not provide us with documentation supporting the expenditure amount reported in the February 22, 2007 "SF-271, Outlay Report and Request for Reimbursement" report prepared for the Incubator Renovation project. This report included all expenditures paid through December 31, 2006.

We recommend the City retain documentation supporting any calculations and/or computations used in the preparation of financial reports. This will help ensure the reports' users will be able to verify accuracy and completeness of the reports and agree them with the accounting records.

A key control in the federal reporting process is to ensure all required federal reports are submitted timely and complete. To improve controls over federal reporting the City should closely review grants agreements for applicable reporting requirements.

**Officials Response:** The Engineering Bureau Division will submit all required federal reports and will retain all documentation supporting these reports. The division will monitor their grants more closely to ensure this will not happen again.

<b>Finding Number</b>	<b>2006-005</b>
<b>CFDA Title and Number</b>	Community Development Block Grants/Entitlement Grants/ 14.218
<b>Federal Award Number / Year</b>	B-06-MC-39-0001 / 2006
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	N/A

**Federal Noncompliance/Significant Deficiency**

**24 CFR 58.22** provides that Community Development Block Grant (CDBG) funds (and local funds to be repaid with CDBG funds) cannot be obligated or expended before receipt of the Department of Housing and Urban Development (HUD's) approval of a Request for Release of Funds (RROF) and environmental certification, except for exempt activities under 24 CFR 58.34 and categorically excluded activities under section 58.35(b).

The funds for 8 of 25 (32.0%) projects tested were expended prior to HUD's approval of the RROF and environmental certification. A key control in the disbursement process is to ensure projects are approved prior to the release of funds. To improve controls over federal disbursements the City should monitor the status of its RROF's to ensure that CDBG funds are not obligated or expended before HUD's approval of the RROF's.

**Officials' Response:** The Department of Planning and Urban Development will work to ensure that they are not expending or obligating funds without receipt of the Department of Housing and Urban Development's approval of a Request for Release of Funds and environmental certification.

**FINDING NUMBER 2006-006**

**Significant Deficiency**

**Supplemental Schedule of Expenditures of Federal Awards**

The City's Supplemental Schedule of Expenditures of Federal Awards (the Schedule) initially reported ten Local Public Agency (LPA) projects and one Metropolitan Planning Organization (MPO) agreement totaling \$5,620,132 in expenses for the Highway Planning and Construction grants -CFDA 20.205, passed through the Ohio Department of Highway Safety. During our testing of the Schedule we noted that two LPA projects totaling \$1,002,019 were initially incorrectly included on the Schedule. One of these projects was a State funded East Market Street Widening of \$528,848 and the other was a non-let federal expenditure Innerbelt Study program for \$473,171. Because these were in fact State funded and a non-let federally funded project that would be included on the ODOT federal schedule they should not be on the City Federal Schedule. We also noted the initially reported federal expenditures were understated for the West Market Street project by \$27,722 and Akron Metropolitan Area Transportation Study by \$2,497. The Schedule was updated to correct for these items.

In addition, the City's Supplemental Schedule of Expenditures of Federal Awards (the Schedule) reports \$1,775,000 in expenses for the Incubator Renovations grant -CFDA 11.300, directly received from the Department of Commerce. During our testing of the Schedule we noted expenses totaling \$698,675 were incorrectly included on the Schedule because they were actually expensed during Fiscal Years 2003-2005 and were not included on those representative Schedules. As a result of the errors, the City prepared and disclosed a Note to Supplemental Schedule of Expenditures of Federal Awards which breaks out the \$1,775,000 per year.

**FINDING NUMBER 2006-006 (Continued)**

The City should develop procedures to ensure that amounts reported on its Supplemental Schedule of Expenditures of Federal Awards are complete and accurately reflect the City's expenses related to all Federal Awards on the accrual basis of accounting. Additionally, the City should report expenses in the year that they are incurred even if reimbursement for these expenses is not received until the subsequent year. Failure to report accurate expenses related to Federal Awards could result in the selection of incorrect "Major Programs" for auditing in accordance with OMB Circular A-133. In addition, this could subject the City to fines and penalties from the Federal Awarding and/or Pass-Through Agencies and the potential loss of future Federal Awards.

**Officials' Response:** The Finance Department will co-ordinate with the Engineering Bureau Division and the Ohio Department of Transportation to determine if monies received are state or federal funds. This will help ensure expenses are accurately accounted for on the appropriate Federal Schedule.

**CITY OF AKRON  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2005-001	<b>Ohio Rev. Code Section 5705.10</b> – Certain funds had negative cash fund balances which indicates that money from one fund was used to cover the expenditures of another fund.	No	Not Corrected, reissued as Finding 2006-001
2005-002	<b>Ohio Rev. Code Section 5705.39</b> – Certain funds had total appropriations that exceeded total estimated resources.	No	Not Corrected, reissued as Finding 2006-002
2005-003	<b>Ohio Rev. Code Section 5705.41(B) &amp; 5705.38</b> – The City did not appropriate the Bond Payment Fund pursuant to the Revised Code.	Yes	Finding no longer valid.
2005-004	<b>Supplemental Schedule of Expenditures of Federal Awards</b> – Recording non-Federal expenditures, expenditures not in accordance with grant budget, and Federal expenditures in the incorrect fiscal year.	No	Not Corrected, reissued as Finding 2006-006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2005-005	<b>Questioned Cost:</b> <b>Ohio Department of Health Grants Administration Policy and Procedures Manual Section 400.3</b> – Centers for Disease Control and Prevention Investigations and Technical Assistance grant expenditures liquidated after the end of the program period of 45 calendar days, reporting budgeted rather than actual expenditure amounts and expenditures made after the period of availability.	Yes	Corrected
2005-006	<b>OMB Circular A-133 §___</b> <b>_.400(d)(4)</b> – Subrecipient monitoring for the Centers for Disease Control and Prevention Investigations and Technical Assistance grant.	No	Partially Corrected One sub-recipient is not reporting the federal program however the City is monitoring.
2005-007	<b>Ohio Department of Health Grants and Administration Policy and Procedures Manual Section 301.0</b> – Employee wages not performing functions for the Special Supplemental Nutrition Program for Women, Infants and Children grant.	Yes	Corrected
2005-008	<b>Questioned Cost:</b> <b>OMB Circular A-87 Attachment A, Section C(1)(h)</b> – Being reimbursed for costs previously reimbursed related to the Highway Planning and Construction grant.	Yes	Corrected
2005-009	<b>Questioned Cost:</b> <b>OMB Circular A-87 Attachment A, Section C(1)(h)</b> – Indirect applied overhead charges with no approved indirect cost plan for the Public Works and Economic Development Cluster, Grants for Public Works and Economic Development Facilities grant.	No	Not corrected, reissued as Finding 2006-003.



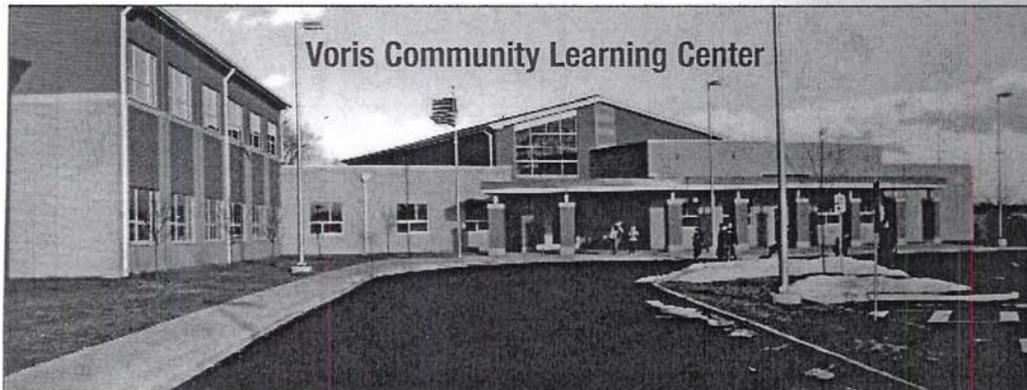
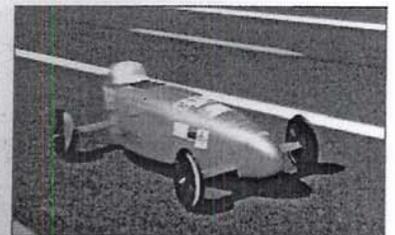
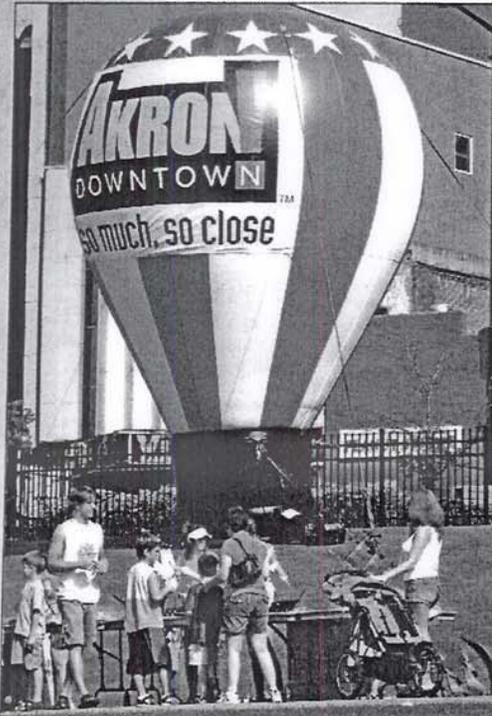
# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## CITY OF AKRON, OHIO

For the Fiscal Year Ended December 31, 2006



Donald L. Plusquellic  
Mayor





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



For the Fiscal Year Ended December 31, 2006  
**Donald L. Plusquellic, Mayor**

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Issued by The Department of Finance

**Diane L. Miller-Dawson, Director**  
**Catherine G. Watson, Deputy Director**

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## ELECTED AND APPOINTED OFFICIALS

### MAYOR

**Donald L. Plusquellic**

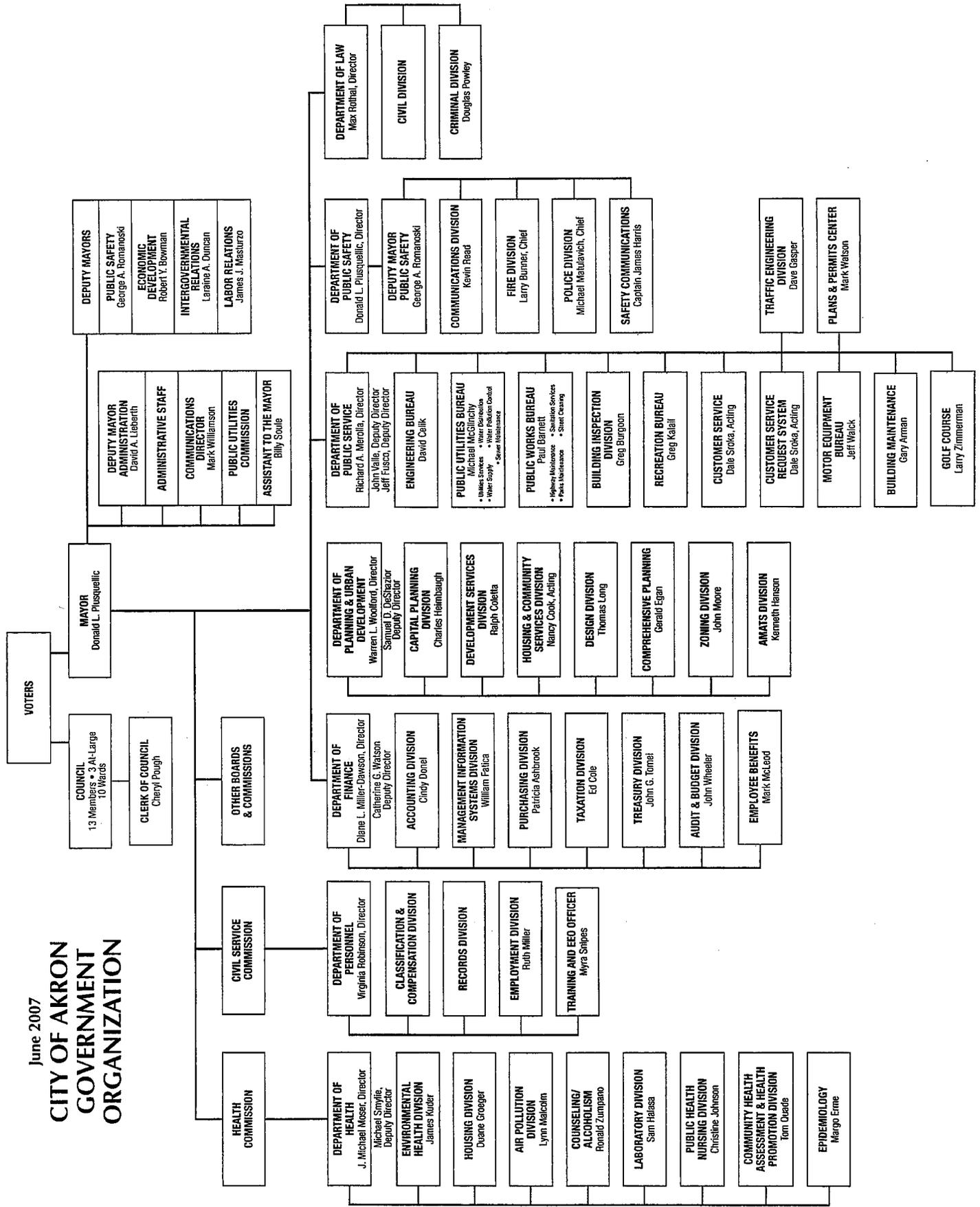
### COUNCIL MEMBERS

<b>James P. Hurley III</b> .....	1st Ward
<b>Bruce Kilby</b> .....	2nd Ward
<b>Marco S. Sommerville</b> , Council President .....	3rd Ward
<b>Reneé L. Greene</b> , President Pro-Tem .....	4th Ward
<b>James D. Shealey</b> .....	5th Ward
<b>Dr. Teresa H. Albanese</b> .....	6th Ward
<b>Tina Merlitti</b> .....	7th Ward
<b>Robert E. Keith</b> .....	8th Ward
<b>Michael N. Freeman</b> .....	9th Ward
<b>Garry L. Moneypenny</b> , Council Vice President .....	10th Ward
<b>John R. Conti</b> .....	Councilman-at-Large
<b>John R. Otterman</b> .....	Councilman-at-Large
<b>Michael D. Williams</b> .....	Councilman-at-Large

### CABINET OF THE MAYOR

<b>Diane L. Miller-Dawson</b> .....	Director of Finance
<b>Catherine G. Watson</b> .....	Deputy Director of Finance
<b>Max Rothal</b> .....	Director of Law
<b>James E. Payne</b> .....	Deputy Director of Law
<b>Richard A. Merolla</b> .....	Director of Public Service
<b>John W. Valle</b> .....	Deputy Director of Public Service
<b>Jeff C. Fusco</b> .....	Deputy Director of Public Service
<b>Warren L. Woolford</b> .....	Director of Planning and Urban Development
<b>Samuel D. DeShazor</b> .....	Deputy Director of Planning and Urban Development
<b>David A. Lieberth</b> .....	Deputy Mayor of Administration
<b>Laraine A. Duncan</b> .....	Deputy Mayor of Intergovernmental Relations
<b>Robert Y. Bowman</b> .....	Deputy Mayor of Economic Development
<b>George A. Romanoski</b> .....	Deputy Mayor of Public Safety
<b>Mark A. Williamson</b> .....	Communications Director
<b>James J. Masturzo</b> .....	Deputy Mayor of Labor Relations
<b>Billy Soule</b> .....	Assistant to the Mayor for Community Relations

June 2007  
**CITY OF AKRON  
 GOVERNMENT  
 ORGANIZATION**



## **Introductory Section**



**CITY OF AKRON, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**Diane L. Miller-Dawson**  
Director of Finance  
E-mail: milled@ci.akron.oh.us

**Catherine G. Watson**  
Deputy Director of Finance  
E-mail: watsoca@ci.akron.oh.us



**Donald L. Plusquellic**  
Mayor

**Donna M. Urdiales**  
Executive Assistant

**DEPARTMENT OF FINANCE**

205 Municipal Building / 166 South High Street / Akron, Ohio 44308  
(330) 375-2316 FAX: (330) 375-2291

June 28, 2007

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, 2006. This report presents financial and operating information about the City's activities during 2006 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. The cost of internal control should not exceed anticipated benefits; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The Audit and Budget Division prepared all of the financial statements and assisted the external independent accountants 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.

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.

### 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 decreased by 2.49% in 2006. On a cash basis for 2006, property taxes in the general fund increased by 9.25% and the state's local government revenue to the City decreased by approximately .05%. 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 10% since 2002 and, combined, account for nearly 82% of total tax collections. Receipts from the 13 fastest growing economic sectors have increased by more than 27%. No one sector makes up more than 17.7% of the total collected.

The number of building permits issued in 2006 decreased by approximately 1.7% over the number of permits issued in 2005. Although the number of permits decreased in 2006, 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 Metro \$15 million Intermodal Transit Center, the \$19 million Long-term Acute Care Facility on East Market Street, the \$12 million parking deck near the Federal Building, the \$15 million development on Main Street between Civic Theatre and Bowery, 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 13 years.

Despite the economy in 2006, 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 good considering it is one of only a few mid- to large-sized cities that have not been forced to lay off employees. The revenue collected from our four Joint Economic Development Districts (JEDDs), approximately \$16.8 million in 2006, is an additional funding source to encourage and promote economic development and to secure a solid tax base.

#### Long-term Financial Policies

Unreserved, undesignated fund balance in the general fund (6.78% of the general fund revenues) falls within the policy guidelines set by the Administration for budgetary and planning purposes (i.e. between 5 and 10% of the total general fund revenues). The Administration intends to review this policy in the near future to determine if this policy meets the City's current needs.

The City completes a five-year capital budget that is updated annually. In this document, the City attempts to forecast its capital requirements for the next five years.

#### Relevant Financial Policies

The City has a charter requirement that income tax, (the City's largest revenue source), used specifically for City services, 2%, be allocated so that 73% of net revenue is used for operations and the balance is used for capital needs.

#### Major Initiatives

In 2006, the initiatives of the City of Akron can be summed up in three major focuses. They are finding and keeping jobs in our community, renovating and building new places to live, and keeping our neighborhoods safe. *Inc.* magazine rated the City of Akron among the top 25 for doing business in America, and *Expansion Management* magazine ranks Akron among the best cities to expand or relocate a business.

Three of Akron's biggest employers, Sterling Inc., FirstEnergy Corporation and The Goodyear Tire and Rubber Company, have made a commitment to grow and help the City prosper. Sterling Inc. plans to grow and invest over \$1 billion in the next five years in Akron. The Goodyear Tire and Rubber Company is pursuing developing a new campus adjacent to its Akron Technical Center. FirstEnergy Corporation has broken ground on a new 200,000 square-foot of office space in West Akron, with completion anticipated in 2008.

Akron Biomedical Corridor is a district between Akron Children's Hospital, Akron General and Summa. This district hopes to attract and market clusters of technology companies. Also, there

are plans for a \$30 million development for the construction of a long-term acute care facility. This will serve the Greater Akron community and will avoid duplication of service by Akron hospitals.

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 reducing assessments for public improvements. In 2006, the City provided funding and contracted for the rehabilitation of 357 homes, while demolishing 397 dilapidated residential and commercial structures.

In 2006, Akron Metropolitan Housing Authority (AMHA) and the City of Akron were pleased with the opening of the new Cascade Village, a development of homes. This year, first-rate housing will also begin to be constructed along Hickory Street, and Edgewood homes will be continued to be re-built as part of Akron's second Hope VI project.

Another way to attract families to reside in Akron is by building community learning centers (CLCs) that will greatly improve the landscape of Akron. The opening of the new Resnik and Voris CLCs will offer places for community meetings, longer service hours, and provide academic enrichment activities for students and citizens of each community. Groundbreaking ceremonies took place for four other CLCs, and 19 additional CLCs are currently in the planning stages or under construction.

The Akron Art Museum is near completion of an approximately \$26 million, 65,000-square foot expansion. Re-opening festivities are planned for July 2007. The \$51.8 million renovated Main Library set a record with over 1 million visitors. Also, the Akron Zoo has broken its attendance records.

The City is striving to make downtown a "leisure location," as well as a great place to work. Lock 3 Park on South Main Street is alive with more concerts, festivals, and other special events, including a summer arts learning program for young people. Last year 150,000 visitors enjoyed events here.

These are just a few of the initiatives that, when taken together, contribute to the strength and diversity of the City's economy.

### 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 is 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 – The 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 2006, the City had 29 Special Revenue Funds.

Debt Service Funds – The 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 2006, the City had 11 Debt Service Funds.

Capital Projects Funds – The 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 2006, the City had nine Capital Projects Funds.

Permanent Funds – The 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 – The 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 – The 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 eight Internal Service Funds.

Fiduciary funds:

Private Purpose Trust Funds – The Private Purpose Trust Funds are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. During 2006, the City had three Private Purpose Trust Funds.

Agency Funds – The 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 two Agency Funds during 2006.

Other Fiduciary Funds – The 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.

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

#### 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 2006, investment interest income averaged a yield of 4.63% compared to a yield of 3.58% in 2005. 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 131.69%.

### 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.

### Pension

The City contributes to two state-administered retirement plans covering various groups of City employees. Police and firefighters participate in the statewide Ohio Police and Fire Pension Fund. Substantially, all other City employees participate in the statewide Ohio Public Employees Retirement System (OPERS). The City's total contributions to these plans were equal to 100% of the required employer contributions for the year. The financial statements of these state-mandated plans are not included in the City's financial reports as the plans are outside of our control and are independent of our financial resources or influence.

### Independent Annual Audit

We appreciate the cooperation of State Auditor Mary Taylor, CPA, 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, 2005. 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 22 consecutive years (1984 through 2005). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

The 2006 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, 2005

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.



President

Executive Director

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## **Financial Section**





# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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, 2006, 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, 2006, and the respective changes in financial position and where applicable, cash flows, 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 28, 2007, 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.

Management's Discussion and Analysis and the budgetary comparisons for the General Fund and Community Learning Centers Fund 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.

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 schedules 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.

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

**Mary Taylor, CPA**  
Auditor of State

June 28, 2007

## 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, 2006. 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, 2006 by \$679,066,284 (net assets). Of this amount \$164,760,820 is restricted for debt service.
- The governmental activities' total net assets increased by \$18,188,431 and the business-type activities' total net assets increased by \$6,976,162 for a net increase in the City's total net assets of \$25,164,593.
- As of the close of the current fiscal year, the City of Akron's governmental funds reported combined ending fund balances of \$237,312,277, a decrease of \$13,645,895 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,885,122, or 5.40% of total general fund expenditures, and a 8.40% decrease compared to the prior year.
- The City of Akron's total long-term debt increased by \$25,139,717 (3.72%) during the current year. During the year the City of Akron issued \$22,440,000 of G.O. Bonds and retired \$10,464,349 G.O. Bonds. Also during the year, the City issued \$19,500,000 Non-Tax Revenue Bonds and \$13,340,000 Water System Mortgage Revenue Bonds.

### 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 50 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 Special Assessment Bond Payment 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 special revenue, some debt service, enterprise and internal service funds. The General Fund and Community Learning Centers Fund budgetary schedules (non-GAAP budgetary basis) have 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, Sewer, and Off-Street Parking operations, 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 48-94 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 and Community Learning Centers Fund budgetary comparison. Required Supplementary Information (RSI) can be found on pages 93-97 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 100-175 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 \$679,066,284 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 (24%) is restricted for the payment of debt service.

The City's net assets increased by \$25,164,593 during the current year. The net assets of the governmental activities increased by \$18,188,431 and business-type activities increased by \$6,976,162.

Summary Statement of Net Assets  
as of December 31, 2005 and 2006  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
<b>Assets:</b>						
Current and other assets	\$ 447,892	\$ 445,371	\$ 37,595	\$ 41,131	\$ 485,487	\$ 486,502
Capital assets	<u>699,437</u>	<u>758,200</u>	<u>465,432</u>	<u>471,710</u>	<u>1,164,869</u>	<u>1,229,910</u>
Total assets	\$ 1,147,329	\$ 1,203,571	\$ 503,027	\$ 512,841	\$ 1,650,356	\$ 1,716,412
<b>Liabilities:</b>						
Long-term liabilities	632,264	658,167	144,342	146,211	776,606	804,378
Other liabilities	<u>196,968</u>	<u>209,120</u>	<u>22,880</u>	<u>23,849</u>	<u>219,848</u>	<u>232,969</u>
Total liabilities	\$ 829,232	\$ 867,287	\$ 167,222	\$ 170,060	\$ 996,454	\$ 1,037,347
<b>Net assets:</b>						
Invested in capital assets						
net of related debt	354,911	343,895	312,958	319,708	667,869	663,603
Restricted	111,159	154,998	9,355	9,763	120,514	164,761
Unrestricted	<u>(147,974)</u>	<u>(162,608)</u>	<u>13,492</u>	<u>13,310</u>	<u>(134,482)</u>	<u>(149,298)</u>
Total net assets	\$ 318,096	\$ 336,285	\$ 335,805	\$ 342,781	\$ 653,901	\$ 679,066

**Governmental activities.** Revenues exceeded expenses by \$17,920,000.

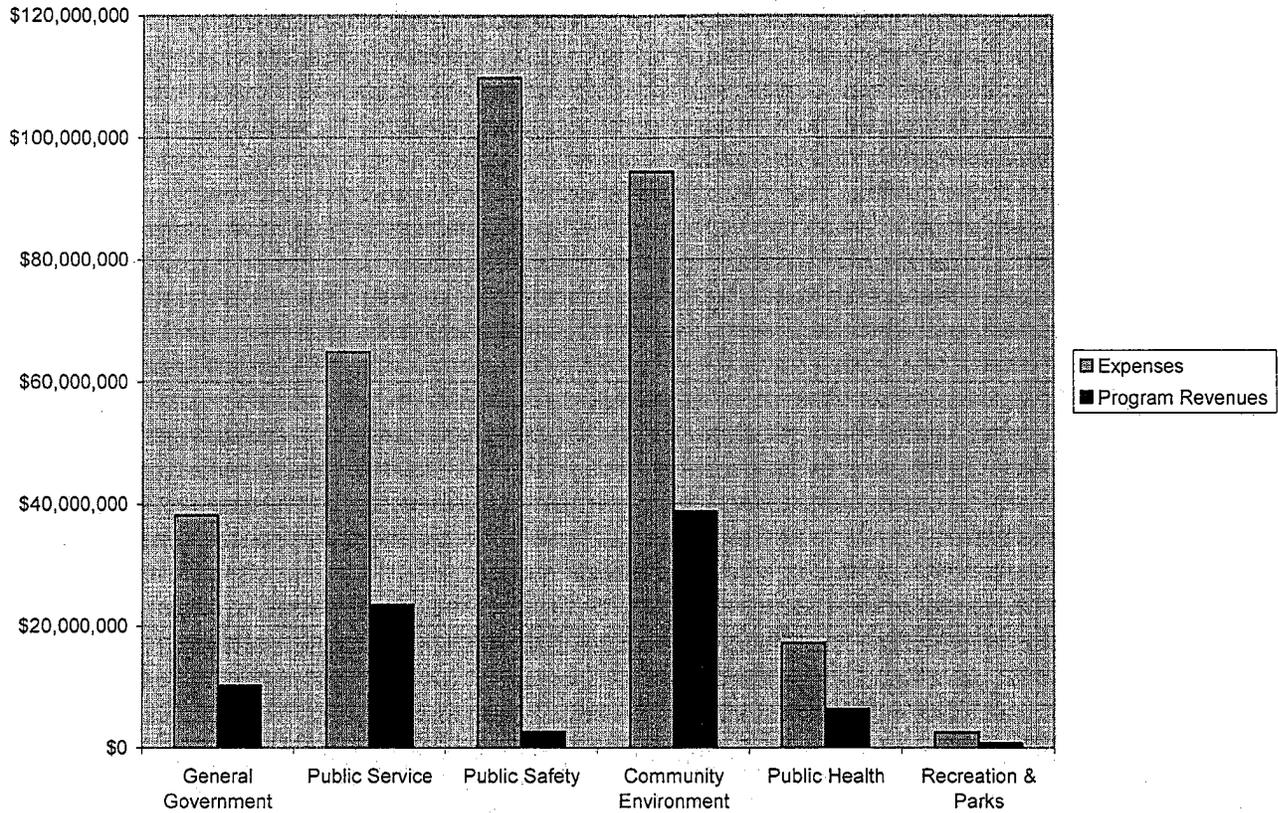
For the governmental activities, the unrestricted deficit results from having insufficient assets set side for long-term obligations such as compensated absences. The City finances such obligations on a year-to-year basis as they come due and must be paid. The deficit is also a result of having ongoing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

The following table shows total revenues for 2006 were \$80,641,000 higher than the prior year. Income tax revenue decreased by \$4,892,000 from the prior year and shared revenues increased by \$61,575,000 over 2005. Property taxes increased by \$9,391,000 over 2005. For the remaining revenues, there was an increase of \$14,567,000 over 2005. Expenses for 2006 were \$69,645,000 higher than in 2005. The higher expenses were primarily in public service and community environment.

Changes in Net Assets  
For Fiscal Year Ended December 31, 2005 and 2006  
(in thousands)

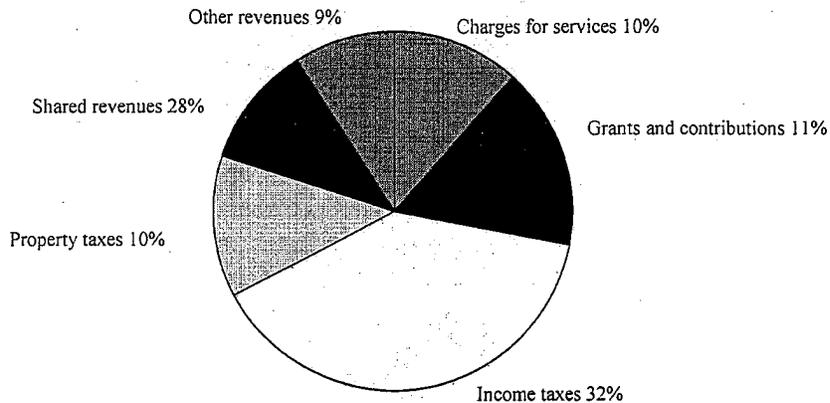
	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 35,351	\$ 39,963	\$ 75,037	\$ 75,851	\$ 110,388	\$ 115,814
Operating grants and contributions	20,737	20,086	-	-	20,737	20,086
Capital grants and contributions	19,497	22,024	6,357	4,537	25,854	26,561
General revenues:						
Income taxes	126,767	121,875	-	-	126,767	121,875
Property taxes	27,851	37,242	-	-	27,851	37,242
JEDD revenues	13,947	16,550	-	-	13,947	16,550
Investment earnings	6,196	6,546	281	461	6,477	7,007
Unrestricted shared revenues	45,169	106,744	-	-	45,169	106,744
Miscellaneous	7,662	12,788	2,834	946	10,496	13,734
<b>Total revenues</b>	<b>\$ 303,177</b>	<b>\$ 383,818</b>	<b>\$ 84,509</b>	<b>\$ 81,795</b>	<b>\$ 387,686</b>	<b>\$ 465,613</b>
<b>Expenses:</b>						
General government	\$ 53,063	\$ 38,207	\$ -	\$ -	\$ 53,063	\$ 38,207
Public service	54,923	64,832	-	-	54,923	64,832
Public safety	104,849	109,812	-	-	104,849	109,812
Community environment	21,514	94,413	-	-	21,514	94,413
Public health	15,833	17,204	-	-	15,833	17,204
Recreation and parks	7,603	2,552	-	-	7,603	2,552
Interest on debt	27,078	26,809	-	-	27,078	26,809
Unallocated depreciation	11,390	12,069	-	-	11,390	12,069
Water	-	-	30,733	33,312	30,733	33,312
Sewer	-	-	37,225	33,322	37,225	33,322
Oil & gas	-	-	285	180	285	180
Golf course	-	-	1,382	1,354	1,382	1,354
Airport	-	-	765	680	765	680
Off-street parking	-	-	5,967	5,702	5,967	5,702
<b>Total expenses</b>	<b>296,253</b>	<b>365,898</b>	<b>76,357</b>	<b>74,550</b>	<b>372,610</b>	<b>440,448</b>
Changes in net assets before transfers	6,924	17,920	8,152	7,245	15,076	25,165
Gain (loss) on sale of capital assets	1,659	-	13	-	1,672	-
Transfers	(998)	268	998	(268)	-	-
<b>Changes in net assets</b>	<b>\$ 7,585</b>	<b>\$ 18,188</b>	<b>\$ 9,163</b>	<b>\$ 6,977</b>	<b>\$ 16,748</b>	<b>\$ 25,165</b>
Net assets - beginning	310,513	318,098	326,642	335,805	637,155	653,903
<b>Net assets - ending</b>	<b>\$ 318,098</b>	<b>\$ 336,286</b>	<b>\$ 335,805</b>	<b>\$ 342,782</b>	<b>\$ 653,903</b>	<b>\$ 679,068</b>

### 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 \$6,976,162. Charges for services increased by \$814,000 over the prior year due to higher revenues in the Water Funds. Capital grants and contributions were lower than the prior year by \$1,820,000. The majority of this decrease was attributed to the Off-Street Parking Fund. In the Water Fund, expenses were \$2,579,000 greater than in the previous year and in the Sewer Fund, expenses were \$3,902,000 lower 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 a combined ending fund balance of \$237,312,277, a decrease of \$13,645,895 in comparison to the prior year. The unreserved fund balance at the end of the current year is \$202,643,356. 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 (\$24,884,068) and (2) to reserve for loans receivable (\$9,784,853).

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 \$7,885,122, while the total fund balance is \$9,899,602. 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 5.40% of total General Fund expenditures, while total fund balance represents 6.78% of that same amount.

The fund balance of the City of Akron's General Fund decreased by \$1,112,487 during the current fiscal year. Key factors in this decrease are as follows:

- Revenues as a whole decreased by \$17,855 (0.01 %) from the prior year.
- Expenditures decreased by \$1,964,125 (1.33%) during the current year.
- For the year, General Fund revenues were greater than expenditures by \$1,691,063.
- Transfers of funds from the General Fund were higher than transfers to the General Fund by \$2,803,550.

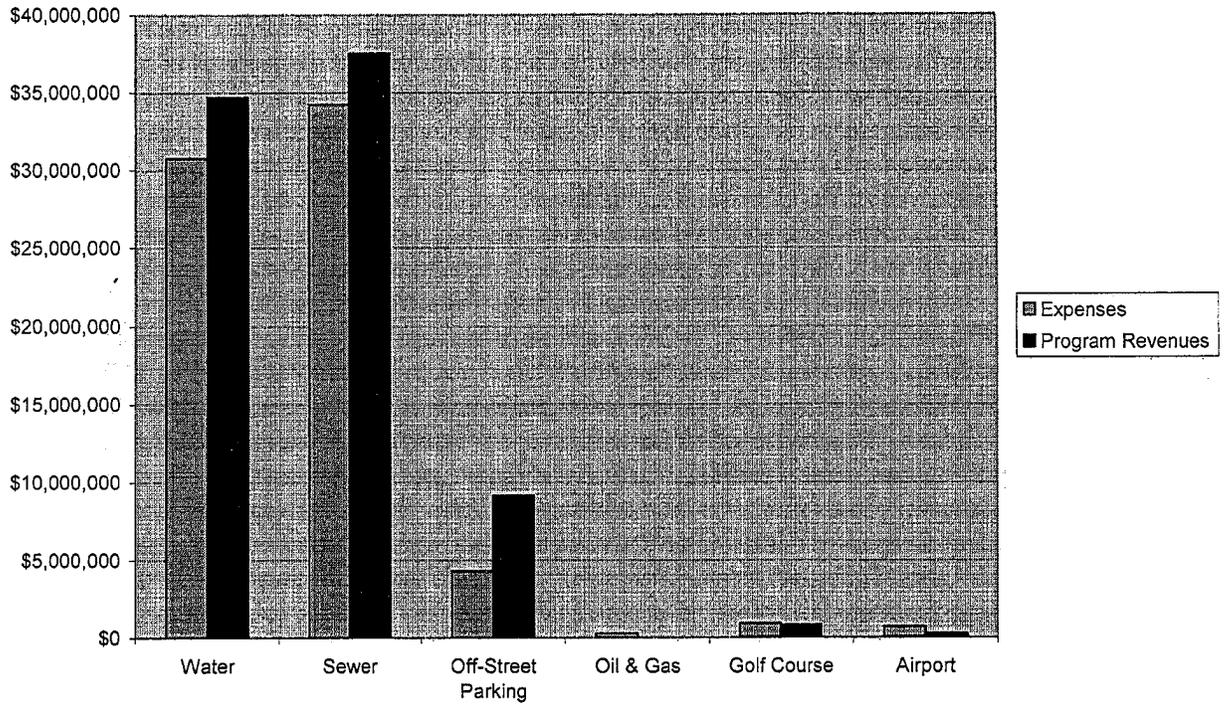
The Community Learning Centers Fund has a total fund balance of \$91,349,277. The net decrease in the Community Learning Centers Fund from the prior year was \$52,590,470. The decrease in fund balance is due mainly to the following:

- Income tax revenue was \$1,283,293 greater than the prior year.
- Investment earnings was \$286,754 greater than the prior year.
- Community environment expenditures was \$60,336,579 higher than 2005.

For the current fiscal year in the CLC Bond Payment Fund, revenues exceeded expenditures by \$40,868,329.

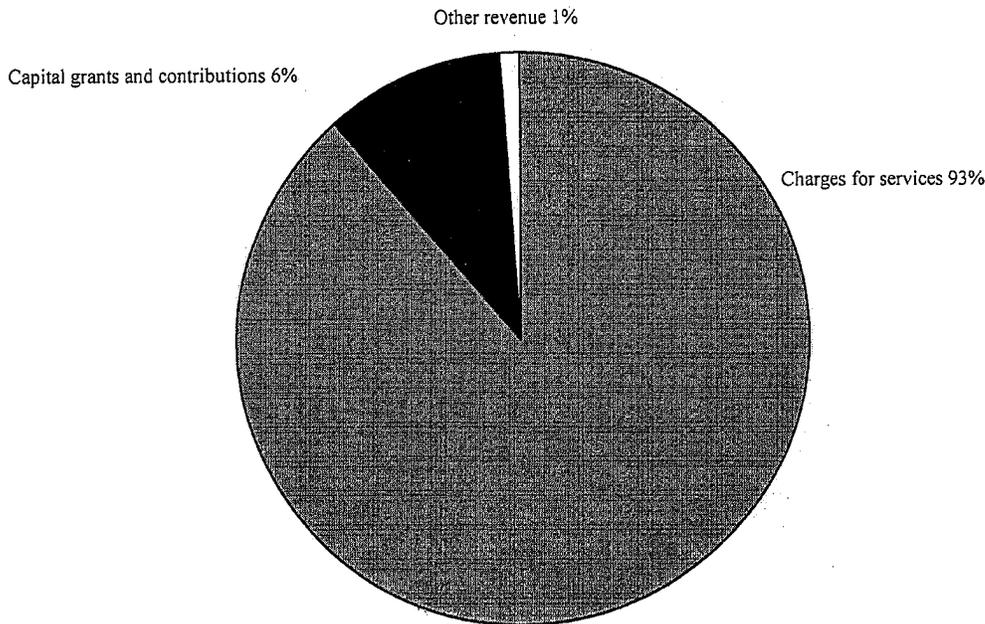
For fiscal year 2006 the Special Assessment Bond Payment Fund revenues and bond proceeds were less than expenditures by \$49,879.

### 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 \$9,851,815; for the Sewer fund \$6,039,523; and for the Off-Street Parking fund (\$601,069). Net income for the Water, Sewer and Off-Street Parking Funds were \$4,866,404, \$3,146,961, and (\$261,582) respectively. 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 exceeded budgetary estimates by \$1,003,090 (0.67%). Income Taxes were \$1,258,902 lower than budget, Local Government Fund revenues were \$1,713,535 higher than budget and Property Taxes were \$889,334 higher than budget. Other Revenues were \$340,877 lower than the estimated budget.

The revised expenditures and other uses final budget amount increased by \$2,195,000 (1.45%) over the original budget amount. The actual amount of expenditures and other uses were \$2,965,076 (1.93%) less than the final amended budget. In the Finance, Public Safety, and Public Service Departments, expenditures were less than budget by \$697,911, \$708,436, and \$355,626 respectively. Most of this is attributed to expenditures in the

Other category for the Finance and Public Safety Departments. In Public Service most of the difference is in the Wages/Benefits category.

## 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, 2006, amounts to \$1,299,910,000 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 5.58% (a 8.40% increase for governmental activities and a 1.35% increase for business-type activities).

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

- Improvements to the Bettes Corner Bridge - \$3,426,000.
- Improvements for Incubator Renovation - \$4,485,000.
- Improvements to the combined sewer overflow rack storage basin -\$19,402,000.
- Replacement of water mains -\$7,749,000.

City of Akron  
Capital Assets  
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Land	\$150,847,187	\$152,624,283	\$26,478,028	\$26,503,462	\$177,325,215	\$179,127,745
Construction in progress	60,392,386	81,054,723	34,961,109	32,099,359	95,353,495	113,154,082
Buildings	122,347,208	128,132,032	83,612,876	98,898,745	205,960,084	227,030,777
Improvements	79,843,813	88,461,233	229,765,021	222,095,996	309,608,834	310,557,229
Equipment	12,027,370	23,688,958	4,143,815	2,772,636	16,171,185	26,461,594
Infrastructure	273,978,342	284,238,647	86,471,193	89,339,926	360,449,535	373,578,573
	<u>\$699,436,306</u>	<u>\$758,199,876</u>	<u>\$465,432,042</u>	<u>\$471,710,124</u>	<u>\$1,164,868,348</u>	<u>\$1,229,910,000</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 \$700,640,000. 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	
	2005	2006	2005	2006	2005	2006
General Obligation Bonds	\$ 194,886,452	\$ 207,279,553	\$ 1,339,672	\$ 922,222	\$ 196,226,124	\$ 208,201,775
OPWC Loan	8,232,378	9,931,118	3,141,885	2,852,601	11,374,263	12,783,719
Ohio Department of Development Loan	1,363,491	1,309,013	-	-	1,363,491	1,309,013
Non-Tax Revenue Bonds	26,325,000	44,360,000	-	-	26,325,000	44,360,000
Income Tax Revenue Bonds	217,585,000	214,130,000	-	-	217,585,000	214,130,000
Special Revenue Bonds	46,315,000	44,240,000	-	-	46,315,000	44,240,000
Special Assessment Bonds and Notes	18,363,662	17,433,195	-	-	18,363,662	17,433,195
SIB Loan	9,955,500	9,955,500	-	-	9,955,500	9,955,500
Mortgage Revenue Bonds	-	-	49,205,000	57,565,000	49,205,000	57,565,000
Revenue Bonds	-	-	42,485,000	39,665,000	42,485,000	39,665,000
OWDA Loan	-	-	56,302,243	50,996,798	56,302,243	50,996,798
	<u>\$ 523,026,483</u>	<u>\$ 548,638,379</u>	<u>\$ 152,473,800</u>	<u>\$ 152,001,621</u>	<u>\$ 675,500,283</u>	<u>\$ 700,640,000</u>

The City of Akron's total debt outstanding increased by \$25,139,717 (3.72%) during the current fiscal year.

During the current fiscal year the City issued \$22,440,000 in general obligation bonds to pay for the cost of street improvements, improving municipal parks, improvements to municipal facilities for purchase of motor vehicles, and renovating the incubator building. The City issued \$13,340,000 Waterworks System Mortgage Revenue Improvement Bonds to pay for utility improvements. The City issued \$19,500,000 Taxable Economic Development Revenue bonds to purchase real property for economic development purposes.

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 \$344,416,905, and the total unvoted net debt limit (5.5%) is \$180,408,855.

Additional information on the City of Akron's long-term debt can be found in Notes 10-12 on pages 69-84.

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

- Akron's average annual unemployment rate at year-end was 5.9%, compared to 6.6% in the prior year.
- The City of Akron budgeted income tax collections will increase slightly over 2006.

In the 2007 budget, the General Fund unencumbered fund balance is projecting a \$96,675 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, 2006

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 12,814,233	\$ 13,156,356	\$ 25,970,589
Restricted cash and investments	94,665,879	11,906,514	106,572,393
Receivables, net	94,167,540	9,780,412	103,947,952
Loans receivable	1,171,936	-	1,171,936
Due from other governments	20,198,926	2,327,685	22,526,611
Internal balances	3,157,758	(3,157,758)	-
Inventories, at cost	817,264	2,851,261	3,668,525
Total current assets	226,993,536	36,864,470	263,858,006
Noncurrent assets:			
Receivables, net	93,024,553	-	93,024,553
Loans receivable	8,612,917	-	8,612,917
Unamortized bond costs and deferred loss	4,703,743	4,267,227	8,970,970
Deposits	112,036,833	-	112,036,833
Capital assets:			
Land and construction in progress	233,679,006	58,602,821	292,281,827
Other capital assets, net	524,520,870	413,107,303	937,628,173
Total noncurrent assets	976,577,922	475,977,351	1,452,555,273
Total assets	1,203,571,458	512,841,821	1,716,413,279
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	29,115,041	5,533,744	34,648,785
Customer deposits	809,960	596,321	1,406,281
Due to other governments	749,000	29,023	778,023
Deferred revenue	127,878,853	-	127,878,853
Matured bonds and interest payable	150,609	-	150,609
Accrued interest payable	2,348,854	2,089,947	4,438,801
Accrued wages	3,904,980	546,628	4,451,608
Accrued vacation and leave	11,654,173	1,486,430	13,140,603
COPs and obligations under capital lease	5,068,454	-	5,068,454
Liability for unpaid claims	4,560,176	-	4,560,176
Bonds, notes and loans payable	22,880,206	13,567,381	36,447,587
Total current liabilities	209,120,306	23,849,474	232,969,780
Noncurrent liabilities:			
COPs and obligations under capital lease	65,006,175	-	65,006,175
Liabilities due in more than one year	57,364,141	5,315,728	62,679,869
Deferred charges and other liabilities	17,720,555	2,460,749	20,181,304
Bonds, notes and loans payable due in more than one year	518,075,627	138,434,240	656,509,867
Total noncurrent liabilities	658,166,498	146,210,717	804,377,215
Total liabilities	867,286,804	170,060,191	1,037,346,995
<b>Net Assets</b>			
Invested in capital assets, net of related debt	343,894,860	319,708,498	663,603,358
Restricted for debt service	154,998,029	9,762,791	164,760,820
Unrestricted (deficit)	(162,608,235)	13,310,341	(149,297,894)
Total net assets	\$ 336,284,654	\$ 342,781,630	\$ 679,066,284

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, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 38,206,653	\$ 10,203,648	\$ -	\$ -	\$(28,003,005)	\$ -	\$(28,003,005)
Public service	64,832,236	27,488,539	203,975	22,023,997	(15,115,725)	-	(15,115,725)
Public safety	109,812,346	1,221,943	1,926,566	-	(106,663,837)	-	(106,663,837)
Community environment	94,412,587	27,244	11,244,037	-	(83,141,306)	-	(83,141,306)
Public health	17,204,170	634,517	6,309,257	-	(10,260,396)	-	(10,260,396)
Recreation and parks	2,552,319	387,161	401,669	-	(1,763,489)	-	(1,763,489)
Interest	26,808,875	-	-	-	(26,808,875)	-	(26,808,875)
Unallocated depreciation*	12,069,428	-	-	-	(12,069,428)	-	(12,069,428)
<b>Total governmental activities</b>	<b>365,898,614</b>	<b>39,963,052</b>	<b>20,085,504</b>	<b>22,023,997</b>	<b>(283,826,061)</b>	<b>-</b>	<b>(283,826,061)</b>
<b>Business-type activities:</b>							
Water	33,312,219	34,203,720	-	3,081,364	-	3,972,865	3,972,865
Sewer	33,322,391	35,658,036	-	143,678	-	2,479,323	2,479,323
Oil & gas	179,995	1,136	-	-	-	(178,859)	(178,859)
Golf course	1,353,376	903,859	-	19,569	-	(429,948)	(429,948)
Airport	679,883	162,557	-	-	-	(517,326)	(517,326)
Parking facilities	5,702,299	4,921,561	-	1,292,719	-	511,981	511,981
<b>Total business-type activities</b>	<b>74,550,163</b>	<b>75,850,869</b>	<b>-</b>	<b>4,537,330</b>	<b>-</b>	<b>5,838,036</b>	<b>5,838,036</b>
<b>Total Government</b>	<b>\$ 440,448,777</b>	<b>\$ 115,813,921</b>	<b>\$ 20,085,504</b>	<b>\$ 26,561,327</b>	<b>\$ (283,826,061)</b>	<b>\$ 5,838,036</b>	<b>\$ (277,988,025)</b>

General Revenues:

Taxes:							
Income taxes	\$ 121,875,043	\$ -	\$ -	\$ -	\$ 121,875,043		
Property taxes	37,242,477				37,242,477		
JEDD revenues	16,550,254				16,550,254		
Investment earnings	6,546,494				460,615		7,007,109
Unrestricted shared revenues	106,744,240				-		106,744,240
Miscellaneous	12,787,733				945,762		13,733,495
Transfers	268,251				(268,251)		-
<b>Total general revenues and transfers</b>	<b>302,014,492</b>				<b>1,138,126</b>		<b>303,152,618</b>
Change in net assets	18,188,431				6,976,162		25,164,593
Net assets - beginning	318,096,223				335,805,468		653,901,691
Net assets - ending	<b>\$ 336,284,654</b>	<b>\$ -</b>	<b>\$ 342,781,630</b>	<b>\$ 679,066,284</b>			

\* 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, 2006

	General	Community Learning Centers	Special Assessment Bond Payment	CLC Bond Payment Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Pooled cash and investments	\$ -	\$ 4,925,814	\$ -	\$ -	\$ 10,946,756	\$ 15,872,570
Restricted cash and investments	-	77,946,406	291,492	21,598	16,406,383	94,665,879
Receivables, net of allowances for uncollectibles	54,147,949	83,993,532	24,247,731	-	24,721,148	187,110,360
Loans receivable	492,174	-	-	-	9,292,679	9,784,853
Due from other governments	659	-	-	-	7,423,001	7,423,660
Due from other funds	6,508,415	6,387,232	-	-	29,095,348	41,990,995
Deposits	-	-	-	112,036,833	-	112,036,833
<b>Total assets</b>	<b>\$ 61,149,197</b>	<b>\$ 173,252,984</b>	<b>\$ 24,539,223</b>	<b>\$ 112,058,431</b>	<b>\$ 97,885,315</b>	<b>\$ 468,885,150</b>
<b>Liabilities</b>						
Accounts payable	\$ 4,730,829	\$ 103,839	\$ -	\$ -	\$ 11,830,680	\$ 16,665,348
Customer deposits	-	-	-	-	809,960	809,960
Due to other governments	-	-	-	-	4,195,000	4,195,000
Due to other funds	1,124,008	45	-	-	34,731,864	35,855,917
Due to others	-	-	-	-	909,287	909,287
Deferred grant revenue	-	-	-	-	1,545,463	1,545,463
Deferred revenue	38,778,048	81,798,989	22,247,731	-	17,403,168	160,227,936
Matured bonds payable	-	-	-	-	100,000	100,000
Matured interest payable	-	-	-	-	50,609	50,609
Accrued liabilities	3,618,445	-	-	-	3,733,520	7,351,965
Accrued wages	2,894,570	834	-	-	757,168	3,652,572
Accrued vacation and leave	103,695	-	-	-	105,121	208,816
<b>Total liabilities</b>	<b>51,249,595</b>	<b>81,903,707</b>	<b>22,247,731</b>	<b>-</b>	<b>76,171,840</b>	<b>231,572,873</b>
<b>Fund balances</b>						
Reserved for encumbrances	1,522,306	-	-	-	23,361,762	24,884,068
Reserved for loans receivable	492,174	-	-	-	9,292,679	9,784,853
Unreserved designated for pre-encumbrances reported in general fund	151,862	-	-	-	-	151,862
Unreserved designated for pre-encumbrances reported in special revenue funds	-	-	-	-	782,953	782,953
Unreserved designated for pre-encumbrances reported in debt service funds	-	-	-	-	1,454	1,454
Unreserved designated for pre-encumbrances reported in capital project funds	-	-	-	-	676,926	676,926
Unreserved reported in general fund	7,733,260	-	-	-	-	7,733,260
Unreserved reported in special revenue funds	-	91,349,277	-	-	13,146,597	104,495,874
Unreserved reported in debt service funds	-	-	2,291,492	112,058,431	13,989,022	128,338,945
Deficit reported in capital project funds	-	-	-	-	(39,537,918)	(39,537,918)
<b>Total fund balances</b>	<b>9,899,602</b>	<b>91,349,277</b>	<b>2,291,492</b>	<b>112,058,431</b>	<b>21,713,475</b>	<b>237,312,277</b>
<b>Total liabilities and fund balances</b>	<b>\$ 61,149,197</b>	<b>\$ 173,252,984</b>	<b>\$ 24,539,223</b>	<b>\$ 112,058,431</b>	<b>\$ 97,885,315</b>	<b>\$ 468,885,150</b>

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

December 31, 2006

Total fund balances for governmental funds (Exhibit 3)		\$ 237,312,277
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.		(7,682,546)
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		755,458,803
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Income taxes	8,342,096	
JEDD revenues	734,724	
Special assessments	10,628,900	
Property taxes	4,768,651	
Shared revenues	<u>9,420,175</u>	
		33,894,546
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		(12,912,965)
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	(634,500)	
Due to other governments	(4,529,000)	
Accrued interest payable	(2,348,098)	
Accrued vacation and leave	(51,311,628)	
Bonds, notes and loans payable	(540,754,205)	
Obligations under capital lease	(69,966,484)	
Unamortized bond premium	(17,720,555)	
Unamortized bond issue cost	<u>4,703,743</u>	
		(682,560,727)
OPWC loan funds not drawn down, therefore, receivable not reflected in the funds.		12,775,266
		<u>12,775,266</u>
Total net assets of governmental activities (Exhibit 1)		<u><u>\$ 336,284,654</u></u>

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

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

For the Year Ended December 31, 2006

	General	Community Learning Centers	Special Assessment Bond Payment	CLC Bond Payment Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Income taxes	\$ 77,506,688	\$ 13,671,318	\$ -	\$ -	\$ 36,750,663	\$ 127,928,669
Property taxes	19,633,002	-	-	-	12,794,782	32,427,784
JEDD revenues	2,040,000	-	-	-	14,821,380	16,861,380
Special assessments	43,139	-	3,549,272	-	9,161,964	12,754,375
Grants and subsidies:						
Community development	-	-	-	-	11,605,228	11,605,228
Other	256,703	-	-	-	17,347,893	17,604,596
Investment earnings	591,475	5,005,407	179,219	96,618	1,516,961	7,389,680
Shared revenues	20,597,972	-	-	73,454,606	11,714,240	105,766,818
Licenses, fees and fines	8,247,702	-	-	-	1,376,098	9,623,800
Charges for services	17,603,554	-	-	-	11,066,907	28,670,461
Miscellaneous	1,176,390	2,439	268	-	11,476,896	12,655,993
	<u>147,696,625</u>	<u>18,679,164</u>	<u>3,728,759</u>	<u>73,551,224</u>	<u>139,633,012</u>	<u>383,288,784</u>
<b>Expenditures</b>						
Current:						
General government	22,658,807	434,141	133,081	6,050	18,753,008	41,985,087
Public service	21,032,021	5,821	-	-	85,326,403	106,364,245
Public safety	92,192,483	-	-	-	16,060,192	108,252,675
Community environment	1,533,162	60,696,521	-	29,592,934	20,681,522	112,504,139
Public health	7,840,793	-	-	-	8,730,740	16,571,533
Recreation and parks	676,247	-	-	-	1,744,263	2,420,510
Capital outlay	-	-	-	-	3,022,789	3,022,789
Debt service:						
Principal retirement	33,696	3,150,000	4,313,041	-	16,859,378	24,356,115
Interest	38,353	6,983,151	642,516	3,083,911	17,047,995	27,795,926
Bond issuance expenditures	-	-	-	-	413,476	413,476
	<u>146,005,562</u>	<u>71,269,634</u>	<u>5,088,638</u>	<u>32,682,895</u>	<u>188,639,766</u>	<u>443,686,495</u>
Excess (deficiency) of revenues over (under) expenditures	1,691,063	(52,590,470)	(1,359,879)	40,868,329	(49,006,754)	(60,397,711)
<b>Other financing sources (uses)</b>						
Issuance of general obligation bonds	-	-	1,310,000	-	41,940,000	43,250,000
Issuance of general obligation notes	-	-	-	-	2,072,575	2,072,575
Loan proceeds	-	-	-	-	1,241,581	1,241,581
Premium on G.O. Debt	-	-	-	-	456,909	456,909
Issuance of capital lease	9,050,203	-	-	-	-	9,050,203
Lease - financed capital assets	(9,050,203)	-	-	-	-	(9,050,203)
Transfers-in	-	-	-	-	3,231,801	3,231,801
Transfers-out	(2,803,550)	-	-	-	(697,500)	(3,501,050)
	<u>(2,803,550)</u>	<u>-</u>	<u>1,310,000</u>	<u>-</u>	<u>48,245,366</u>	<u>46,751,816</u>
Net change in fund balance	(1,112,487)	(52,590,470)	(49,879)	40,868,329	(761,388)	(13,645,895)
Fund balances, January 1, 2006	<u>11,012,089</u>	<u>143,939,747</u>	<u>2,341,371</u>	<u>71,190,102</u>	<u>22,474,863</u>	<u>250,958,172</u>
Fund balances, December 31, 2006	<u>\$ 9,899,602</u>	<u>\$ 91,349,277</u>	<u>\$ 2,291,492</u>	<u>\$ 112,058,431</u>	<u>\$ 21,713,475</u>	<u>\$ 237,312,277</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 - Governmental Funds

For the Year Ended December 31, 2006

Net changes in fund balances - total governmental funds (Exhibit 4)		\$(13,645,895)
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 (\$82,230,025) exceeded depreciation (\$22,366,254) in the current period.		59,863,771
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		4,527,819
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.		
Issuance of debt	(46,564,156)	
Payment of debt	24,356,115	
Premium on debt	(456,909)	
Bond issuance expenditures	413,476	
		(22,251,474)
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.		(7,014,940)
The revenues and expenses of the internal service funds are included in the governmental activities in the statement of activities.		(3,290,850)
Increase in net assets of governmental activities (Exhibit 2)		\$ 18,188,431

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, 2006

	Water	Sewer	Off-Street Parking	Other Enterprise Funds
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 10,291,129	\$ 2,401,748	\$ -	\$ 463,479
Restricted cash and investments	5,075,018	6,831,496	-	-
Receivables, net of allowances for uncollectibles	4,120,642	5,549,482	79,727	30,561
Due from other governments	38,971	2,287,867	-	847
Due from other funds	217,993	116,401	-	7,946
Inventories, at cost	1,712,029	1,094,783	-	44,449
Total current assets	21,455,782	18,281,777	79,727	547,282
Noncurrent assets				
Deferred loss on early retirement	1,715,846	1,014,771	-	-
Unamortized bond discount	188,951	-	-	-
Unamortized bond issue costs	827,473	520,186	-	-
Property, plant and equipment, net of accumulated depreciation	143,373,808	245,645,634	72,447,974	10,242,708
Total noncurrent assets	146,106,078	247,180,591	72,447,974	10,242,708
Total assets	167,561,860	265,462,368	72,527,701	10,789,990
<b>Liabilities</b>				
Current liabilities				
Accounts payable	1,255,892	1,340,766	334,624	122,415
Customer deposits	596,321	-	-	-
Due to other governments	-	29,023	-	-
Due to other funds	555,818	518,665	343,125	491,174
Accrued interest payable	1,109,630	977,270	3,047	-
Accrued liabilities	516,902	1,934,407	-	28,738
Accrued wages	325,717	199,268	-	21,643
Accrued vacation and leave	906,099	524,513	-	55,818
Obligations under capital lease	-	-	-	-
Liability for unpaid claims	-	-	-	-
Debt:				
General obligation bonds	56,536	32,870	32,024	-
Mortgage revenue bonds	5,720,000	-	-	-
Revenue bonds	-	2,285,000	-	-
OWDA loans	974,073	4,265,364	-	-
OPWC loans	95,958	105,556	-	-
Total current liabilities	12,112,946	12,212,702	712,820	719,788
Noncurrent liabilities				
Due in more than one year	2,850,331	2,249,286	-	216,111
Deferred charges and other liabilities	1,203,657	1,257,092	-	-
Bonds, notes, and loans	63,920,118	73,806,562	707,560	-
Total noncurrent liabilities	67,974,106	77,312,940	707,560	216,111
Total liabilities	80,087,052	89,525,642	1,420,380	935,899
<b>Net assets</b>				
Invested in capital assets net of related debt	72,607,123	165,150,282	71,708,390	10,242,703
Restricted for debt service	5,015,870	4,746,921	-	-
Unrestricted (deficit)	9,851,815	6,039,523	(601,069)	(388,612)
Total net assets	\$ 87,474,808	\$ 175,936,726	\$ 71,107,321	\$ 9,854,091

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, 2006

	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
\$	13,156,356	\$ 4,624,209
	11,906,514	-
	9,780,412	81,733
	2,327,685	-
	342,340	2,434,648
	2,851,261	817,264
	<u>40,364,568</u>	<u>7,957,854</u>
	2,730,617	-
	188,951	-
	1,347,659	-
	<u>471,710,124</u>	<u>2,741,073</u>
	<u>475,977,351</u>	<u>2,741,073</u>
	<u>516,341,919</u>	<u>10,698,927</u>
	3,053,697	1,653,521
	596,321	-
	29,023	-
	1,908,782	7,003,284
	2,089,947	756
	2,480,047	1,900,420
	546,628	252,408
	1,486,430	716,200
	-	108,145
	-	4,560,176
	121,430	33,416
	5,720,000	-
	2,285,000	-
	5,239,437	-
	201,514	-
	<u>25,758,256</u>	<u>16,228,326</u>
	5,315,728	8,806,670
	2,460,749	-
	<u>138,434,240</u>	<u>168,212</u>
	<u>146,210,717</u>	<u>8,974,882</u>
	<u>171,968,973</u>	<u>25,203,208</u>
	319,708,498	2,464,854
	9,762,791	-
	<u>14,901,657</u>	<u>(16,969,135)</u>
	<u>\$ (14,504,281)</u>	
	(1,591,316)	
\$	<u><u>342,781,630</u></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, 2006

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
<b>Operating revenues</b>						
Charges for services	\$ 34,203,720	\$ 35,658,036	\$ 4,921,561	\$ 1,067,552	\$ 75,850,869	\$ 43,788,868
Other	515,847	142,409	95,298	192,208	945,762	457,172
	<u>34,719,567</u>	<u>35,800,445</u>	<u>5,016,859</u>	<u>1,259,760</u>	<u>76,796,631</u>	<u>44,246,040</u>
<b>Operating expenses</b>						
Personal services	12,940,765	7,429,911	-	1,188,434	21,559,110	9,742,877
Direct expenses	9,973,923	13,073,090	2,592,407	547,569	26,186,989	12,489,125
Claims	-	-	-	-	-	24,613,899
Rentals and lease	243,141	1,812	-	59,525	304,478	169,558
Utilities	1,711,804	1,939,040	654,203	128,032	4,433,079	284,724
Insurance	155,405	236,968	65,887	26,292	484,552	32,415
Depreciation, depletion and amortization	4,996,838	7,716,902	1,747,727	241,422	14,702,889	730,392
Other	251,549	49,216	605,572	5,956	912,293	5,425
	<u>30,273,425</u>	<u>30,446,939</u>	<u>5,665,796</u>	<u>2,197,230</u>	<u>68,583,390</u>	<u>48,068,415</u>
Operating income (loss)	4,446,142	5,353,506	(648,937)	(937,470)	8,213,241	(3,822,375)
<b>Non-operating revenues (expenses)</b>						
Interest income	109,137	351,478	-	-	460,615	4,212
Interest expense	(2,770,239)	(2,701,701)	(37,483)	-	(5,509,423)	(10,187)
	<u>(2,661,102)</u>	<u>(2,350,223)</u>	<u>(37,483)</u>	<u>-</u>	<u>(5,048,808)</u>	<u>(5,975)</u>
Gain (loss) before transfers and contributions	1,785,040	3,003,283	(686,420)	(937,470)	3,164,433	(3,828,350)
Transfers-in	-	-	-	599,630	599,630	537,500
Transfers-out	-	-	(867,881)	-	(867,881)	-
Capital contributions	3,081,364	143,678	1,292,719	19,569	4,537,330	-
	<u>3,081,364</u>	<u>143,678</u>	<u>424,838</u>	<u>619,199</u>	<u>4,269,079</u>	<u>537,500</u>
Net change in net assets	4,866,404	3,146,961	(261,582)	(318,271)	7,433,512	(3,290,850)
Net assets, January 1, 2006	82,608,404	172,789,765	71,368,903	10,172,362		(11,213,431)
Net assets, December 31, 2006	\$ 87,474,808	\$ 175,936,726	\$ 71,107,321	\$ 9,854,091	\$	\$ (14,504,281)

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

(457,350)  
6,976,162

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, 2006

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Operating activities</b>						
Cash received from customers	\$ 33,419,545	\$ 35,395,514	\$ 4,866,862	\$ 1,091,969	\$ 74,773,890	\$ 43,001,826
Cash payments to suppliers for goods and services	(12,116,417)	(15,298,870)	(3,796,141)	(768,361)	(31,979,789)	(8,919,588)
Cash paid for salaries and employee benefits	(13,027,992)	(7,238,282)	-	(1,250,904)	(21,517,178)	(37,507,335)
Other revenues	515,847	142,409	95,298	192,208	945,762	457,172
Other expenses	(251,549)	(49,216)	(605,572)	(5,956)	(912,293)	(5,425)
Net cash provided by (used for) operating activities	8,539,434	12,951,555	560,447	(741,044)	21,310,392	(2,973,350)
<b>Non-capital financing activities</b>						
Transfers from other funds	-	-	-	599,630	599,630	537,500
Transfers in for negative cash balances	-	-	289,263	470,123	759,386	6,892,562
Transfers out for negative cash balances	-	-	-	(381,796)	(381,796)	(4,225,571)
Transfers to other funds	-	-	(867,881)	-	(867,881)	-
Net cash provided by non-capital financing activities	-	-	(578,618)	687,957	109,339	3,204,491
<b>Capital and related financing activities</b>						
Proceeds from bonds and loans	13,340,000	-	-	-	13,340,000	-
Principal paid on bonds and loans	(6,629,293)	(7,151,868)	(31,018)	-	(13,812,179)	(31,982)
Interest paid on bonds and loans	(2,888,271)	(3,452,721)	(37,567)	-	(6,378,559)	(10,288)
Acquisition and construction of capital assets	(5,980,921)	(8,477,994)	(1,292,719)	(19,569)	(15,771,203)	(296,883)
Capital contributions	3,081,364	143,678	1,292,719	19,569	4,537,330	-
Net cash used for capital and related financing activities	922,879	(18,938,905)	(68,585)	-	(18,084,611)	(339,153)
<b>Investing activities</b>						
Purchase of investment securities	(12,909,049)	(33,245,861)	-	-	(46,154,910)	-
Proceeds from sales and maturities of investment securities	12,909,049	33,245,861	-	-	46,154,910	4,212
Interest on investments	109,137	351,478	-	-	460,615	-
Net cash provided by investing activities	109,137	351,478	-	-	460,615	4,212
Net increase (decrease) in cash and cash equivalents	9,571,450	(5,635,872)	(86,756)	(53,087)	3,795,735	(103,800)
Cash and cash equivalents, January 1, 2006	5,794,697	14,869,116	86,756	516,566	21,267,135	4,728,009
Cash and cash equivalents, December 31, 2006	\$ 15,366,147	\$ 9,233,244	\$ -	\$ 463,479	\$ 25,062,870	\$ 4,624,209

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, 2006  
(continued)

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating income (loss)	\$ 4,446,142	\$ 5,353,506	\$ (648,937)	\$ (937,470)	\$ 8,213,241	\$ (3,822,375)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation, depletion and amortization				241,422	14,702,889	730,392
(Increase) decrease in operating assets:						
Receivables	(566,182)	(449,326)	(54,699)	25,553	(1,044,654)	42,924
Due from other funds	(217,993)	186,804	-	(1,136)	(32,325)	(829,966)
Inventories	(190,522)	57,672	-	2,352	(130,498)	147,680
Increase (decrease) in operating liabilities:						
Accounts payable	271,978	(40,312)	(453,570)	(13,176)	(235,080)	1,131,283
Due to other funds	(73,548)	(36,297)	(30,074)	3,881	(136,038)	(29,328)
Due to other governments	-	(29,023)	-	-	(29,023)	-
Accrued liabilities	(49,594)	(1,919)	-	(2,870)	(54,383)	(14,455)
Accrued wages	(15,363)	3,688	-	(56)	(11,731)	(600)
Accrued vacation and leave	(62,322)	189,860	-	(59,544)	67,994	79,987
Estimated liability for unpaid claims	-	-	-	-	-	(408,892)
Net cash provided by (used for) operating activities	<u>\$ 8,539,434</u>	<u>\$ 12,951,555</u>	<u>\$ 560,447</u>	<u>\$ (741,044)</u>	<u>\$ 21,310,392</u>	<u>\$ (2,973,350)</u>

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, 2006

	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and investments	\$ 3,580	\$ 727,246
	<u>                    </u>	<u>                    </u>
Total assets	3,580	727,246
	<u>                    </u>	<u>                    </u>
<b>Liabilities</b>		
Due to other governments	-	712,246
Due to others	-	15,000
	<u>                    </u>	<u>                    </u>
Total liabilities	-	727,246
	<u>                    </u>	<u>                    </u>
<b>Net assets</b>	<u>\$ 3,580</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, 2006

	<b>Private Purpose Trust Funds</b>
<b>Additions</b>	
Contributions	\$ 6,712
	<u>6,712</u>
<b>Deductions</b>	
Education and awareness	7,748
	<u>7,748</u>
Change in net assets	<u>(1,036)</u>
Net assets, January 1, 2006	<u>4,616</u>
Net assets, December 31, 2006	<u>\$ 3,580</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, 2006

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 and related organizations. These organizations are presented in Notes 22 and 23 to the basic financial statements. These organizations are the Akron Metropolitan Area Transportation Study (AMATS), the Akron/Summit Convention and Visitors' Bureau and the Summit Medina Business Alliance (SMBA). 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, Special Assessment Bond Payment Fund, and CLC Bond Payment 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 Special Assessment Bond Payment Fund is used to account for the accumulation of resources for, and the payment of, special assessment debt principal and interest and related costs. Revenues consist primarily of special assessment collections.

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, interest and funding from the 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.

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 City, 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 using the economic resources measurement focus (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 has two Agency Funds, the first one 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. The second one is the Police Property Monetary Evidence Fund and is used to account for funds held by the Police Department that will be returned to other agencies.
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, except Agency Funds because they are custodial in nature. 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 expenditure 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

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

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 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 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 2006, 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 recorded as the equivalent of expenditures. Unencumbered appropriations lapse at year-end.
- (6) The majority of all funds have a legally adopted annual budget.

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.

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

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.

- 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. Infrastructure acquired prior to fiscal years ended after June 30, 1980, is also reported as a component of the above-mentioned capital assets.

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	3-20
CLC Building Equity Interest	70

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, 2006 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 Ohio Police and Fire Pension Fund and the Ohio 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, 1,927 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 2006, those costs totaled \$3,149,495.

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*** – In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of Other Postemployment Benefit (OPEB) expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. For the City, this Statement is effective for periods beginning after December 15, 2006. The future impact is currently being evaluated by the City.

In June 2005, the GASB issued statement No. 47, *Accounting for Termination Benefits*. This statement establishes accounting standards for voluntary and involuntary termination benefits. For the City, this Statement is effective for periods beginning after June 15, 2005. The City has no termination benefits that need to be recorded at this time.

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. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk. The Ohio Revised Code requires banks to secure all of their public deposits over and above the \$100,000 FDIC coverage.

At December 31, 2006, the carrying amount of the City's deposits was \$7,160,671 (including certificates of deposit of \$5,000,000), and the bank balance was \$10,467,737. The difference in the carrying amount and bank balance was composed of outstanding checks and other normal reconciling items. Of the bank balance, \$205,534 was covered by federal depository insurance, and \$10,262,203 was uninsured but collateralized with unregistered securities held by the pledging financial institution's trust department 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	\$ 15,872,570
Restricted cash and investments	94,665,879
Statement of Net Assets - Proprietary Funds:	
Enterprise Funds	
Pooled cash and investments	13,156,356
Restricted cash and investments	11,906,514
Internal Service Funds	
Pooled cash and investments	4,624,209
Restricted cash and investments	-
Statement Net Assets - Fiduciary Funds:	<u>730,826</u>
Total	<u>\$ 140,956,354</u>

Investments in City of Akron bonds and notes amounting to \$7,682,546 are eliminated in the government-wide statement of net assets at December 31, 2006.

### ***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. Realized gains and losses, on investments that had been held in more than one fiscal year and sold in the current year, may have been recognized as an increase or decrease in the fair value of the investments reported in the prior year. The net effect of these realized and unrealized gains and losses (\$1,019,935 net unrealized gain in 2006) 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, 2006, the investments held by the bond trustees and STAROhio were 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

2. Pooled Cash and Investments (Continued)

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, 2006.

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, Community Learning Centers 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.

At December 31, 2006, \$106,572,393 of cash and investments was restricted for the following purposes: \$32,161 was restricted for lease costs for Canal Park Stadium; \$2,659,365 was restricted for Off-Street Parking Deck COPs; \$25,934,461 was restricted solely for retirement of City obligations; and the balance of \$77,946,406 was held by the trustee for payment of debt service on the Community Learning Centers' Income Tax Revenue Bonds.

As of December 31, 2006 the City had the following investments.

Investment Types	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-5	6-10
Repurchase agreement	\$ 9,600,000	\$ 9,600,000	\$ -	\$ -
U.S. Treasuries or Agencies	10,971,570	10,971,570	-	-
STAROhio	5,000,000	5,000,000	-	-
Municipal Bonds	1,891,832	412,727	914,105	565,000
City of Akron Assessment Debt	7,682,546	958,039	5,864,314	860,193
Investments held by bond trustees:				
U.S. Government Securities	9,586,896	9,586,896	-	-
U.S. Treasuries or Agencies	10,521,781	10,521,781	-	-
Tax Exempt Ohio Municipals	32,137	32,137	-	-
Municipal Bonds and Notes	1,701,633	1,701,633	-	-
Investments held by Community Learning Center trustees:				
U.S. Treasuries or Agencies	23,939,662	19,937,631	4,002,031	-
Municipal Bonds and Notes	52,867,600	50,316,850	2,550,750	-
<b>Total</b>	<b>\$ 133,795,657</b>	<b>\$ 119,039,264</b>	<b>\$ 13,331,200</b>	<b>\$ 1,425,193</b>

### 3. Receivables

Receivables, including water and sewer unbilled charges for services, of approximately \$3,223,000 and \$549,000, respectively, consist of the following at December 31, 2006:

	Taxes	Customer Charges, Special Assessments, and Others	Accrued Interest	Gross Receivables	Allowance for Uncollectibles	Net
<b>Governmental Activities:</b>						
Governmental Funds:						
General Fund	\$ 41,136,452	\$ 14,102,675	\$ 102,584	\$ 55,341,711	\$ (1,193,762)	\$ 54,147,949
Community Learning Centers	2,130,637	81,000,000	862,895	83,993,532	-	83,993,532
Special Assessment Bond Payment	-	27,653,453	-	27,653,453	(3,405,722)	24,247,731
Other Governmental Funds	17,461,710	7,259,438	-	24,721,148	-	24,721,148
<b>Total Governmental Funds</b>	<b>60,728,799</b>	<b>130,015,566</b>	<b>965,479</b>	<b>191,709,844</b>	<b>(4,599,484)</b>	<b>187,110,360</b>
Internal Service Funds	-	81,733	-	81,733	-	81,733
<b>Total Governmental Activities</b>	<b>60,728,799</b>	<b>130,097,299</b>	<b>965,479</b>	<b>191,791,577</b>	<b>(4,599,484)</b>	<b>187,192,093</b>
<b>Business-type Activities:</b>						
Enterprise Funds:						
Water	-	9,252,118	-	9,252,118	(5,131,476)	4,120,642
Sewer	-	11,431,089	-	11,431,089	(5,881,607)	5,549,482
Off-Street Parking	-	79,727	-	79,727	-	79,727
Other Enterprise Funds	-	30,561	-	30,561	-	30,561
<b>Total Enterprise Funds/ Business-type Activities</b>	<b>-</b>	<b>20,793,495</b>	<b>-</b>	<b>20,793,495</b>	<b>(11,013,083)</b>	<b>9,780,412</b>
<b>Total Receivables</b>	<b>\$ 60,728,799</b>	<b>\$ 150,890,794</b>	<b>\$ 965,479</b>	<b>\$ 212,585,072</b>	<b>\$ (15,612,567)</b>	<b>\$ 196,972,505</b>

Delinquent special assessment receivables amounted to \$3,405,722 at December 31, 2006 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:

<b>Governmental Funds:</b>	
General Fund	
Property Tax Receivable	\$ 26,452,537
Intergovernmental Receivable	6,819,043
Income Tax Receivable	5,506,468
	<u>38,778,048</u>
Community Learning Centers	
Income Tax Receivable	798,989
Community Learning Centers Receivable	81,000,000
	<u>81,798,989</u>
Special Assessment Bond Payment	
Special Assessment Receivable	22,247,731
	<u>22,247,731</u>
Other Governmental Funds	
Property Tax Receivable	12,030,673
Intergovernmental Receivable	2,601,132
Income Tax Receivable	2,036,639
JEDD Receivable	734,724
	<u>17,403,168</u>
	<u>\$ 160,227,936</u>

**4. Due From/To Other Governments**

Amounts due from other governments at December 31, 2006 primarily represent amounts related to Ohio Public Works Commission (OPWC) loans and grant activity and consist of the following:

	Federal	State	Total
<b>Governmental Activities:</b>			
Governmental Funds:			
General Fund	\$ -	\$ 659	\$ 659
Other Governmental Funds	<u>6,727,362</u>	<u>695,639</u>	<u>7,423,001</u>
Total Governmental Funds	6,727,362	696,298	7,423,660
The following amounts are also included in the government-wide statement of net assets- OPWC loan funds receivable:			
	<u>-</u>	<u>12,775,266</u>	<u>12,775,266</u>
<b>Total Governmental Activities</b>	<u><u>\$ 6,727,362</u></u>	<u><u>\$ 13,471,564</u></u>	<u><u>\$ 20,198,926</u></u>
<b>Business-type Activities:</b>			
Enterprise Funds:			
Water	\$ -	\$ 38,971	\$ 38,971
Sewer	-	2,287,867	2,287,867
Other Enterprise Funds	<u>-</u>	<u>847</u>	<u>847</u>
<b>Total Enterprise Funds/Business-type Activities</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,327,685</u></u>	<u><u>\$ 2,327,685</u></u>

Amounts due to other governments at December 31, 2006 consist of the following:

	Federal	County	Local	Total
<b>Governmental Activities:</b>				
Other Governmental Funds	4,195,000	-	-	4,195,000
The following amounts are also included in the government-wide statement of net assets:				
Due to other governments	-	374,000	250,000	624,000
Liabilities due in more than one year (Note 14)	<u>-</u>	<u>3,405,000</u>	<u>500,000</u>	<u>3,905,000</u>
<b>Total Governmental Activities</b>	<u><u>\$ 4,195,000</u></u>	<u><u>\$ 3,779,000</u></u>	<u><u>\$ 750,000</u></u>	<u><u>\$ 8,724,000</u></u>

Of the amount shown in Other Governmental Funds, \$125,000 is shown in the government-wide statement of net assets as Due to Other Governments. The remaining \$4,070,000 is shown as liabilities due in more than one year.

<b>Business-type Activities:</b>				
Enterprise Funds:				
Sewer	\$ -	\$ 29,023	\$ -	\$ 29,023
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>398,804</u>	<u>-</u>	<u>398,804</u>
<b>Total Enterprise Funds/ Business-type Activities</b>	<u><u>\$ -</u></u>	<u><u>\$ 427,827</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 427,827</u></u>

The statement of fiduciary net assets also includes \$712,246 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 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, 2006 consist of the following individual fund receivables and payables:

	Receivable	Payable
<b>Governmental Funds:</b>		
General Fund	\$ 6,508,415	\$ 1,124,008
Community Learning Centers	6,387,232	45
Other Governmental Funds	<u>29,095,348</u>	<u>34,731,864</u>
	<u>\$ 41,990,995</u>	<u>\$ 35,855,917</u>
<b>Proprietary Funds:</b>		
Enterprise Funds:		
Water	\$ 217,993	\$ 555,818
Sewer	116,401	518,665
Off-Street Parking	-	343,125
Other Enterprise Funds	<u>7,946</u>	<u>491,174</u>
	<u>\$ 342,340</u>	<u>\$ 1,908,782</u>
Internal Service Funds	<u>\$ 2,434,648</u>	<u>\$ 7,003,284</u>
Total	<u>\$ 44,767,983</u>	<u>\$ 44,767,983</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. As of December 31, 2006, the District had \$112,036,833 of unspent City funds that are recorded as Deposits on the City's Statement of Net Assets and are 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, 2006 was as follows:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 150,847,187	\$ 2,155,549	\$ 378,453	\$ 152,624,283
Construction in progress	50,930,212	17,568,958	16,793,692	51,705,478
CLC Building Equity Interest	9,462,174	19,887,071	-	29,349,245
Total capital assets, not being depreciated	<u>211,239,573</u>	<u>39,611,578</u>	<u>17,172,145</u>	<u>233,679,006</u>
Capital assets, being depreciated:				
Buildings	178,650,683	5,480,113	200,402	183,930,394
CLC Building Equity Interest	115,661	4,216,587	-	4,332,248
Improvements other than buildings	101,567,738	11,900,174	-	113,467,912
Equipment	83,873,127	15,903,015	1,525,601	98,250,541
Infrastructure	469,849,631	23,376,072	905,718	492,319,985
Total capital assets, being depreciated	<u>834,056,840</u>	<u>60,875,961</u>	<u>2,631,721</u>	<u>892,301,080</u>
Less accumulated depreciation for:				
Buildings	56,417,979	3,711,474	-	60,129,453
CLC Building Equity Interest	1,157	-	-	1,157
Improvements other than buildings	21,723,925	3,282,754	-	25,006,679
Equipment	71,845,757	3,892,369	1,176,543	74,561,583
Infrastructure	195,871,289	12,210,049	-	208,081,338
Total accumulated depreciation	<u>345,860,107</u>	<u>23,096,646</u>	<u>1,176,543</u>	<u>367,780,210</u>
Total capital assets, being depreciated, net	<u>488,196,733</u>	<u>37,779,315</u>	<u>1,455,178</u>	<u>524,520,870</u>
Governmental activities capital assets, net	<u>\$ 699,436,306</u>	<u>\$ 77,390,893</u>	<u>\$ 18,627,323</u>	<u>\$ 758,199,876</u>

7. Capital Assets (Continued)

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 26,478,028	\$ 25,434	\$ -	\$ 26,503,462
Construction in progress	34,961,109	12,623,578	15,485,328	32,099,359
Total capital assets, not being depreciated	<u>61,439,137</u>	<u>12,649,012</u>	<u>15,485,328</u>	<u>58,602,821</u>
Capital assets, being depreciated:				
Buildings	147,810,431	17,593,703	28,297	165,375,837
Improvements other than buildings	446,985,641	-	-	446,985,641
Equipment	31,248,614	984,440	175,346	32,057,708
Infrastructure	95,736,278	5,285,458	-	101,021,736
Total capital assets, being depreciated	<u>721,780,964</u>	<u>23,863,601</u>	<u>203,643</u>	<u>745,440,922</u>
Less accumulated depreciation for:				
Buildings	64,197,555	2,279,537	-	66,477,092
Improvements other than buildings	217,220,620	7,669,025	-	224,889,645
Equipment	27,104,799	2,337,602	157,329	29,285,072
Infrastructure	9,265,085	2,416,725	-	11,681,810
Total accumulated depreciation	<u>317,788,059</u>	<u>14,702,889</u>	<u>157,329</u>	<u>332,333,619</u>
Total capital assets, being depreciated, net	<u>403,992,905</u>	<u>9,160,712</u>	<u>46,314</u>	<u>413,107,303</u>
Business-type activities capital assets, net	<u>\$ 465,432,042</u>	<u>\$ 21,809,724</u>	<u>\$ 15,531,642</u>	<u>\$ 471,710,124</u>

## 7. Capital Assets (Continued)

Depreciation expense was charged during 2006 to functions of the government as follows:

### Governmental Activities:

General government	\$	2,104,917
Public service		3,682,830
Public safety		1,569,402
Community environment		2,631,571
Public health		308,106
Unallocated depreciation		12,069,428
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>730,392</u>
Total depreciation expense charged to governmental activities	\$	<u>23,096,646</u>

### Business-type Activities:

Water	\$	4,996,838
Sewer		7,716,902
Off-Street Parking		1,747,727
Other Business-type activities		<u>241,422</u>
Total depreciation, deletion and amortization expense charged to business-type activities	\$	<u>14,702,889</u>

7. **Capital Assets (Continued)**

Construction in progress and remaining capital commitments (including capitalized interest of \$1,137,390, of which \$770,535 was capitalized in 2006) are comprised of the following:

	Project Authorization	Expended to December 31, 2006	Committed
Governmental Activities:			
Governmental	\$ 60,387,281	\$ 56,343,330	\$ 4,043,951
Internal Service	-	-	-
Business-type Activities:			
Water	15,990,588	9,316,759	6,673,829
Sewer	23,967,314	26,386,664	(2,419,350)
Off-Street Parking	17,650,517	954,504	16,696,013
Other Business-type activities	230,000	-	230,000
	<u>\$ 118,225,700</u>	<u>\$ 93,001,257</u>	<u>\$ 25,224,443</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 only if they have matured. 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, 2006 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, 2006, 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:

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>
<b>Governmental Activities:</b>				
Governmental Funds:				
General Fund	\$ 8,323,948	\$ 8,418,837	\$ (8,323,948)	\$ 8,418,837
Other Governmental Activities	2,593,117	2,519,136	\$ (2,593,117)	\$ 2,519,136
<b>Total Governmental Funds</b>	<b>10,917,065</b>	<b>10,937,973</b>	<b>(10,917,065)</b>	<b>10,937,973</b>
Internal Service Funds	688,413	716,200	(688,413)	716,200
<b>Total Governmental Activities</b>	<b>11,605,478</b>	<b>11,654,173</b>	<b>(11,605,478)</b>	<b>11,654,173</b>
<b>Business-type Activities:</b>				
Enterprise Funds:				
Water	874,849	906,099	(874,849)	906,099
Sewer	509,876	524,513	(509,876)	524,513
Other Enterprise Funds	69,249	55,818	(69,249)	55,818
<b>Total Enterprise Funds/ Business-type Activities</b>	<b>1,453,974</b>	<b>1,486,430</b>	<b>(1,453,974)</b>	<b>1,486,430</b>
	<u>\$ 13,059,452</u>	<u>\$ 13,140,603</u>	<u>\$ (13,059,452)</u>	<u>\$ 13,140,603</u>

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

<b>Governmental Activities:</b>				
Other Governmental Activities	\$ 38,914,690	\$ 15,676,854	\$ (14,009,072)	\$ 40,582,471
Internal Service Funds	1,873,998	1,046,461	(994,261)	1,926,198
<b>Total Governmental Activities</b>	<b>40,788,688</b>	<b>16,723,315</b>	<b>(15,003,333)</b>	<b>42,508,669</b>
<b>Business-type Activities:</b>				
Water	2,943,903	1,338,217	(1,431,788)	2,850,331
Sewer	1,675,259	1,086,795	(911,572)	1,850,482
Other Business-type Activities	262,224	74,471	(120,584)	216,111
<b>Total Business-type Activities</b>	<b>4,881,386</b>	<b>2,499,483</b>	<b>(2,463,944)</b>	<b>4,916,924</b>
	<u>\$ 45,670,074</u>	<u>\$ 19,222,798</u>	<u>\$ (17,467,277)</u>	<u>\$ 47,425,593</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 9.0% of their covered payroll to OPERS. The 2006 and 2005 employer contribution rate for local government employer units was 13.70% and 13.55%, respectively, of covered payroll including 4.5% and 4.0%, 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, 2006, 2005, and 2004 were \$6,718,768, \$6,932,558, and \$6,946,564, 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 2006 and 2005, \$3,286,843 and \$2,903,648, 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, 2005. 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 annually, not to exceed a 12% corridor. 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 .5% 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 0.5% to 6.0% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4.0% (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. 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, 2005 (latest information available) were approximately \$11.1 billion. The actuarial accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used were approximately \$31.3 billion and \$20.2 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 Ohio 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 Ohio 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, 2006, 2005, and 2004 were \$3,261,595, \$3,137,410, and \$3,093,245, 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, 2006, 2005, and 2004 were \$3,727,172, \$3,559,328, and \$3,460,666, 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 2006 and 2005, 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 \$108.0 million, which was net of member contributions of \$55.3 million, for the year ended December 31, 2005 (latest information available). The City’s contributions for Police for 2006 and 2005 used to pay post-retirement health care were \$2,147,352 and \$2,065,591, respectively. The City’s contributions for Fire for 2006 and 2005 used to pay post-retirement health care were \$1,778,752 and \$1,698,173, respectively. Eligible benefit recipients totaled 13,922 and 10,537 for uniformed police and fire personnel, respectively, for the year ended December 31, 2005 for the entire fund.

**10. Notes Payable**

The following is a summary of note transactions for the year ended December 31, 2006 reflected in governmental activities in the government-wide financial statements:

	<b>Governmental Activities Special Assessment</b>
Notes Payable at January 1, 2006	\$ 2,781,100
New notes issued	1,484,700
Notes retired	<u>(1,419,300)</u>
Notes Payable at December 31, 2006	<u>\$ 2,846,500</u>

## 10. Notes Payable (Continued)

Notes payable at December 31, 2006, are comprised of the following individual issues:

Issued	Rate %	Issue	Final Maturity	Amount
<b>Special Assessment Notes:</b>				
<u>Governmental Activities:</u>				
Paving Notes:				
November 7, 2003	4.00	5-03	November 7, 2008	\$ 111,900
November 7, 2003	4.00	7-03	November 7, 2008	258,500
May 10, 2004	4.00	1-04	May 10, 2009	109,900
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	7-04	October 22, 2009	117,500
March 14, 2005	4.00	2-05	March 14, 2010	49,600
April 27, 2005	4.00	5-05	April 27, 2010	485,900
June 5, 2006	4.00	2-06	June 5, 2011	235,700
June 5, 2006	4.00	3-06	June 5, 2011	82,800
June 5, 2006	4.00	6-06	June 5, 2011	91,400
December 8, 2006	4.00	9-06	December 8, 2011	179,200
December 8, 2006	4.00	10-06	December 8, 2011	193,500
December 8, 2006	4.00	11-06	December 8, 2011	203,000
Sidewalk Notes:				
February 10, 2003	5.00	1-03	February 10, 2008	15,600
March 14, 2005	4.00	3-05	March 14, 2010	63,500
June 5, 2006	4.00	4-06	June 5, 2011	25,700
June 5, 2006	4.00	5-06	June 5, 2011	50,200
Resurfacing Notes:				
June 5, 2006	4.00	1-06	June 5, 2011	231,700
Utilities Notes:				
December 8, 2006	4.00	7-06	December 8, 2011	160,000
December 8, 2006	4.00	8-06	December 8, 2011	31,500
Total Special Assessment Notes				<u>\$ 2,846,500</u>

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 at December 31, 2006 was 4.01%.

**10. Notes Payable (Continued)**

The following is a summary of the City’s future debt service requirements for notes payable as of December 31, 2006 (in thousands):

Fiscal Year Ending December 31	Governmental Activities		Total
	Special Assessment Notes		
	Notes	Interest	
2007	\$ -	\$ 114	\$ 114
2008	386	111	497
2009	377	94	471
2010	599	55	654
2011	1,485	1	1,486
	<u>\$ 2,847</u>	<u>\$ 375</u>	<u>\$ 3,222</u>

## 11. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended December 31, 2006:

	Governmental Activities					
	General Obligation	OPWC Loans	Ohio Department of Development Loans	Non-Tax Revenue	Income Tax Revenue	
Long-term debt payable at January 1, 2006	\$ 194,652,842	\$ 8,232,378	\$ 1,363,491	\$ 26,325,000	\$ 217,585,000	
New Issues:						
Capital Projects	-	1,822,000	-	19,500,000	-	
Street Improvements	-	184,400	-	-	-	
Various Purpose Improvements	22,440,000	-	-	-	-	
Retirements	(10,014,918)	(307,660)	(54,478)	(1,465,000)	(3,455,000)	
Long-term debt payable at December 31, 2006	<u>\$ 207,077,924</u>	<u>\$ 9,931,118</u>	<u>\$ 1,309,013</u>	<u>\$ 44,360,000</u>	<u>\$ 214,130,000</u>	
	Governmental Activities					
	Special Revenue	Special Assessment	SIB Loans	Internal Service General Obligation		
Long-term debt payable at January 1, 2006	\$ 46,315,000	\$ 15,582,562	\$ 9,955,500	\$ 233,610		
New Issues:						
Street Improvements	-	1,310,000	-	-		
Resurfacing	-	587,875	-	-		
Retirements	(2,075,000)	(2,893,742)	-	(31,981)		
Long-term debt payable at December 31, 2006	<u>\$ 44,240,000</u>	<u>\$ 14,586,695</u>	<u>\$ 9,955,500</u>	<u>\$ 201,629</u>		
	Business-type Activities					
	General Obligation	Mortgage Revenue	Revenue	OWDA	OPWC	Total
Long-term debt payable at January 1, 2006	\$ 1,339,672	\$ 49,205,000	\$ 42,485,000	\$ 56,302,243	\$ 3,141,885	\$ 672,719,183
New Issues:						
Capital Projects	-	-	-	-	-	21,322,000
Street Improvements	-	-	-	-	-	1,494,400
Resurfacing	-	-	-	-	-	587,875
Water System	-	13,340,000	-	-	-	13,340,000
Various Purpose Improvements	-	-	-	-	-	22,440,000
Retirements	(417,450)	(4,980,000)	(2,820,000)	(5,305,445)	(289,284)	(34,109,958)
Long-term debt payable at December 31, 2006	<u>\$ 922,222</u>	<u>\$ 57,565,000</u>	<u>\$ 39,665,000</u>	<u>\$ 50,996,798</u>	<u>\$ 2,852,601</u>	<u>\$ 697,793,500</u>

Included in the Governmental Activities Special Assessment are two ten-year Special Assessment Resurfacing Projects Notes: Series 1998, in the amount of \$9,362; and Series 1999, in the amount of \$2,491.

Bonds and notes issued by the City of Akron and held by the City as investments at December 31, 2006 amounting to \$7,682,546 (see Note 2) are eliminated in the government-wide statement of net assets.

## 11. Long-Term Debt (Continued)

Long-term debt at December 31, 2006 is comprised of the following individual issues:

Issued	Rate %	Issue	Final Maturity	Amount
<b><u>Governmental Activities:</u></b>				
<b><u>General Obligation Bonds:</u></b>				
Urban Renewal Public Improvement Bonds:				
February 21, 1991	8	Series 1990	December 1, 2020	\$ 841,424
December 10, 1991	8	Series 1991	December 1, 2021	1,456,000
Various Purpose Improvement Bonds:				
August 1, 1995	4.9 to 5.5	-	December 1, 2008	435,000
December 1, 1998	4.25 to 4.75	-	December 1, 2019	7,404,401
November 1, 2001	3.0 to 5.5	-	December 1, 2022	33,501,100
December 1, 2002	2.0 to 5.25	-	December 1, 2023	28,280,000
October 1, 2003	2.0 to 5.25	-	December 1, 2024	34,850,000
September 1, 2005	3.5 to 5.0	Series 2005	December 1, 2026	77,869,999
December 21, 2006	3.75 to 5.0		December 1, 2027	22,440,000
				<u>\$ 207,077,924</u>
<b><u>OPWC Loans:</u></b>				
July 1, 1997	0	Boxwood Ave.	July 1, 2018	\$ 437,000
July 1, 1998	0	Lakeshore Blvd.	January 1, 2020	684,450
July 1, 1998	0	Tallmadge Ave.	July 1, 2021	566,873
July 1, 1999	0	Lakeshore Blvd.	July 1, 2022	183,598
July 1, 1999	0	Bye Street	July 1, 2022	212,063
July 1, 1999	0	Wooster/East Ave.	July 1, 2022	448,875
July 1, 2000	0	Bishop Street	July 1, 2022	94,550
July 1, 2000	0	NW Storm Outlets	July 1, 2022	356,804
July 1, 2000	0	N. Arlington Bridge	July 1, 2022	256,920
July 1, 2001	0	Darrow Road	July 1, 2023	700,220
July 1, 2003	0	US 244 Phase II	July 1, 2024	823,365
December 1, 2004	0	Bettes Corners Bridges	July 1, 2027	105,000
July 1, 2005	0	Manchester Rd Ph I	July 1, 2027	54,000
July 1, 2005	0	Arlington St Signalization	July 1, 2027	1,878,000
July 1, 2005	0	E. Market St Widening	July 1, 2027	1,123,000
July 1, 2006	0	W. Market Street	July 1, 2028	988,000
July 1, 2006	0	Tallmadge Ave Singalization	July 1, 2027	184,400
July 1, 2006	0	Brown and Power St.	July 1, 2027	834,000
				<u>\$ 9,931,118</u>

## 11. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<b>Governmental Activities (Continued)</b>				
<u>Ohio Department of Development Loans:</u>				
November 26, 1996	3	1997	February 1, 2012	\$ 309,013
March 1, 2003	1/2 Prime	2003 Univ Tech Pk	March 1, 2018	<u>1,000,000</u>
				<u>\$ 1,309,013</u>
<u>Non-Tax Revenue Bonds:</u>				
November 1, 1997	4 to 6	1997	December 1, 2018	\$ 24,860,000
December 15, 2006	5.01 to 5.61	2006	December 1, 2026	<u>19,500,000</u>
				<u>\$ 44,360,000</u>
<u>Income Tax Revenue:</u>				
April 15, 1999	3.3 to 5.25	1999	December 1, 2023	\$ 8,025,000
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	<u>41,105,000</u>
				<u>\$ 214,130,000</u>
<u>Special Revenue:</u>				
July 1, 2000	4.55 to 5.625	2000	December 1, 2020	\$ 11,190,000
August 1, 2000	4.45 to 6	2000	December 1, 2020	11,195,000
September 1, 2002	2.0 to 5.25	2002	December 1, 2022	13,355,000
November 1, 2002	2.0 to 5.25	2002	December 1, 2022	<u>8,500,000</u>
				<u>\$ 44,240,000</u>

## 11. Long-Term Debt (Continued)

<u>Issued</u>	<u>Rate %</u>	<u>Issue</u>	<u>Final Maturity</u>	<u>Amount</u>
<b><u>Governmental Activities (Continued):</u></b>				
<u>Special Assessment Obligations:</u>				
Resurfacing Notes:				
May 1, 1998	6	1998	December 1, 2007	\$ 9,362
April 1, 1999	6	1999	December 1, 2008	2,491
Street Improvement Bonds:				
September 1, 1978	7.25	Rosemary Blvd.	September 1, 2014	24,000
August 15, 1997	4.65 to 5.15	1997	December 1, 2007	205,000
August 15, 1998	4.25 to 4.55	1998	December 1, 2008	635,000
August 15, 1999	4.1 to 5.5	1999	December 1, 2009	225,000
April 1, 2000	6	1999	December 1, 2009	9,284
August 15, 2000	4.375 to 4.875	2000	December 1, 2010	1,450,000
November 1, 2001	3.0 to 5.5	2001	December 1, 2022	355,650
September 1, 2002	1.5 to 3.375	2002	December 1, 2012	1,290,000
September 1, 2003	2 to 4	2003	December 1, 2013	2,090,000
September 1, 2004	4	2004	December 1, 2014	2,945,000
March 1, 2004	4	2004	December 1, 2013	602,638
December 1, 2004	4	2004B	December 1, 2014	757,480
September 29, 2005	3.707	2005	December 1, 2015	2,190,000
March 1, 2006	4	2006	December 1, 2015	485,790
September 14, 2006	4.0 to 5.5	2006	December 1, 2016	1,310,000
				<u>\$ 14,586,695</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
June 21, 2005	0.0 to 3.0	Bikeway	September 1, 2016	2,197,000
				<u>\$ 9,955,500</u>
<u>Internal Service General Obligation Bonds:</u>				
Municipal Facility Bonds:				
December 1, 1998	4.25 to 4.75	-	December 1, 2019	\$ 150,599
Radio Communications System Bonds:				
November 1, 2001	3.0 to 5.5	-	December 1, 2022	51,030
				<u>\$ 201,629</u>

**11. Long-Term Debt (Continued)**

<b>Issued</b>	<b>Rate %</b>	<b>Issue</b>	<b>Final Maturity</b>	<b>Amount</b>
<b><u>Business-type Activities:</u></b>				
<b><u>Enterprise General Obligation Bonds:</u></b>				
Off-Street Parking Facility Bonds: November 1, 2001	3.0 to 5.5	Canal/Tell	December 1, 2022	\$ 739,584
Radio Communications System Bonds: November 1, 2001	3.0 to 5.5	-	December 1, 2022	<u>182,638</u>
				<u>\$ 922,222</u>
<b><u>Enterprise Mortgage Revenue Bonds:</u></b>				
<b>Waterworks System Bonds:</b>				
January 15, 1996	3.5 to 4.875	1996	March 1, 2012	\$ 14,515,000
February 1, 1998	3.65 to 5	1998	March 1, 2018	8,210,000
July 1, 2003	2 to 5	2003	September 1, 2014	21,500,000
August 1, 2006	4 to 4.5	2006	March 1, 2026	<u>13,340,000</u>
				<u>\$ 57,565,000</u>
<b><u>Enterprise Revenue Bonds:</u></b>				
<b>Sewer System Improvement Bonds:</b>				
April 1, 1998	3.7 to 5.5	1998	December 1, 2017	\$ 6,065,000
December 1, 2005	3.5 to 5.00	2005	December 1, 2018	<u>33,600,000</u>
				<u>\$ 39,665,000</u>

11. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<b><u>Business-type Activities (Continued):</u></b>				
<b><u>Enterprise OWDA Loans:</u></b>				
May 6, 1982	12	Sewer	January 1, 2010	\$ 2,615,960
March 30, 1995	4.56	Sewer	July 1, 2015	8,605,635
April 27, 1995	4.56	Sewer	July 1, 2015	10,034,236
September 30, 1999	2.01	Water	July 1, 2019	892,177
May 25, 2000	4.64	Water	July 1, 2021	6,398,824
April 26, 2001	3.9	Water	July 1, 2011	289,353
July 25, 2002	3.89	Water	July 1, 2021	1,815,955
January 29, 2004	3.5	Water	January 1, 2014	2,266,649
September 30, 2004	3.81	Sewer	July 1, 2015	7,323,246
December 16, 2004	3.35	Sewer	July 1, 2014	<u>10,754,763</u>
				<u>\$ 50,996,798</u>
 <b><u>Enterprise OPWC Loans:</u></b>				
July 1, 1995	0	Water	July 1, 2016	\$ 640,098
December 1, 1995	0	Sewer	January 1, 2017	245,060
July 1, 1996	0	Sewer	July 1, 2017	589,722
July 1, 1997	0	Sewer	July 1, 2018	416,500
July 1, 2000	0	Water	July 1, 2021	783,125
July 1, 2005	0	Sewer	July 1, 2025	<u>178,096</u>
				<u>\$ 2,852,601</u>

11. Long-Term Debt (Continued)

The following is a summary of the City's future debt service requirements as of December 31, 2006 (in thousands):

Fiscal Year Ending December 31	Governmental Activities					
	General Obligation Bonds		OPWC Loan		Ohio Department of Development Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 11,918	\$ 9,398	\$ 308	\$ -	\$ 56	\$ 11
2008	13,105	8,991	516	-	116	29
2009	12,063	8,499	566	-	119	26
2010	12,188	8,052	566	-	122	23
2011	12,119	7,555	566	-	125	20
2012-2016	57,844	29,772	2,830	-	336	71
2017-2021	53,347	16,318	2,614	-	359	37
2022-2026	33,159	4,331	1,658	-	76	3
2027-2031	1,335	57	307	-	-	-
2032-2036	-	-	-	-	-	-
	<u>\$ 207,078</u>	<u>\$ 92,973</u>	<u>\$ 9,931</u>	<u>\$ -</u>	<u>\$ 1,309</u>	<u>\$ 220</u>

Fiscal Year Ending December 31	Governmental Activities					
	Non-Tax Revenue Bonds		Income Tax Revenue		Special Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 2,030	\$ 2,318	\$ 3,970	\$ 10,266	\$ 2,150	\$ 2,156
2008	2,130	2,262	4,500	10,176	2,235	2,077
2009	2,205	2,158	5,005	10,057	2,320	1,985
2010	2,350	2,035	5,550	9,918	2,420	1,888
2011	2,510	1,899	6,125	9,752	2,535	1,774
2012-2016	15,120	7,266	33,555	43,863	14,525	6,988
2017-2021	10,795	3,349	35,475	35,280	16,210	2,829
2022-2026	7,220	1,258	42,545	25,587	1,845	86
2027-2031	-	-	52,480	14,263	-	-
2032-2036	-	-	24,925	1,887	-	-
	<u>\$ 44,360</u>	<u>\$ 22,545</u>	<u>\$ 214,130</u>	<u>\$ 171,049</u>	<u>\$ 44,240</u>	<u>\$ 19,783</u>

Fiscal Year Ending December 31	Governmental Activities					
	Special Assessment Bonds		State Infrastructure Bank Loans		Internal Service General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 2,709	\$ 594	\$ 664	\$ 300	\$ 33	\$ 9
2008	2,609	471	985	240	35	8
2009	2,085	367	1,211	240	10	6
2010	1,809	284	1,248	189	10	6
2011	1,340	212	1,285	150	10	5
2012-2016	4,034	356	4,562	225	60	19
2017-2021	-	-	-	-	43	4
2022-2026	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
	<u>\$ 14,586</u>	<u>\$ 2,284</u>	<u>\$ 9,955</u>	<u>\$ 1,344</u>	<u>\$ 201</u>	<u>\$ 57</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
2007	\$ 122	\$ 44	\$ 5,720	\$ 2,431	\$ 2,285	\$ 1,767
2008	127	38	6,000	2,163	2,955	1,674
2009	35	33	6,220	1,916	3,515	1,565
2010	37	32	6,515	1,651	3,650	1,435
2011	38	31	6,765	1,359	3,790	1,292
2012-2016	218	127	16,560	3,504	21,670	3,726
2017-2021	280	63	5,310	1,492	1,800	90
2022-2026	65	3	4,475	521	-	-
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
	<u>\$ 922</u>	<u>\$ 371</u>	<u>\$ 57,565</u>	<u>\$ 15,037</u>	<u>\$ 39,665</u>	<u>\$ 11,549</u>

Fiscal Year Ending December 31	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2007	\$ 5,239	\$ 2,121	\$ 202	\$ -
2008	5,504	1,890	202	-
2009	5,785	1,645	202	-
2010	5,604	1,385	202	-
2011	5,385	1,145	202	-
2012-2016	20,907	2,515	1,007	-
2017-2021	2,573	259	684	-
2022-2026	-	-	152	-
2027-2031	-	-	-	-
2032-2036	-	-	-	-
	<u>\$ 50,997</u>	<u>\$ 10,960</u>	<u>\$ 2,853</u>	<u>\$ -</u>

Fiscal Year Ending December 31	Governmental Activities Total		Business-type Activities Total		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 23,838	\$ 25,052	\$ 13,568	\$ 6,363	\$ 37,406	\$ 31,415
2008	26,231	24,254	14,788	5,765	41,019	30,019
2009	25,584	23,338	15,757	5,159	41,341	28,497
2010	26,263	22,395	16,008	4,503	42,271	26,898
2011	26,615	21,367	16,180	3,827	42,795	25,194
2012-2016	132,866	88,560	60,362	9,872	193,228	98,432
2017-2021	118,843	57,817	10,647	1,904	129,490	59,721
2022-2026	86,503	31,265	4,692	524	91,195	31,789
2027-2031	54,122	14,320	-	-	54,122	14,320
2032-2036	24,925	1,887	-	-	24,925	1,887
	<u>\$ 545,790</u>	<u>\$ 310,255</u>	<u>\$ 152,002</u>	<u>\$ 37,917</u>	<u>\$ 697,792</u>	<u>\$ 348,172</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 \$143,373,808 at December 31, 2006. 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, the Waterworks System Mortgage Revenue Improvement and Refunding Bonds dated July 1, 2003, and the Waterworks System Mortgage Revenue Improvement Bond dated August 10, 2006 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, 2006 were as follows:

	Waterworks System 1996 Issue	Waterworks System 1998 Issue	Waterworks System 2003 Issue	Waterworks System 2006 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>1,804,728</u>	<u>498,540</u>	<u>2,226,780</u>	<u>485,822</u>	<u>4,746,921</u>
Excess	<u>\$ 1,804,728</u>	<u>\$ 498,540</u>	<u>\$ 2,226,780</u>	<u>\$ 485,822</u>	<u>\$ 64,734</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, 2006, the City's total net debt amounted to 4.5% of the total assessed value of all property within the City and unvoted net debt amounted to 4.5% 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, 2006:

Issue	Defeasance Date	Original Amount		Principal Outstanding at 12/31/06
		Defeased	Escrowed	
Waterworks System First Mortgage Revenue Bonds Series 1991	1996	\$ 19,090,000	\$ 20,726,104	\$ 13,785,000
Sewer System Improvement General Obligation Bonds	1998	7,800,000	8,317,677	2,400,000
Various Purpose Improvement Bonds, Series 1991	2001	1,265,000	1,330,320	575,000
Various Purpose Improvement Bonds, Series 1992	2001	10,785,000	11,869,971	4,985,000
Street Improvement Bonds, Series 1992	2001	1,940,000	2,135,164	350,000
Various Purpose Improvement Bonds, Series 1994	2001	15,825,000	18,761,930	7,895,000
Waterworks System Mortgage Revenue Bonds Series 1994	2003	19,405,000	20,820,490	16,370,000
Various Purpose Improvement Bonds, Series 1993	2005	5,555,000		4,780,000
Various Purpose Improvement Bonds, Series 1995-2	2005	3,855,000		2,850,000
Various Purpose Improvement Bonds, Series 1996	2005	2,600,000		2,430,000
Various Purpose Improvement Bonds, Series 1996-2	2005	7,900,000		7,205,000
Various Purpose Improvement Bonds, Series 1997	2005	11,960,000		10,790,000
Various Purpose Improvement Bonds, Series 1999	2005	14,310,000		13,405,000
Various Purpose Improvement Bonds, Series 2000	2005	14,265,000		13,675,000
		<u>60,445,000</u>	<u>40,208,751</u>	<u>55,135,000</u>
Sanitary Sewer System Revenue Bonds, Series 1996	2005	12,655,000		12,655,000
Sanitary Sewer System Revenue Bonds, Series 1997	2005	11,245,000		11,245,000
Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 1998	2005	6,165,000		6,165,000
		<u>30,065,000</u>	<u>30,839,036</u>	<u>30,065,000</u>
				<u><u>\$ 131,560,000</u></u>

## **11. Long-Term Debt (Continued)**

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, 2006, the principal amount outstanding was \$14,481,070. 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, 2006.

During 2004, the City entered into an agreement with various parties to unconditionally guarantee the principal and interest payments on behalf of The Goodyear Tire & Rubber Company for the Summit County Port Authority Bonds, Series 2005B. As of December 31, 2006, the principal amount outstanding was \$2,750,000. The City believes that Goodyear Tire & Rubber Company 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, 2006.

During 2006, the City entered into an agreement with various parties to unconditionally guarantee the principal and interest payments on behalf of Hiney Acquico LLC for the Summit County Port Authority Bonds, Series 2006B. As of December 31, 2006, the principal amount outstanding was \$1,490,000. The City believes that Hiney Acquico LLC is current on all required debt service payments and will continue to pay all debt service when due throughout the remaining three-year guarantee term of the bonds; therefore, no provision for such guarantee has been recorded in the financial statements as of December 31, 2006.

During 2006, the City entered into an agreement with various parties to unconditionally guarantee the principal and interest payments on behalf of MemPro Ceramics Corporation for the loan issued by The Huntington National Bank. As of December 31, 2006, the principal amount outstanding was \$200,000. The City believes that MemPro Ceramics Corporation is current on all required debt service payments and will continue to pay all debt service when due throughout the remaining term of the loan; therefore, no provision for such guarantee has been recorded in the financial statements as of December 31, 2006.

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, 2006, there was one industrial revenue bond outstanding. The aggregate principal amount payable for the issue was \$745,000.

## **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

**12. Obligations Under Capitalized Leases (Continued)**

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 \$32,000 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, 2006. In the unlikely event the lease is terminated, the restricted funds are available for payment of the certificates.

The City has defeased certain certificate 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 certificates on their scheduled due dates. Accordingly, the escrow accounts and the defeased certificates summarized below are not included in the accompanying financial statements at December 31, 2006:

Issue	Defeasance Date	Original Amount		Principal Outstanding at 12/31/06
		Defeased	Escrowed	
Certificates of Participation, Series 1996	2005	\$31,515,000	\$33,661,685	\$27,810,000

The City also has three other capital leases, one for computer hardware, software and licenses, one for emergency vehicle radio equipment and one for the redesign of the City's sanitation trash collection system. 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 cost of the sanitation redesign equipment is \$9,050,203 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, 2006:

	<u>Governmental Activities</u>			<u>Internal Service</u>
	<u>COPS</u>	<u>Sanitation Redesign</u>	<u>Radio Equipment</u>	<u>Computer Equipment</u>
Capital Lease at January 1, 2006	\$ 58,351,758	\$ -	\$ 671,281	\$ 309,151
Additions	-	9,050,203	-	-
Retirements	(2,640,000)	-	(258,719)	(201,006)
Capital Lease at December 31, 2006	<u>\$ 55,711,758</u>	<u>\$ 9,050,203</u>	<u>\$ 412,562</u>	<u>\$ 108,145</u>

**12. Obligations Under Capitalized Leases (Continued)**

Future lease payments are as follows as of December 31, 2006:

Year	<u>Governmental Activities</u>				<u>Internal Service</u>
	<u>COPS Stadium</u>	<u>COPS Parking</u>	<u>Sanitation Redesign</u>	<u>Radio Equipment</u>	<u>Computer Equipment</u>
2007	\$ 3,828,500	\$ 2,961,644	\$ 1,152,972	\$ 258,719	\$ 184,255
2008	3,831,000	2,928,244	1,152,972	258,719	-
2009	3,827,500	2,892,169	1,152,972	-	-
2010	3,828,000	2,865,219	1,152,972	-	-
2011	3,827,000	2,822,044	1,152,972	-	-
2012-2016	19,153,000	13,559,794	5,764,860	-	-
2017-2021	-	11,537,918	-	-	-
2022-2026	-	2,534,875	-	-	-
Total lease payments	38,295,000	42,101,907	11,529,720	517,438	184,255
Less amount representing interest	8,725,000	11,426,906	2,479,517	27,953	3,716
Present value of lease payments	<u>\$ 29,570,000</u>	<u>\$ 30,675,000</u>	<u>\$ 9,050,203</u>	<u>\$ 489,485</u>	<u>\$ 180,539</u>
Net book value of leased assets	* <u>\$ 23,736,285</u>	<u>\$ 47,940,073</u>	<u>\$ 8,597,693</u>	<u>\$ 465,000</u>	<u>\$ 92,891</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 1,256 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.

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.

13. **Self-Insurance Funds (Continued)**

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 \$2,394,681, \$8,481,652 and \$564,315 reported in the Medical, Workers' Compensation, and Self-Insurance Settlement funds, respectively, at December 31, 2006, 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 2005 and 2006 were:

	Beginning of Year Liability	Current Period Claims	Claim Payments	Balance at End of Year
<u>Medical Self-Insurance Fund</u>				
2005	\$ 1,715,848	\$ 20,942,712	\$ (20,254,333)	\$ 2,404,227
2006	2,404,227	21,552,108	(21,561,654)	2,394,681
<u>Workers' Compensation Reserve Fund</u>				
2005	8,285,269	1,301,941	(755,081)	8,832,129
2006	8,832,129	1,811,299	(2,161,776)	8,481,652
<u>Self-Insurance Settlement Fund</u>				
2005	641,789	31,011	(25,500)	647,300
2006	647,300	660,860	(743,845)	564,315

**14. Long-term Liabilities**

The City reports the following amounts relating to the government's long-term liabilities for the year ended December 31, 2006:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Governmental Activities:</b>				
Governmental Funds:				
Accrued vacation and leave (Note 8)	\$ 38,914,690	\$ 15,676,854	\$ (14,009,072)	\$ 40,582,471
Due to other governments (Note 4)	8,724,000	-	(749,000)	7,975,000
Due to others	1,006,000	-	(1,006,000)	-
<b>Total Governmental Funds</b>	<b>48,644,690</b>	<b>15,676,854</b>	<b>(15,764,072)</b>	<b>48,557,471</b>
Internal Service Funds:				
Accrued vacation and leave (Note 8)	1,873,998	1,046,461	(994,261)	1,926,198
Estimated liability for unpaid claims	6,670,354	1,811,299	(1,601,181)	6,880,472
<b>Total Internal Service Funds</b>	<b>8,544,352</b>	<b>2,857,760</b>	<b>(2,595,442)</b>	<b>8,806,670</b>
<b>Total Governmental Activities</b>	<b>57,189,042</b>	<b>18,534,614</b>	<b>(18,359,514)</b>	<b>57,364,141</b>
<b>Business-type Activities:</b>				
Enterprise Funds:				
Water				
Accrued vacation and leave (Note 8)	2,943,903	1,338,217	(1,431,788)	2,850,331
Sewer				
Accrued vacation and leave (Note 8)	1,675,259	1,086,795	(911,572)	1,850,482
Due to other governments (Note 4)	427,827	-	(29,023)	398,804
Other Business-type Activities				
Accrued vacation and leave (Note 8)	262,224	74,471	(120,584)	216,111
<b>Total Enterprise Funds/ Business-type Activities</b>	<b>5,309,213</b>	<b>2,499,483</b>	<b>(2,492,967)</b>	<b>5,315,728</b>
<b>Total</b>	<b>\$ 62,498,254</b>	<b>\$ 21,034,096</b>	<b>\$ (20,852,481)</b>	<b>\$ 62,679,870</b>

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 incurred expenditures that were not individually appropriated, has deficit cash fund balances in certain funds, and certain funds had appropriations which exceeded the Official Certificate of Estimated Resources which are contrary to the Ohio Revised Code.

B. ***Deficit fund balances***

The following funds have fund balance deficits or net assets deficits at December 31, 2006:

**Special Revenue Funds:**

Community Development	520,965
Akron Metro. Area Transportation Study	194,864
Summer Lunch Program	110
K.A.B. Litter Control	16,111
Deposits	3,192,702
Police Grants	1,212,805
Various Domestic Violence	94,126
Health Grants	139,783
City Facilities Operating	2,048,993

**Capital Project Funds:**

Non-appropriated Capital Projects	2,480,620
Streets	18,598,225
Transportation	3,321,667
Parks and Recreation	2,327,081
Public Facilities and Improvements	1,885,102

**Internal Service Funds:**

Medical Self-Insurance	7,627,779
Workers' Compensation Reserve	5,986,310
Self-Insurance Settlement	1,548,475
Storeroom	130,133
Engineering Bureau	1,881,261

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 Fund requested grant draws are based on actual cash basis expenditures.

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 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 2007. 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 capital projects to address its deficit.

**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.

Tangible personal property used in business (except for certain public utility tangible personal property) is being phased out over four years by the State of Ohio. Previously, machinery, equipment and fixtures were generally taxed at 25% of true value and inventory was taxed at 23%. These percentages are being decreased as follows:

<b>Tax Year</b>	<b>Percentage</b>
2006	18.75%
2007	12.50%
2008	6.25%
2009	0.00%

**17. Property Taxes (Continued)**

To compensate for foregone revenue as the tangible personal property tax is phased out, the state will make distributions to taxing subdivisions from revenue generated by a newly enacted commercial activity tax. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax losses through 2010 with gradual reductions in the reimbursement from 2011 through 2017.

The assessed value upon which the 2006 property tax was based aggregated \$3,355,119,000. The assessed value for 2006 (upon which the 2007 property tax will be based) is approximately \$3,280,161,000.

Under the current allocation method, the City's share was 1.030% (10.30 mills) of assessed value in 2006 for collection in 2007. 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, 2006, including delinquencies from prior years, were 97.2% and 102.4%, respectively, of the current year tax levy. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue, while the remainder of the tax receivable is deferred.

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. In accordance with the City of Akron's income tax increase, as of January 1, 2005, Copley, Coventry and Springfield's income tax rate increased to 2.25%. 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 City of Akron's income tax increase, as of January 1, 2006, Bath's income tax rate increased to 2.25%. As stated in the contract, the net JEDD revenues are allocated to the City and Fairlawn, with the City providing water and sewer services. Commencing January 1, 2000, Bath Township will receive an annual payment of \$250,000 for ten years from the City. The City has recorded the \$750,000 remaining balance as of December 31, 2006 due to Bath Township on the financial statements with \$250,000 as a current liability and a noncurrent liability of \$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, 2006 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 or to consolidate inactive funds.

	Transfers In				Total
	Transfers Out	Other Governmental Funds	Other Enterprise Funds	Internal Service Funds	
<b>Governmental Activities:</b>					
General Fund	\$ 2,803,550	\$ 2,203,920	\$ -	\$ -	\$ 2,203,920
Other Governmental Funds	697,500	1,027,881	-	537,500	\$ 1,565,381
	<u>3,501,050</u>	<u>3,231,801</u>	-	<u>537,500</u>	<u>3,769,301</u>
<b>Business-type Activities:</b>					
Other Enterprise Funds	867,881		599,630		599,630
	<u>867,881</u>	-	<u>599,630</u>	-	<u>599,630</u>
	<u>\$ 4,368,931</u>	<u>\$ 3,231,801</u>	<u>\$ 599,630</u>	<u>\$ 537,500</u>	<u>\$ 4,368,931</u>

**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. Jointly Governed 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 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. Related Organization**

The City of Akron, in conjunction with Summit County, University of Akron, Medina County, and Greater Akron Chamber of Commerce, agreed to form the Summit Medina Business Alliance (SMBA). SMBA is a not-for-profit corporation which supports economic development of the region. The organization entered into an agreement with the Kent Regional Business Alliance to carry out activities in cooperation with the Ohio Department of Development and the Small Business Administration. The Mayor of the City of Akron appoints three of the five voting members of the board of trustees of the Summit Medina Business Alliance. The SMBA does not pose a financial burden on the City of Akron since it receives revenues from the City and other governments in the area. During 2006, the City paid SMBA \$59,480 for operating expenses.

**24. Subsequent Event**

On October 16, 2006 City Council passed ordinance number 485-2006 authorizing a Cooperative Agreement among the City, the Summit County Port Authority, the County of Summit, and the Akron Community Service Center and Urban League, Inc to guarantee payment of bonds issued to assist with the financing of the acquisition, construction, improvement and equipping of a new community center located on Vernon Odom Boulevard. The Series 2007 Revenue Bonds were issued February 1, 2007, for \$3.6 million, of which the City guarantees to pay half of the defaulted amount, by the Akron Community Center and Urban League, Inc., in a given year out of non-tax revenues.

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## City of Akron, Ohio

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

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ 79,072,702	\$ 79,072,702	\$ 77,813,800
Investment earnings	1,150,000	1,150,000	623,020
Local government	12,720,534	12,720,534	14,434,069
Other revenue	29,046,857	29,046,857	29,488,431
Property taxes	22,487,695	22,487,695	23,377,029
State taxes	3,294,680	3,294,680	3,039,209
	<u>147,772,468</u>	<u>147,772,468</u>	<u>148,775,558</u>
Other sources:			
Previous year's encumbrances	2,981,651	2,981,651	2,981,651
	<u>2,981,651</u>	<u>2,981,651</u>	<u>2,981,651</u>
Total revenues and other sources	150,754,119	150,754,119	151,757,209
<b>Expenditures and other uses</b>			
Expenditures:			
General Governmental:			
Civil Service Commission:			
Wages/benefits	1,360,560	1,042,910	998,013
Other	119,596	112,246	108,069
	<u>1,480,156</u>	<u>1,155,156</u>	<u>1,106,082</u>
Finance:			
Administration:			
Wages/benefits	2,127,890	2,455,540	2,447,262
Other	5,932,441	5,886,291	5,196,658
	<u>8,060,331</u>	<u>8,341,831</u>	<u>7,643,920</u>
Law:			
Wages/benefits	3,332,390	3,272,390	3,206,303
Other	1,077,727	1,077,727	949,370
	<u>4,410,117</u>	<u>4,350,117</u>	<u>4,155,673</u>
Legislative:			
Wages/benefits	820,000	820,000	768,994
Other	246,690	271,690	252,617
	<u>1,066,690</u>	<u>1,091,690</u>	<u>1,021,611</u>

## City of Akron, Ohio

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

For the Year Ended December 31, 2006  
(continued)

	Budgeted Amounts		Actual Amounts
	Original	Final	
Municipal Court - Clerk:			
Wages/benefits	\$ 2,745,430	\$ 2,745,430	\$ 2,691,996
Other	329,597	364,597	339,688
	<u>3,075,027</u>	<u>3,110,027</u>	<u>3,031,684</u>
Municipal Court - Judges:			
Wages/benefits	2,939,400	2,989,400	2,960,889
Other	312,242	312,242	270,085
	<u>3,251,642</u>	<u>3,301,642</u>	<u>3,230,974</u>
Office of the Mayor:			
Wages/benefits	2,417,500	2,337,500	2,289,791
Other	402,199	402,199	348,610
	<u>2,819,699</u>	<u>2,739,699</u>	<u>2,638,401</u>
Planning Administration:			
Wages/benefits	1,438,400	1,418,400	1,383,602
Other	189,018	189,018	167,220
	<u>1,627,418</u>	<u>1,607,418</u>	<u>1,550,822</u>
Public Health:			
Wages/benefits	6,622,000	6,522,000	6,367,768
Other	1,220,069	1,355,069	1,335,462
	<u>7,842,069</u>	<u>7,877,069</u>	<u>7,703,230</u>
Public Safety:			
Wages/benefits	8,312,640	8,147,640	7,956,784
Other	10,485,468	10,600,468	10,086,472
Capital outlay	15,000	15,000	11,416
	<u>18,813,108</u>	<u>18,763,108</u>	<u>18,054,672</u>
Public Service:			
Wages/benefits	13,593,550	13,443,550	13,219,761
Other	11,602,083	12,412,253	12,280,416
	<u>25,195,633</u>	<u>25,855,803</u>	<u>25,500,177</u>
Fire:			
Wages/benefits	24,983,520	25,783,520	25,676,753
Other	1,104,443	1,212,443	1,148,718
	<u>26,087,963</u>	<u>26,995,963</u>	<u>26,825,471</u>

## City of Akron, Ohio

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

For the Year Ended December 31, 2006  
(continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Police:			
Wages/benefits	\$ 41,453,410	\$ 41,853,410	\$ 41,664,641
Other	4,084,867	4,284,867	4,235,366
	<u>45,538,277</u>	<u>46,138,277</u>	<u>45,900,007</u>
Total expenditures	149,268,130	151,327,800	148,362,724
Other uses:			
Transfer to Airport	230,220	311,630	311,630
Transfer to Mud Run Golf Course	288,000	288,000	288,000
Transfer to Highway Maintenance	2,000,000	2,053,920	2,053,920
	<u>2,518,220</u>	<u>2,653,550</u>	<u>2,653,550</u>
Total expenditures and other uses	<u>151,786,350</u>	<u>153,981,350</u>	<u>151,016,274</u>
Excess (deficiency) of revenues and other sources under expenditures and other uses	(1,032,231)	(3,227,231)	740,935
Fund balance, January 1, 2006	<u>2,689,328</u>	<u>2,689,328</u>	<u>2,689,328</u>
Fund balance (deficit), December 31, 2006	<u>\$ 1,657,097</u>	<u>\$ (537,903)</u>	<u>\$ 3,430,263</u>

## City of Akron, Ohio

Schedule of Revenues, Expenditures and  
Changes in Fund Balance- Budget and Actual-  
Community Learning Centers Fund, Non-GAAP Basis

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ 9,920,650	\$ 9,920,650	\$ 12,299,439
Investment earnings	103,210	103,210	453,866
Miscellaneous revenue	1,780	1,780	2,394
	<u>10,025,640</u>	<u>10,025,640</u>	<u>12,755,699</u>
Other sources:			
Interfund transfers	3,494,360	3,494,360	2,178,251
Previous year's encumbrances	40,121	40,121	40,121
	<u>3,534,481</u>	<u>3,534,481</u>	<u>2,218,372</u>
Total revenues and other sources	13,560,121	13,560,121	14,974,071
<b>Expenditures</b>			
Finance:			
Other	19,520,000	19,520,000	12,637,242
Public Service:			
Wages/benefits	130,000	130,000	4,813
Other	4,000,063	3,970,063	319,893
Capital outlay	40,058	70,058	61,434
	<u>4,170,121</u>	<u>4,170,121</u>	<u>386,140</u>
Total expenditures	23,690,121	23,690,121	13,023,382
Excess (deficiency) of revenues and other sources over expenditures	(10,130,000)	(10,130,000)	1,950,689
Fund balance, January 1, 2006	<u>7,196,965</u>	<u>7,196,965</u>	<u>7,196,965</u>
Fund balance (deficit), December 31, 2006	<u>\$ (2,933,035)</u>	<u>\$ (2,933,035)</u>	<u>\$ 9,147,654</u>

**City of Akron, Ohio**

**Notes to the Budgetary Comparison Schedule**

**General Fund and Community Learning Centers Fund**

**For the Year Ended December 31, 2006**

**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 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 major differences between budget basis and GAAP basis in the General Fund and the Community Learning Centers 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.

	<b>General Fund</b>	<b>Community Learning Centers Fund</b>
Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 740,935	\$ 1,950,689
Adjustments:		
To adjust revenues for accruals	(4,060,584)	3,705,093
To adjust expenditures for accruals	(360,683)	(58,343,358)
To adjust for encumbrances	2,567,845	97,106
Net change in fund balance (GAAP basis)	\$ (1,112,487)	\$ (52,590,470)

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**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	Joint Economic Development Districts
Emergency Medical Service	Akron Muni. Court Information System
Special Assessment	Canal Park Stadium COPs
Income Tax Capital Improvement	Off-Street Parking COPs
C.I.P. Operating	Public Health
Street and Highway Maintenance	Safety Programs
Street Assessment	City Facilities Operating
Tax Equivalency	Various Purpose Funding
E.D.A. Revolving Loans	Deposits

### 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
- 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
- Taxable Revenue 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	Parks and Recreation
Road and Bridge Improvements	Public Facilities and Improvements
Streets	Public Parking
Information Technology and Improvements	Economic Development
Transportation	

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2006

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
<b>Assets</b>								
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,072	\$ -
Restricted cash and investments	-	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	11,093,056	-	-	5,432,994	-	2,325,983	-
Loans receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	12,562	1,410
Due from other funds	2,434,196	328,361	312,757	6,690,386	-	-	113,565	2,987,155
<b>Total assets</b>	<b>\$ 2,434,196</b>	<b>\$ 11,421,417</b>	<b>\$ 312,757</b>	<b>\$ 12,123,380</b>	<b>\$ -</b>	<b>\$ 2,462,182</b>	<b>\$ 2,988,565</b>	
<b>Liabilities</b>								
Accounts payable	\$ 33,400	\$ 77,747	\$ 163	\$ 182,680	\$ -	\$ -	\$ 161,156	\$ 1,452,090
Customer deposits	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	1,427,354	30,019	12,462	49,061	-	-	184,780	140,924
Due to others	-	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-	-
Deferred revenue	-	10,461,455	-	2,036,639	-	-	1,606,599	-
Matured bonds payable	-	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-	-
Accrued liabilities	52,050	430,214	8,910	73,718	-	-	151,568	126,389
Accrued wages	55,024	237,850	9,358	24,603	-	-	150,660	55,202
Accrued vacation and leave	11,799	5,489	-	-	-	-	80,692	7,141
<b>Total liabilities</b>	<b>1,579,627</b>	<b>11,242,774</b>	<b>30,893</b>	<b>2,366,701</b>	<b>-</b>	<b>-</b>	<b>2,335,455</b>	<b>1,781,746</b>
<b>Fund balances</b>								
Fund balance:								
Reserved for encumbrances	73,987	183,597	10,716	509,207	-	-	225,158	117,859
Reserved for loans receivable	-	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	480	6,563	1,370	28,684	-	-	27,483	18,310
Unreserved reported in special revenue funds	780,102	(11,517)	269,778	9,218,788	-	-	(125,914)	1,070,650
Unreserved reported in debt service funds	-	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>854,569</b>	<b>178,643</b>	<b>281,864</b>	<b>9,756,679</b>	<b>-</b>	<b>-</b>	<b>126,727</b>	<b>1,206,819</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,434,196</b>	<b>\$ 11,421,417</b>	<b>\$ 312,757</b>	<b>\$ 12,123,380</b>	<b>\$ -</b>	<b>\$ 2,462,182</b>	<b>\$ 2,988,565</b>	

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2006  
(continued)

	Special Revenue Funds						
	Community Development	Air Pollution Control	Community Environment Grants	Akron Metro. Area Transportation Study	Summer Lunch Program	H.O.M.E. Program	K.A.B. Litter Control
<b>Assets</b>							
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	5,340	24,267	-	-	-	-	-
Loans receivable	124,296	-	954,394	-	-	2,452,877	-
Due from other governments	2,782,163	39,764	380,298	69,978	14,260	-	-
Due from other funds	293,686	2,403,173	-	-	-	1,783,773	-
<b>Total assets</b>	<b>\$ 3,205,485</b>	<b>\$ 2,467,204</b>	<b>\$ 1,334,692</b>	<b>\$ 69,978</b>	<b>\$ 14,260</b>	<b>\$ 4,236,650</b>	<b>\$ -</b>
<b>Liabilities</b>							
Accounts payable	\$ 443,665	\$ 7,779	\$ 5,568	\$ 40,173	\$ -	\$ -	\$ -
Customer deposits	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Due to other funds	3,178,696	5,382	19,884	167,955	14,370	290,000	16,111
Due to others	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	878,316	-
Deferred revenue	-	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-
Accrued liabilities	50,362	30,694	-	26,909	-	-	-
Accrued wages	53,727	31,985	-	29,805	-	-	-
Accrued vacation and leave	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,726,450</b>	<b>75,840</b>	<b>25,452</b>	<b>264,842</b>	<b>14,370</b>	<b>1,168,316</b>	<b>16,111</b>
<b>Fund balances</b>							
Fund balance:							
Reserved for encumbrances	293,198	16,861	128,176	3,614	15,232	482,417	-
Reserved for loans receivable	124,296	-	954,394	-	-	2,452,877	-
Unreserved designated for pre-encumbrances	36,605	154	-	-	-	-	-
Unreserved reported in special revenue funds	(975,064)	2,374,349	226,670	(198,478)	(15,342)	133,040	(16,111)
Unreserved reported in debt service funds	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>(520,965)</b>	<b>2,391,364</b>	<b>1,309,240</b>	<b>(194,864)</b>	<b>(110)</b>	<b>3,068,334</b>	<b>(16,111)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,205,485</b>	<b>\$ 2,467,204</b>	<b>\$ 1,334,692</b>	<b>\$ 69,978</b>	<b>\$ 14,260</b>	<b>\$ 4,236,650</b>	<b>\$ -</b>

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2006  
(continued)

Special Revenue Funds									
	Tax Equivalency	E.D.A. Revolving Loans	Joint Economic Development Districts	Akron Muni. Court Information System	Canal Park Stadium COPs	Off-Street Parking COPs	Public Health		
<b>Assets</b>									
Pooled cash and investments	\$ -	\$ 4,971	\$ -	\$ -	\$ -	\$ -	\$ -		
Restricted cash and investments	-	-	-	-	32,161	-	-		
Receivables, net of allowances for uncollectibles	-	-	2,176,330	21,492	-	2,659,365	-		
Loans receivable	-	42,521	-	-	-	-	84,252		
Due from other governments	473,171	-	-	-	-	-	-		
Due from other funds	210,697	-	7,495,977	458,074	-	-	-		853,414
<b>Total assets</b>	\$ 683,868	\$ 47,492	\$ 9,672,307	\$ 479,566	\$ 32,161	\$ 2,659,365	\$ 937,666		
<b>Liabilities</b>									
Accounts payable	\$ 5,043	\$ 1,019	\$ 590,970	\$ 4,377	\$ -	\$ -	\$ 7,023		
Customer deposits	-	-	-	-	-	-	-		
Due to other governments	-	-	-	-	-	-	-		
Due to other funds	4,156	-	564,512	4,278	-	-	3,238		
Due to others	-	-	-	-	-	-	-		
Deferred grant revenue	-	-	-	-	-	-	-		
Deferred revenue	-	-	734,724	-	-	-	-		
Matured bonds payable	-	-	-	-	-	-	-		
Matured interest payable	-	-	-	-	-	-	-		
Accrued liabilities	-	-	176,787	-	-	-	13,415		
Accrued wages	-	-	-	-	-	-	15,815		
Accrued vacation and leave	-	-	-	-	-	-	-		
<b>Total liabilities</b>	9,199	1,019	2,066,993	8,655	-	-	39,491		
<b>Fund balances</b>									
Fund balance:									
Reserved for encumbrances	26,125	-	1,650,117	3,193	-	-	27,603		
Reserved for loans receivable	-	42,521	-	-	-	-	-		
Unreserved designated for pre-encumbrances	-	-	17,435	51,606	-	-	10,059		
Unreserved reported in special revenue funds	648,544	3,952	5,937,762	416,112	32,161	2,659,365	860,513		
Unreserved reported in debt service funds	-	-	-	-	-	-	-		
Unreserved reported in capital project funds	-	-	-	-	-	-	-		
<b>Total fund balances</b>	674,669	46,473	7,605,314	470,911	32,161	2,659,365	898,175		
<b>Total liabilities and fund balances</b>	\$ 683,868	\$ 47,492	\$ 9,672,307	\$ 479,566	\$ 32,161	\$ 2,659,365	\$ 937,666		

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2006  
(continued)

Special Revenue Funds									
	Police Grants	Various Domestic Violence	Safety Programs	Health Grants	City Facilities Operating	Various Purpose Funding	Deposits		
<b>Assets</b>									
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,272	\$ -		
Restricted cash and investments	-	-	-	-	-	-	-		
Receivables, net of allowances for uncollectibles	-	-	19,293	15,661	-	31,377	107,196		
Loans receivable	-	-	-	-	-	-	-		
Due from other governments	46,616	155,801	-	-	-	289,670	-		
Due from other funds	-	-	1,170,572	669,085	7,046	22,605	471,718		
<b>Total assets</b>	\$ 46,616	\$ 155,801	\$ 1,189,865	\$ 684,746	\$ 7,046	\$ 454,924	\$ 578,914		
<b>Liabilities</b>									
Accounts payable	\$ 62,331	\$ 12,806	\$ 26,873	\$ 372,081	\$ 261,884	\$ 281,784	\$ 53,446		
Customer deposits	-	-	-	-	-	-	809,960		
Due to other governments	-	-	-	-	-	-	-		
Due to other funds	1,101,363	237,121	634	15,758	1,773,182	22,314	1,331,292		
Due to others	-	-	-	-	-	-	909,287		
Deferred grant revenue	92,364	-	269,410	305,373	-	-	-		
Deferred revenue	-	-	-	-	-	-	-		
Matured bonds payable	-	-	-	-	-	-	-		
Matured interest payable	-	-	-	-	-	-	-		
Accrued liabilities	2,715	-	-	64,574	11,009	3,398	667,631		
Accrued wages	648	-	-	66,743	9,964	2,607	-		
Accrued vacation and leave	-	-	-	-	-	-	-		
<b>Total liabilities</b>	1,259,421	249,927	296,917	824,529	2,056,039	310,103	3,771,616		
<b>Fund balances</b>									
Fund balance:									
Reserved for encumbrances	112,561	1,188	101,042	598,164	2,730,907	362,692	1,365		
Reserved for loans receivable	-	-	-	-	-	-	-		
Unreserved designated for pre-encumbrances	14,964	-	422,445	7,948	120,487	18,360	-		
Unreserved reported in special revenue funds	(1,340,330)	(95,314)	369,461	(745,895)	(4,900,387)	(236,231)	(3,194,067)		
Unreserved reported in debt service funds	-	-	-	-	-	-	-		
Unreserved reported in capital project funds	-	-	-	-	-	-	-		
<b>Total fund balances</b>	(1,212,805)	(94,126)	892,948	(139,783)	(2,048,993)	144,821	(3,192,702)		
<b>Total liabilities and fund balances</b>	\$ 46,616	\$ 155,801	\$ 1,189,865	\$ 684,746	\$ 7,046	\$ 454,924	\$ 578,914		

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2006  
(continued)

	Debt Service Funds		Debt Service Bond Payment	Main Place Bond Payment	Market Valley Urban Renewal Bond Payment		Downtown Hotel Bond Payment		Non-Tax Revenue Bond Payment		Pension Obligation Refunding
	General Bond Payment										
<b>Assets</b>											
Pooled cash and investments	\$ 386,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	-	3,918,138	-	350,080	3,009	-	4	-	2,922,658	-	88,294
Receivables, net of allowances for uncollectibles	1,631,086	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	\$ 2,017,581	\$ 3,918,138	\$ 3,918,138	\$ 350,080	\$ 3,009	\$ 4	\$ 4	\$ 2,922,658	\$ 88,294		
<b>Liabilities</b>											
Accounts payable	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer deposits	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	961	-	-	-	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	1,569,218	-	-	-	-	-	-	-	-	-	-
Matured bonds payable	-	100,000	-	-	-	-	-	-	-	-	-
Matured interest payable	-	50,609	-	-	-	-	-	-	-	-	-
Accrued liabilities	9,232	-	-	-	-	-	-	-	-	-	-
Accrued wages	9,221	-	-	-	-	-	-	-	-	-	-
Accrued vacation and leave	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	1,588,712	150,609	-	-	-	-	-	-	-	-	-
<b>Fund balances</b>											
Fund balance:											
Reserved for encumbrances	2,641	-	-	-	-	-	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	1,454	-	-	-	-	-	-	-	-	-	-
Unreserved reported in special revenue funds	-	-	-	-	-	-	-	-	-	-	-
Unreserved reported in debt service funds	424,774	3,767,529	3,767,529	350,080	3,009	4	4	2,922,658	88,294	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	428,869	3,767,529	3,767,529	350,080	3,009	4	4	2,922,658	88,294		
<b>Total liabilities and fund balances</b>	\$ 2,017,581	\$ 3,918,138	\$ 3,918,138	\$ 350,080	\$ 3,009	\$ 4	\$ 4	\$ 2,922,658	\$ 88,294		

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2006  
(continued)

	Debt Service Funds - Capital Project Funds						
	JEDD Bond Payment	Taxable Revenue Payment	Non-appropriated Capital Projects	Road and Bridge Improvements	Streets	Information Technology and Improvements	Transportation
<b>Assets</b>							
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 9,647,314	\$ -	\$ -	\$ -
Restricted cash and investments	4,731,041	1,701,633	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	-	-	1,167,144	500,000	-	50,000
Loans receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	6,742	285,603	-	662,551
Due from other funds	-	-	-	386,306	-	-	2,802
<b>Total assets</b>	\$ 4,731,041	\$ 1,701,633	\$ -	\$ 11,207,506	\$ 785,603	\$ 29,542	\$ 715,353
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 171	\$ 79,877	\$ 3,176,587	\$ -	\$ 1,418,073
Customer deposits	-	-	-	-	-	-	-
Due to other governments	-	-	2,480,449	16,477	15,317,662	-	2,519,219
Due to other funds	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-
Deferred revenue	-	-	-	994,533	-	-	-
Matured bonds payable	-	-	-	-	-	-	-
Matured interest payable	-	-	-	7,497	887,748	-	97,603
Accrued liabilities	-	-	-	-	1,831	-	2,125
Accrued wages	-	-	-	-	-	-	-
Accrued vacation and leave	-	-	-	-	-	-	-
<b>Total liabilities</b>	-	-	2,480,620	1,098,384	19,383,828	-	4,037,020
<b>Fund balances</b>							
Fund balance:							
Reserved for encumbrances	-	-	169,224	383,837	3,794,552	-	2,331,532
Reserved for loans receivable	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	-	-	-	40	675,071	-	1,384
Unreserved reported in special revenue funds	-	-	-	-	-	-	-
Unreserved reported in debt service funds	4,731,041	1,701,633	-	-	-	-	-
Unreserved reported in capital project funds	-	-	(2,649,844)	9,725,245	(23,067,848)	29,542	(5,654,583)
<b>Total fund balances</b>	4,731,041	1,701,633	(2,480,620)	10,109,122	(18,598,225)	29,542	(3,321,667)
<b>Total liabilities and fund balances</b>	\$ 4,731,041	\$ 1,701,633	\$ -	\$ 11,207,506	\$ 785,603	\$ 29,542	\$ 715,353

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2006  
(continued)

	Capital Project Funds					Total
	Parks and Recreation	Public Facilities and Improvements	Public Parking	Economic Development		
<b>Assets</b>						
Pooled cash and investments	\$ -	\$ -	\$ 736,906	\$ 20,184	\$ -	\$ 10,946,756
Restricted cash and investments	-	-	-	-	-	16,406,383
Receivables, net of allowances for uncollectibles	-	-	28,480	7,197	-	24,721,148
Loans receivable	-	-	-	5,718,591	-	9,292,679
Due from other governments	379,969	-	-	1,822,443	-	7,423,001
Due from other funds	-	-	-	-	-	29,095,348
<b>Total assets</b>	\$ 379,969	\$ -	\$ 765,386	\$ 7,568,415	\$ -	\$ 97,885,315
<b>Liabilities</b>						
Accounts payable	\$ 21,791	\$ 568,036	\$ 190,898	\$ 2,291,109	\$ -	\$ 11,830,680
Customer deposits	-	-	-	-	-	809,960
Due to other governments	-	-	-	4,195,000	-	4,195,000
Due to other funds	2,548,968	1,131,071	10,861	111,350	-	34,731,864
Due to others	-	-	-	-	-	909,287
Deferred grant revenue	-	-	-	-	-	1,545,463
Deferred revenue	-	-	-	-	-	17,403,168
Matured bonds payable	-	-	-	-	-	100,000
Matured interest payable	-	-	-	-	-	50,609
Accrued liabilities	136,291	185,995	88,928	429,883	-	3,733,520
Accrued wages	-	-	-	-	-	757,168
Accrued vacation and leave	-	-	-	-	-	105,121
<b>Total liabilities</b>	2,707,050	1,885,102	290,687	7,027,342	-	76,171,840
<b>Fund balances</b>						
Fund balance:						
Reserved for encumbrances	993,950	1,306,575	1,450,985	5,253,487	-	23,361,762
Reserved for loans receivable	-	-	-	5,718,591	-	9,292,679
Unreserved designated for pre-encumbrances	152	40	89	150	-	1,461,333
Unreserved reported in special revenue funds	-	-	-	-	-	13,146,597
Unreserved reported in debt service funds	-	-	-	-	-	13,989,022
Unreserved reported in capital project funds	(3,321,183)	(3,191,717)	(976,375)	(10,431,155)	-	(39,537,918)
<b>Total fund balances</b>	(2,327,081)	(1,885,102)	474,699	541,073	-	21,713,475
<b>Total liabilities and fund balances</b>	\$ 379,969	\$ -	\$ 765,386	\$ 7,568,415	\$ -	\$ 97,885,315

City of Akron, Ohio

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

Year Ended December 31, 2006

	Income Tax Collection	Emergency Medical Service	Special Assessment	Income Tax Capital Improvement	C.I.P. Operating	Street and Highway Maintenance	Street Assessment Fund
<b>Revenues</b>							
Income taxes	\$ 3,187,136	\$ -	\$ -	\$ 33,557,239	\$ -	\$ -	\$ -
Property taxes	-	7,783,013	-	-	-	-	-
JEDD revenues	20,323	-	-	1,785,000	-	-	-
Special assessments	-	-	819,875	-	-	-	7,176,833
Grants and subsidies:							
Community development	-	-	-	-	-	-	-
Other	-	-	-	21,700	-	-	-
Investment earnings	-	194,560	-	-	-	4,386,957	-
Shared revenues	-	1,101,528	-	-	-	30,030	-
Licenses, fees and fines	-	-	-	-	-	4,749,565	58,016
Charges for services	140,397	1,551,066	-	-	-	58,529	12,566
Miscellaneous	2,622	49	626	277,343	-	-	-
	3,350,478	10,630,216	820,501	35,641,282	-	9,225,081	7,247,415
<b>Expenditures</b>							
Current:							
General government	6,079,922	-	1,009,447	43,687	-	-	-
Public service	-	-	-	2,483,539	-	7,750,790	8,633,058
Public safety	-	11,194,762	-	137,778	-	1,162,722	-
Community environment	-	-	-	6,538,250	-	-	4
Public health	-	-	-	24,231	-	-	-
Recreation and parks	-	-	-	20,517	-	64	-
Capital outlay	-	-	-	47,358	-	-	-
Debt service:							
Principal Retirement	-	-	-	13,020,206	-	48,300	19,066
Interest	-	-	-	11,371,314	-	6,131	2,420
Bond issuance expenditures	-	-	-	-	-	-	-
	6,079,922	11,194,762	1,009,447	33,686,880	-	8,968,007	8,654,548
	(2,729,444)	(564,546)	(188,946)	1,954,402	-	257,074	(1,407,133)
Excess (deficiency) of revenues over expenditures							
<b>Other financing sources (uses)</b>							
Issuance of general obligation bonds	-	-	-	238,000	-	-	-
Issuance of general obligation notes	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	2,053,920	-
Transfers-out	-	-	-	-	-	-	-
	-	-	-	238,000	-	2,053,920	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,729,444)	(564,546)	(188,946)	2,192,402	-	2,310,994	(1,407,133)
Fund balances (deficits), January 1, 2006	3,584,013	743,189	470,810	7,564,277	-	(2,184,267)	2,613,952
Fund balances (deficits), December 31, 2006	\$ 854,569	\$ 178,643	\$ 281,864	\$ 9,756,679	\$ -	\$ 126,727	\$ 1,206,819

City of Akron, Ohio  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds  
 Year Ended December 31, 2006  
 (continued)

Special Revenue Funds		Community Development	Air Pollution Control	Community Environment Grants	Akron Metro. Area Transportation Study	Summer Lunch Program	H.O.M.E. Program	K.A.B. Litter Control
<b>Revenues</b>								
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Grants and subsidies:								
Community development	6,974,360	-	952,341	-	-	132,819	2,067,854	-
Other	-	686,809	-	1,175,580	-	-	73,902	-
Investment earnings	-	-	10,445	-	-	-	-	-
Shared revenues	-	-	-	-	-	-	-	-
Licenses, fees and fines	53,584	-	159,639	-	-	-	-	-
Charges for services	244,098	720,304	-	28,822	-	-	-	-
Miscellaneous	1,086,148	437	6,325	3,629	-	-	259,394	502
	8,358,190	1,567,189	969,111	1,208,031	132,819	2,401,150		502
<b>Expenditures</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public service	66,813	-	-	-	3,571	-	-	-
Public safety	-	-	-	-	-	-	-	-
Community environment	7,855,929	-	1,061,749	1,353,026	-	-	2,177,933	7,131
Public health	40,096	1,446,384	-	-	-	-	-	-
Recreation and parks	-	-	-	-	129,234	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal Retirement	52,532	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Bond issuance expenditures	-	-	-	-	-	-	-	-
	8,015,370	1,446,384	1,061,749	1,353,026	132,805	2,177,933		7,131
Excess (deficiency) of revenues over expenditures	342,820	120,805	(92,638)	(144,995)	14	223,217	(6,629)	
<b>Other financing sources (uses)</b>								
Issuance of general obligation bonds	-	-	-	-	-	-	-	-
Issuance of general obligation notes	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	342,820	120,805	(92,638)	(144,995)	14	223,217	(6,629)	
Fund balances (deficits), January 1, 2006	(863,785)	2,270,559	1,401,878	(49,869)	(124)	2,845,117	(9,482)	
Fund balances (deficits), December 31, 2006	\$(520,965)	\$2,391,364	\$1,309,240	\$(194,864)	\$(110)	\$3,068,334	\$(16,111)	

City of Akron, Ohio  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds  
 Year Ended December 31, 2006  
 (continued)

Special Revenue Funds									
	Tax Equivalency	E.D.A. Revolving Loans	Joint Economic Development Districts	Akron Muni. Court Information System	Canal Park Stadium COPs	Off-Street Parking COPs	Public Health		
<b>Revenues</b>									
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Property taxes	329,809	-	-	-	-	-	-		
JEDD revenues	-	-	13,016,057	-	-	-	-		
Special assessments	-	-	-	-	-	-	-		
Grants and subsidies:									
Community development	-	-	-	-	-	-	-		
Other	473,171	-	-	-	5,297	121,528	-		
Investment earnings	-	-	-	-	-	-	-		
Shared revenues	96,304	-	-	-	-	-	-		
Licenses, fees and fines	-	-	-	306,026	-	-	-		138,611
Charges for services	-	-	410,814	-	-	-	-		710,807
Miscellaneous	398,392	590	267,464	-	13,805	-	-		56,587
	1,297,676	590	13,694,335	306,026	19,102	121,528	-		905,805
<b>Expenditures</b>									
Current:									
General government	8,288	-	5,887,969	205,166	450	-	-		100,000
Public service	187,152	-	4,570,082	-	-	-	-		-
Public safety	-	-	14,000	-	-	-	-		-
Community environment	105,804	-	330	-	-	-	-		655,027
Public health	-	-	-	-	-	-	-		-
Recreation and parks	-	-	264,432	-	-	-	-		-
Capital outlay	-	1,019	62,075	-	-	-	-		-
Debt service:									
Principal Retirement	42,000	-	2,280,175	-	-	68,585	-		-
Interest	144,411	-	2,360,419	-	-	929,462	-		-
Bond issuance expenditures	-	-	-	-	-	-	-		-
	487,655	1,019	15,439,482	205,166	450	998,047	-		755,027
Excess (deficiency) of revenues over expenditures	810,021	(429)	(1,745,147)	100,860	18,652	(876,519)	-		150,778
<b>Other financing sources (uses)</b>									
Issuance of general obligation bonds	-	-	708,000	-	-	-	-		-
Issuance of general obligation notes	-	-	-	-	-	-	-		-
Loan proceeds	-	-	-	-	-	-	-		-
Premium on G.O. Debt	-	-	-	-	-	-	-		-
Transfers-in	-	-	-	-	-	867,881	-		-
Transfers-out	-	-	708,000	-	(160,000)	-	-		-
	-	-	708,000	-	(160,000)	867,881	-		-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	810,021	(429)	(1,037,147)	100,860	(141,348)	(8,638)	-		150,778
Fund balances (deficits), January 1, 2006	(135,352)	46,902	8,642,461	370,051	173,509	2,668,003	-		747,397
Fund balances (deficits), December 31, 2006	\$ 674,669	\$ 46,473	\$ 7,605,314	\$ 470,911	\$ 32,161	\$ 2,659,365	\$		\$ 898,175

City of Akron, Ohio

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

Year Ended December 31, 2006  
(continued)

Special Revenue Funds									
	Police Grants	Various Domestic Violence	Safety Programs	Health Grants	City Facilities Operating	Various Purpose Funding	Deposits		
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Income taxes	-	-	-	-	-	-	-		
Property taxes	-	-	-	-	-	-	-		
JEDD revenues	-	-	-	-	-	-	-		
Special assessments	-	-	-	-	460,660	-	-		
Grants and subsidies:									
Community development	-	-	-	570,281	-	58,936	-		
Other	382,812	163,644	284,340	5,052,166	-	378,116	-		
Investment earnings	-	-	15,499	32,493	-	18,154	34		
Shared revenues	-	-	708,252	-	234,794	-	-		
Licenses, fees and fines	-	-	24,581	5,455	591,644	-	34,826		
Charges for services	336	-	576,940	547,089	425,169	853,444	40		
Miscellaneous	-	-	238,133	103,863	3,989,577	571,096	1,062,619		
	383,148	163,644	1,847,745	6,311,347	5,701,844	1,879,746	1,097,519		
<b>Expenditures</b>									
Current:									
General government	-	89,573	-	-	187,618	205,370	4,343,138		
Public service	5,600	-	-	4,867	5,644,358	767,768	-		
Public safety	604,825	-	1,088,723	-	1,857,218	-	-		
Community environment	-	-	-	-	442,766	418,639	75		
Public health	5,969	-	-	6,378,553	180,480	-	-		
Recreation and parks	-	-	-	-	497,262	773,759	-		
Capital outlay	-	-	-	-	77,881	-	-		
Debt service:									
Principal Retirement	-	-	13,737	-	27,239	-	-		
Interest	-	-	1,744	-	5,503	-	-		
Bond issuance expenditures	-	-	-	-	-	-	-		
	616,394	89,573	1,104,204	6,383,420	8,920,325	2,165,536	4,343,213		
Excess (deficiency) of revenues over expenditures	(233,246)	74,071	743,541	(72,073)	(3,218,481)	(285,790)	(3,245,694)		
<b>Other financing sources (uses)</b>									
Issuance of general obligation bonds	-	-	-	-	3,614,000	2,483,000	-		
Issuance of general obligation notes	-	-	-	-	-	-	-		
Loan proceeds	-	-	-	-	-	-	-		
Premium on G.O. Debt	-	-	-	-	-	-	-		
Transfers-in	-	-	-	-	150,000	160,000	-		
Transfers-out	-	-	-	-	-	-	-		
	-	-	-	-	3,764,000	2,643,000	-		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(233,246)	74,071	743,541	(72,073)	545,519	2,357,210	(3,245,694)		
<b>Fund balances (deficits), January 1, 2006</b>	(979,559)	(168,197)	149,407	(67,710)	(2,594,512)	(2,212,385)	52,992		
<b>Fund balances (deficits), December 31, 2006</b>	\$ (1,212,805)	\$ (94,126)	\$ 892,948	\$ (139,783)	\$ (2,048,993)	\$ 144,821	\$ (3,192,702)		

City of Akron, Ohio

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

Year Ended December 31, 2006

(continued)

	Debt Service Funds						
	General Bond Payment	Debt Service Bond Payment	Main Place Bond Payment	Market Valley Urban Renewal Bond Payment	Downtown Hotel Bond Payment	Non-Tax Revenue Bond Payment	Pension Obligation Refunding
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	361,878	1,342,646	272,840	-	-	-	705,162
Property taxes	-	-	-	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Grants and subsidies:	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Investment earnings	119,845	136,905	13,069	-	-	118,951	23,468
Shared revenues	-	-	-	-	-	-	-
Licenses, fees and fines	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Miscellaneous	-	105,944	-	-	-	-	-
	481,723	1,585,495	285,909	-	-	118,951	728,630
<b>Expenditures</b>							
Current:	403,988	94,882	-	-	-	-	-
General government	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community environment	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Principal Retirement	-	501,787	126,858	-	-	-	305,000
Interest	-	670,807	93,098	-	-	-	400,163
Bond issuance expenditures	-	64,600	-	-	-	-	-
	403,988	1,332,076	219,956	-	-	366,077	705,163
Excess (deficiency) of revenues over expenditures	77,735	253,419	65,953	-	-	(247,126)	23,467
<b>Other financing sources (uses)</b>							
Issuance of general obligation bonds	-	950,000	-	-	-	-	-
Issuance of general obligation notes	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
Premium on G.O. Debt	-	386,150	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	(537,500)	-	-	-	-	-
	-	798,650	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	77,735	1,052,069	65,953	-	-	(247,126)	23,467
Fund balances (deficits), January 1, 2006	351,134	2,715,460	284,127	3,009	4	3,169,784	64,827
Fund balances (deficits), December 31, 2006	428,869	3,767,529	350,080	3,009	4	2,922,658	88,294

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds  
 Year Ended December 31, 2006  
 (continued)

	Capital Project Funds						
	Debt Service Funds	Taxable Revenue Bond Payment	Non-appropriated Capital Projects	Road and Bridge Improvements	Streets	Information Technology and Improvements	Transportation
<b>Revenues</b>							
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ 584	\$ -	\$ 3,052
Property taxes	-	-	-	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-
Special assessments	-	-	-	-	704,596	-	-
Grants and subsidies:							
Community development	-	-	-	-	-	-	-
Other	-	-	-	47,995	981,456	-	1,934,654
Investment earnings	340,028	-	-	386,306	-	-	-
Shared revenues	-	-	-	4,245,599	517,088	-	-
Licenses, fees and fines	-	-	-	-	28,900	-	2,802
Charges for services	-	-	-	-	-	-	50,000
Miscellaneous	-	-	109,096	-	223,744	-	238,065
	340,028	-	109,096	4,679,900	6,755,195	-	2,228,573
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	-	-	-
Public service	-	-	390,689	946,249	14,471,868	-	7,474,990
Public safety	-	-	-	-	164	-	-
Community environment	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,927,660	-	90,512
Debt service:							
Principal Retirement	236,826	348,876	-	-	141,050	-	-
Interest	-	-	-	-	-	-	-
Bond issuance expenditures	-	-	-	-	-	-	-
	236,826	348,876	390,689	946,249	16,540,742	-	7,565,502
Excess (deficiency) of revenues over expenditures	103,202	(348,876)	(281,593)	3,733,651	(9,785,547)	-	(5,336,929)
<b>Other financing sources (uses)</b>							
Issuance of general obligation bonds	-	1,979,750	-	30,000	2,575,000	-	3,268,000
Issuance of general obligation notes	-	-	-	-	2,041,075	-	-
Loan proceeds	-	-	-	-	-	-	-
Premium on G.O. Debt	-	70,759	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
	-	2,050,509	-	30,000	4,616,075	-	3,268,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	103,202	1,701,633	(281,593)	3,763,651	(5,169,472)	-	(2,068,929)
Fund balances (deficits), January 1, 2006	4,627,839	-	(2,199,027)	6,345,471	(13,428,753)	29,542	(1,252,738)
Fund balances (deficits), December 31, 2006	\$ 4,731,041	\$ 1,701,633	\$ (2,480,620)	\$ 10,109,122	\$ (18,598,225)	\$ 29,542	\$ (3,321,667)

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds  
 Year Ended December 31, 2006  
 (continued)

	Capital Project Funds					Total
	Parks and Recreation	Public Facilities and Improvements	Public Parking	Economic Development		
<b>Revenues</b>						
Income taxes	\$ 1,617	\$ 535	\$ 500	\$ -	\$ -	\$ 36,750,663
Property taxes	-	-	-	1,999,434	-	12,794,782
JEDD revenues	-	-	-	-	-	14,821,380
Special assessments	-	-	-	-	-	9,161,964
Grants and subsidies:						
Community development	-	-	-	-	-	11,605,228
Other	379,969	1,575	-	1,859,814	-	17,347,893
Investment earnings	-	-	-	100,224	-	1,516,961
Shared revenues	-	-	-	303,873	-	11,714,240
Licenses, fees and fines	-	-	-	-	-	1,376,098
Charges for services	-	-	-	-	-	11,066,907
Miscellaneous	-	2,045,086	28,480	316,385	-	11,476,896
	381,586	2,047,196	28,980	4,579,730	-	139,633,012
<b>Expenditures</b>						
Current:						
General government	-	-	-	93,510	-	18,753,008
Public service	3,685,465	5,656,996	1,792,806	20,789,742	-	85,326,403
Public safety	-	-	-	-	-	16,060,192
Community environment	44,804	-	-	675,082	-	20,681,522
Public health	-	-	-	-	-	8,750,740
Recreation and parks	58,995	-	-	-	-	1,744,263
Capital outlay	72,879	566,090	45,764	131,551	-	3,022,789
Debt service:						
Principal Retirement	-	-	-	353,893	-	16,859,378
Interest	-	-	-	318,570	-	17,047,995
Bond issuance expenditures	-	-	-	-	-	413,476
	3,862,143	6,223,086	1,838,570	22,362,348	-	188,639,766
	(3,480,557)	(4,175,890)	(1,809,590)	(17,782,618)	-	(49,006,754)
Excess (deficiency) of revenues over expenditures						
<b>Other financing sources (uses)</b>						
Issuance of general obligation bonds	869,000	3,307,000	140,000	21,778,250	-	41,940,000
Issuance of general obligation notes	-	-	-	31,500	-	2,072,575
Loan proceeds	1,241,581	-	-	-	-	1,241,581
Premium on G.O. Debt	-	-	-	-	-	456,909
Transfers-in	-	-	-	-	-	3,231,801
Transfers-out	-	-	-	-	-	(697,500)
	2,110,581	3,307,000	140,000	21,809,750	-	48,245,366
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,369,976)	(868,890)	(1,669,590)	4,027,132	-	(761,388)
Fund balances (deficits), January 1, 2006	(957,105)	(1,016,212)	2,144,289	(3,486,059)	-	22,474,863
Fund balances (deficits), December 31, 2006	\$(2,327,081)	\$(1,885,102)	\$ 474,699	\$ 541,073	\$ -	\$ 21,713,475

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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ 5,523,110	\$ 5,523,110	\$ 3,187,136
Miscellaneous	-	-	143,019
	<u>5,523,110</u>	<u>5,523,110</u>	<u>3,330,155</u>
Other sources:			
Previous year's encumbrances	<u>115,527</u>	<u>115,527</u>	<u>115,527</u>
Total revenues and other sources	5,638,637	5,638,637	3,445,682
<b>Expenditures</b>			
Expenditures:			
General Governmental:			
Finance:			
Wages/benefits	2,243,470	2,243,470	2,112,211
Other	3,518,497	9,518,497	2,726,101
	<u>5,761,967</u>	<u>11,761,967</u>	<u>4,838,312</u>
Total expenditures	5,761,967	11,761,967	4,838,312
Deficiency of revenues and other sources over expenditures	(123,330)	(6,123,330)	(1,392,630)
Fund balance, January 1, 2006	<u>3,641,436</u>	<u>3,641,436</u>	<u>3,641,436</u>
Fund balance (deficit), December 31, 2006	<u>\$ 3,518,106</u>	<u>\$ (2,481,894)</u>	<u>\$ 2,248,806</u>

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

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Property taxes	\$ 9,739,176	\$ 9,739,176	\$ 9,553,158
Miscellaneous	1,545,300	1,545,300	1,761,249
	<u>11,284,476</u>	<u>11,284,476</u>	<u>11,314,407</u>
Other sources:			
Previous year's encumbrances	206,889	206,889	206,889
Total revenues and other sources	11,491,365	11,491,365	11,521,296
<b>Expenditures</b>			
Expenditures:			
Emergency Medical Services:			
Fire:			
Wages/benefits	10,154,770	10,154,770	10,110,754
Other	1,396,429	1,396,429	1,317,821
Total expenditures	11,551,199	11,551,199	11,428,575
Excess (deficiency) of revenues and other sources under expenditures	(59,834)	(59,834)	92,721
Fund deficit, January 1, 2006	<u>(199,955)</u>	<u>(199,955)</u>	<u>(199,955)</u>
Fund deficit, December 31, 2006	<u>\$ (259,789)</u>	<u>\$ (259,789)</u>	<u>\$ (107,234)</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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Special assessments	\$ 1,200,000	\$ 1,200,000	\$ 1,004,040
Other sources:			
Previous year's encumbrances	14,797	14,797	14,797
Total revenues and other sources	1,214,797	1,214,797	1,018,837
<b>Expenditures</b>			
Expenditures:			
General Governmental:			
Finance:			
Wages/benefits	360,370	360,370	345,471
Other	740,377	740,377	687,709
Total expenditures	1,100,747	1,100,747	1,033,180
Excess (deficiency) of revenues and other sources over expenditures	114,050	114,050	(14,343)
Fund balance, January 1, 2006	315,012	315,012	315,012
Fund balance, December 31, 2006	\$ 429,062	\$ 429,062	\$ 300,669

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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues</b>			
Revenues:			
Property taxes	\$ 1,043,483	\$ 1,043,483	\$ 363,552
Total revenues	1,043,483	1,043,483	363,552
<b>Expenditures</b>			
Expenditures:			
Public Safety:			
Police:			
Other	370,000	370,000	367,354
Total expenditures	370,000	370,000	367,354
Excess (deficiency) of revenues over expenditures	673,483	673,483	(3,802)
Fund balance, January 1, 2006	10,329	10,329	10,329
Fund balance, December 31, 2006	\$ 683,812	\$ 683,812	\$ 6,527

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues</b>			
Revenues:			
Property taxes	\$ 1,043,483	\$ 1,043,483	\$ 363,552
Total revenues	1,043,483	1,043,483	363,552
<b>Expenditures</b>			
Expenditures:			
Public Safety:			
Fire:			
Other	370,000	370,000	367,354
Total expenditures	370,000	370,000	367,354
Excess (deficiency) of revenues over expenditures	673,483	673,483	(3,802)
Fund balance, January 1, 2006	10,329	10,329	10,329
Fund balance, December 31, 2006	<u>\$ 683,812</u>	<u>\$ 683,812</u>	<u>\$ 6,527</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Income Tax Capital Improvement Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ 27,487,880	\$ 27,487,880	\$ 28,774,112
JEDD revenues	974,950	974,950	1,275,000
Governmental revenues	322,450	322,450	21,700
Miscellaneous	115,120	115,120	284,708
	<u>28,900,400</u>	<u>28,900,400</u>	<u>30,355,520</u>
Other sources:			
Note/Bond proceeds	5,176,270	5,176,270	238,000
Interfund transfers	448,480	448,480	60,350
Previous year's encumbrances	465,981	465,981	465,981
	<u>6,090,731</u>	<u>6,090,731</u>	<u>764,331</u>
Total revenues and other sources	34,991,131	34,991,131	31,119,851
<b>Expenditures</b>			
Expenditures:			
Community Environment:			
Planning and Urban Development:			
Wages/benefits	990,380	1,000,380	997,091
Other	33,903,477	33,893,477	24,723,826
	<u>34,893,857</u>	<u>34,893,857</u>	<u>25,720,917</u>
Public Service:			
Wages/benefits	10,000	10,000	1,627
Other	2,030,139	2,030,139	1,640,480
Capital outlay	2,333,765	2,333,765	1,705,386
	<u>4,373,904</u>	<u>4,373,904</u>	<u>3,347,493</u>
Total expenditures	39,267,761	39,267,761	29,068,410
Excess (deficiency) of revenues and other sources over expenditures	(4,276,630)	(4,276,630)	2,051,441
Fund balance, January 1, 2006	3,928,743	3,928,743	3,928,743
Fund balance (deficit), December 31, 2006	<u>\$ (347,887)</u>	<u>\$ (347,887)</u>	<u>\$ 5,980,184</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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Gasoline tax	\$ 3,617,750	\$ 3,617,750	\$ 3,090,615
Motor vehicle license tax	1,521,490	1,521,490	1,317,874
Sales and service revenue	933,110	933,110	593,705
Transfer from State of Ohio	1,864,300	1,864,300	4,136,085
	<u>7,936,650</u>	<u>7,936,650</u>	<u>9,138,279</u>
Other sources:			
Other transfer in	2,000,000	2,000,000	2,053,920
Previous year's encumbrances	243,176	243,176	243,176
	<u>2,243,176</u>	<u>2,243,176</u>	<u>2,297,096</u>
Total revenues and other sources	10,179,826	10,179,826	11,435,375
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	5,327,320	5,327,320	5,167,191
Other	3,378,789	3,598,789	3,195,390
	<u>8,706,109</u>	<u>8,926,109</u>	<u>8,362,581</u>
Public Safety:			
Wages/benefits	934,170	934,170	871,898
Other	278,957	298,957	277,750
	<u>1,213,127</u>	<u>1,233,127</u>	<u>1,149,648</u>
Total expenditures	9,919,236	10,159,236	9,512,229
Excess of revenues and other sources over expenditures	260,590	20,590	1,923,146
Fund deficit, January 1, 2006	<u>(2,220,642)</u>	<u>(2,220,642)</u>	<u>(2,220,642)</u>
Fund deficit, December 31, 2006	<u>\$ (1,960,052)</u>	<u>\$ (2,200,052)</u>	<u>\$ (297,496)</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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Special assessments	\$ 7,543,350	\$ 7,543,350	\$ 7,176,833
Miscellaneous	106,650	106,650	70,582
	<u>7,650,000</u>	<u>7,650,000</u>	<u>7,247,415</u>
Other sources:			
Previous year's encumbrances	338,337	338,337	338,337
	<u>7,988,337</u>	<u>7,988,337</u>	<u>7,585,752</u>
Total revenues and other sources	7,988,337	7,988,337	7,585,752
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	3,023,200	3,023,200	3,017,980
Other	8,246,267	8,246,267	6,236,572
	<u>11,269,467</u>	<u>11,269,467</u>	<u>9,254,552</u>
Total expenditures	11,269,467	11,269,467	9,254,552
Deficiency of revenues and other sources over expenditures	(3,281,130)	(3,281,130)	(1,668,800)
Fund balance, January 1, 2006	<u>3,881,806</u>	<u>3,881,806</u>	<u>3,881,806</u>
Fund balance, December 31, 2006	<u>\$ 600,676</u>	<u>\$ 600,676</u>	<u>\$ 2,213,006</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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Licenses and permits	\$ 270,230	\$ 270,230	\$ 53,484
Governmental revenue	10,112,990	10,112,990	7,434,106
Miscellaneous revenue	626,900	626,900	860,119
	<u>11,010,120</u>	<u>11,010,120</u>	<u>8,347,709</u>
Other sources:			
Interfund transfers	336,780	336,780	575,195
Previous year's encumbrances	575,471	575,471	575,471
	<u>912,251</u>	<u>912,251</u>	<u>1,150,666</u>
Total revenues and other sources	11,922,371	11,922,371	9,498,375
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	10,000	10,000	-
Other	9,064,921	8,839,921	7,163,064
Capital Outlay	25,000	250,000	212,084
	<u>9,099,921</u>	<u>9,099,921</u>	<u>7,375,148</u>
Planning and Urban Development:			
Wages/benefits	2,022,550	2,022,550	1,913,462
Other	588,920	588,920	433,549
	<u>2,611,470</u>	<u>2,611,470</u>	<u>2,347,011</u>
Public Health:			
Wages/benefits	97,280	94,280	48,143
Other	12,740	15,740	13,022
	<u>110,020</u>	<u>110,020</u>	<u>61,165</u>
Total expenditures	11,821,411	11,821,411	9,783,324
Excess (deficiency) of revenues and other sources over expenditures	100,960	100,960	(284,949)
Fund deficit, January 1, 2006	<u>(3,277,925)</u>	<u>(3,277,925)</u>	<u>(3,277,925)</u>
Fund deficit, December 31, 2006	<u>\$ (3,176,965)</u>	<u>\$ (3,176,965)</u>	<u>\$ (3,562,874)</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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Federal grant	\$ 244,090	\$ 244,090	\$ 347,482
Local emmision/asbestos fees	120,250	120,250	142,508
Other revenue	1,380	1,380	906
State general revenue	258,230	258,230	127,820
State permit fees	711,980	711,980	931,642
	<u>1,335,930</u>	<u>1,335,930</u>	<u>1,550,358</u>
Other sources:			
Interfund transfers	347,160	347,160	45,000
Previous year's encumbrances	13,749	13,749	13,749
	<u>360,909</u>	<u>360,909</u>	<u>58,749</u>
Total revenues and other sources	1,696,839	1,696,839	1,609,107
<b>Expenditures</b>			
Expenditures:			
Public Health:			
Wages/benefits	1,191,500	1,191,500	1,186,038
Other	290,929	330,929	323,038
	<u>1,482,429</u>	<u>1,522,429</u>	<u>1,509,076</u>
Total expenditures	1,482,429	1,522,429	1,509,076
Excess of revenues and other sources over expenditures	214,410	174,410	100,031
Fund balance, January 1, 2006	<u>2,286,126</u>	<u>2,286,126</u>	<u>2,286,126</u>
Fund balance, December 31, 2006	<u>\$ 2,500,536</u>	<u>\$ 2,460,536</u>	<u>\$ 2,386,157</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Community Environment Grants Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Governmental revenue	\$ 777,350	\$ 777,350	\$ 826,052
Miscellaneous revenue	232,650	232,650	280,591
	<u>1,010,000</u>	<u>1,010,000</u>	<u>1,106,643</u>
Other sources:			
Previous year's encumbrances	397,519	397,519	397,519
	<u>1,407,519</u>	<u>1,407,519</u>	<u>1,504,162</u>
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Other	768,318	878,318	821,068
	<u>379,201</u>	<u>479,201</u>	<u>445,970</u>
Planning and Urban Development:			
Other	379,201	479,201	445,970
	<u>1,147,519</u>	<u>1,357,519</u>	<u>1,267,038</u>
Total expenditures	1,147,519	1,357,519	1,267,038
Excess of revenues and other sources over expenditures	260,000	50,000	237,124
Fund deficit, January 1, 2006	<u>(390,751)</u>	<u>(390,751)</u>	<u>(390,751)</u>
Fund deficit, December 31, 2006	<u>\$ (130,751)</u>	<u>\$ (340,751)</u>	<u>\$ (153,627)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Grants and subsidies	\$ 1,280,630	\$ 1,280,630	\$ 1,163,188
Miscellaneous	7,370	7,370	4,028
	<u>1,288,000</u>	<u>1,288,000</u>	<u>1,167,216</u>
Other sources:			
Previous year's encumbrances	<u>34,515</u>	<u>34,515</u>	<u>34,515</u>
Total revenues and other sources	1,322,515	1,322,515	1,201,731
<b>Expenditures</b>			
Expenditures:			
AMATS:			
Planning:			
Wages/benefits	1,318,430	1,318,430	1,077,087
Other	264,545	264,545	257,940
Total expenditures	<u>1,582,975</u>	<u>1,582,975</u>	<u>1,335,027</u>
Deficiency of revenues and other sources over expenditures	(260,460)	(260,460)	(133,296)
Fund deficit, January 1, 2006	<u>(48,156)</u>	<u>(48,156)</u>	<u>(48,156)</u>
Fund deficit, December 31, 2006	<u>\$ (308,616)</u>	<u>\$ (308,616)</u>	<u>\$ (181,452)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Summer Lunch Program Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues</b>			
Revenues:			
Service revenue	\$ 129,210	\$ 129,210	\$ 125,868
Miscellaneous revenue	8,210	8,210	-
Total revenues	137,420	137,420	125,868
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	25,790	30,790	29,453
Other	117,310	122,310	118,597
Total expenditures	143,100	153,100	148,050
Deficiency of revenues over expenditures	(5,680)	(15,680)	(22,182)
Fund deficit, January 1, 2006	(7,310)	(7,310)	(7,310)
Fund deficit, December 31, 2006	<u>\$ (12,990)</u>	<u>\$ (22,990)</u>	<u>\$ (29,492)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
H.O.M.E. Program Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Governmental revenue	\$ 1,266,980	\$ 1,266,980	\$ 2,249,563
Miscellaneous revenue	110,530	110,530	259,394
	<u>1,377,510</u>	<u>1,377,510</u>	<u>2,508,957</u>
Other sources:			
Interfund transfers	156,590	156,590	198,324
Previous year's encumbrances	538,411	538,411	538,411
	<u>695,001</u>	<u>695,001</u>	<u>736,735</u>
Total revenues and other sources	2,072,511	2,072,511	3,245,692
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Other	3,688,411	3,688,411	2,920,898
Total expenditures	3,688,411	3,688,411	2,920,898
Excess (deficiency) of revenues and other sources over expenditures	(1,615,900)	(1,615,900)	324,794
Fund balance, January 1, 2006	976,558	976,558	976,558
Fund balance (deficit), December 31, 2006	<u>\$ (639,342)</u>	<u>\$ (639,342)</u>	<u>\$ 1,301,352</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
K.A.B. Litter Control Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Governmental revenue	\$ 50,230	\$ 50,230	\$ 15,785
Miscellaneous revenue	8,850	8,850	502
	<u>59,080</u>	<u>59,080</u>	<u>16,287</u>
Other sources:			
Interfund transfers	37,920	37,920	-
	<u>37,920</u>	<u>37,920</u>	<u>-</u>
Total revenues and other sources	97,000	97,000	16,287
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Other	109,000	109,000	6,672
	<u>109,000</u>	<u>109,000</u>	<u>6,672</u>
Total expenditures	109,000	109,000	6,672
Excess (deficiency) of revenues and other sources over expenditures	(12,000)	(12,000)	9,615
Fund deficit, January 1, 2006	<u>(25,178)</u>	<u>(25,178)</u>	<u>(25,178)</u>
Fund deficit, December 31, 2006	<u>\$ (37,178)</u>	<u>\$ (37,178)</u>	<u>\$ (15,563)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Tax Equivalency Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Taxes and assessments	\$ 276,690	\$ 276,690	\$ 426,113
Miscellaneous revenue	153,310	153,310	398,391
	<u>430,000</u>	<u>430,000</u>	<u>824,504</u>
Other sources:			
Previous year's encumbrances	122,324	122,324	122,324
	<u>552,324</u>	<u>552,324</u>	<u>946,828</u>
Total revenues and other sources	552,324	552,324	946,828
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Other	260,630	260,630	196,297
	<u>260,630</u>	<u>260,630</u>	<u>196,297</u>
Planning and Urban Development:			
Other	130,000	230,000	194,125
	<u>130,000</u>	<u>230,000</u>	<u>194,125</u>
Finance:			
Other	224,694	224,694	203,515
	<u>224,694</u>	<u>224,694</u>	<u>203,515</u>
Total expenditures	615,324	715,324	593,937
Excess (deficiency) of revenues and other sources over expenditures	(63,000)	(163,000)	352,891
Fund deficit, January 1, 2006	<u>(168,317)</u>	<u>(168,317)</u>	<u>(168,317)</u>
Fund balance (deficit), December 31, 2006	<u>\$ (231,317)</u>	<u>\$ (331,317)</u>	<u>\$ 184,574</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
E.D.A. Revolving Loans Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues</b>			
Revenues:			
Miscellaneous revenue	\$ 38,500	\$ 38,500	\$ 590
Total revenues	38,500	38,500	590
<b>Expenditures</b>			
Expenditures:			
Office of the Mayor			
Other	50,000	50,000	-
Total expenditures	50,000	50,000	-
Excess (deficiency) of revenues over expenditures	(11,500)	(11,500)	590
Fund balance, January 1, 2006	4,380	4,380	4,380
Fund balance (deficit), December 31, 2006	\$ (7,120)	\$ (7,120)	\$ 4,970

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Joint Economic Development Districts Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
JEDD revenue	\$ 15,528,120	\$ 15,528,120	\$ 12,577,340
Governmental revenue	81,990	81,990	8,000
Service revenue	700,490	700,490	428,778
Miscellaneous revenue	280,460	280,460	1,389,494
	<u>16,591,060</u>	<u>16,591,060</u>	<u>14,403,612</u>
Other sources:			
Note/Bond proceeds	1,157,240	1,157,240	708,000
Interfund transfers	551,700	561,700	407,387
Previous year's encumbrances	1,215,270	1,215,270	1,215,270
	<u>2,924,210</u>	<u>2,934,210</u>	<u>2,330,657</u>
Total revenues and other sources	19,515,270	19,525,270	16,734,269
<b>Expenditures and other uses</b>			
Expenditures:			
Public Service:			
Wages/benefits	10,000	35,000	20,457
Other	1,714,909	2,514,909	2,415,293
Capital Outlay	5,075,257	5,450,257	4,827,994
	<u>6,800,166</u>	<u>8,000,166</u>	<u>7,263,744</u>
Public Health:			
Other	-	60,600	60,583
Finance:			
Wages/benefits	50,000	50,000	9,325
Other	12,669,604	12,959,004	12,896,412
	<u>12,719,604</u>	<u>13,009,004</u>	<u>12,905,737</u>
Total expenditures	19,519,770	21,069,770	20,230,064
Deficiency of revenues and other sources over expenditures	(4,500)	(1,544,500)	(3,495,795)
Fund balance, January 1, 2006	<u>8,386,842</u>	<u>8,386,842</u>	<u>8,386,842</u>
Fund balance, December 31, 2006	<u>\$ 8,382,342</u>	<u>\$ 6,842,342</u>	<u>\$ 4,891,047</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Akron Municipal Court Information System Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Service revenue	\$ 215,350	\$ 215,350	\$ 308,167
Other sources:			
Interfund transfers	-	-	41,900
Previous year's encumbrances	58,965	58,965	58,965
	58,965	58,965	100,865
Total revenues and other sources	274,315	274,315	409,032
<b>Expenditures</b>			
Expenditures:			
Court Clerk:			
Other	213,119	213,119	150,480
Judges:			
Other	446,996	446,996	154,355
Total expenditures	660,115	660,115	304,835
Excess (deficiency) of revenues and other sources over expenditures	(385,800)	(385,800)	104,197
Fund balance, January 1, 2006	294,701	294,701	294,701
Fund balance (deficit), December 31, 2006	\$ (91,099)	\$ (91,099)	\$ 398,898

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Public Health Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Licenses and permits	\$ 139,050	\$ 139,050	\$ 135,637
Governmental revenue	167,370	167,370	179,591
Service revenue	353,630	353,630	460,521
Miscellaneous revenue	84,970	84,970	46,207
	<u>745,020</u>	<u>745,020</u>	<u>821,956</u>
Other sources:			
Previous year's encumbrances	20,529	20,529	20,529
	<u>20,529</u>	<u>20,529</u>	<u>20,529</u>
Total revenues and other sources	765,549	765,549	842,485
<b>Expenditures</b>			
Expenditures:			
Court Clerk:			
Other	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Public Health:			
Wages/benefits	485,110	485,110	459,462
Other	196,269	316,269	230,049
	<u>681,379</u>	<u>801,379</u>	<u>689,511</u>
Total expenditures	781,379	901,379	789,511
Excess (deficiency) of revenues and other sources over expenditures	(15,830)	(135,830)	52,974
Fund balance, January 1, 2006	<u>756,533</u>	<u>756,533</u>	<u>756,533</u>
Fund balance, December 31, 2006	<u>\$ 740,703</u>	<u>\$ 620,703</u>	<u>\$ 809,507</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Police Grants Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Governmental revenue	\$ 2,056,350	\$ 2,056,350	\$ 249,944
Other sources:			
Interfund transfers	293,650	293,650	336
Previous year's encumbrances	127,843	127,843	127,843
	421,493	421,493	128,179
Total revenues and other sources	2,477,843	2,477,843	378,123
<b>Expenditures</b>			
Expenditures:			
Police:			
Wages/benefits	117,260	197,260	142,946
Other	478,603	698,603	525,613
	595,863	895,863	668,559
Total expenditures	595,863	895,863	668,559
Excess (deficiency) of revenues and other sources over expenditures	1,881,980	1,581,980	(290,436)
Fund deficit, January 1, 2006	(919,277)	(919,277)	(919,277)
Fund balance (deficit), December 31, 2006	\$ 962,703	\$ 662,703	\$ (1,209,713)

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Various Domestic Violence Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Governmental revenue	\$ 48,490	\$ 48,490	\$ 50,100
Other sources:			
Interfund transfers	51,510	51,510	-
Previous year's encumbrances	6,600	6,600	6,600
	<u>58,110</u>	<u>58,110</u>	<u>6,600</u>
Total revenues and other sources	106,600	106,600	56,700
<b>Expenditures</b>			
Expenditures:			
Law:			
Wages/benefits	1,500	1,500	761
Other	125,530	190,530	182,817
			<u>182,817</u>
Total expenditures	127,030	192,030	183,578
Deficiency of revenues and other sources over expenditures	(20,430)	(85,430)	(126,878)
Fund deficit, January 1, 2006	<u>(111,083)</u>	<u>(111,083)</u>	<u>(111,083)</u>
Fund deficit, December 31, 2006	<u>\$ (131,513)</u>	<u>\$ (196,513)</u>	<u>\$ (237,961)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Safety Programs Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Investment earnings	\$ 5,250	\$ 5,250	\$ 15,265
Governmental revenue	242,550	242,550	1,026,251
Service revenue	163,040	163,040	506,925
Miscellaneous revenue	236,160	236,160	230,332
	<u>647,000</u>	<u>647,000</u>	<u>1,778,773</u>
Other sources:			
Interfund transfers	3,000	3,000	-
Previous year's encumbrances	163,927	163,927	163,927
	<u>166,927</u>	<u>166,927</u>	<u>163,927</u>
Total revenues and other sources	813,927	813,927	1,942,700
<b>Expenditures</b>			
Expenditures:			
Legislative:			
Other	50,000	50,000	-
Fire:			
Other	486,133	486,133	290,631
Public Safety:			
Other	200,000	200,000	197,543
Capital Outlay	-	640,000	431,044
	<u>200,000</u>	<u>840,000</u>	<u>628,587</u>
Police:			
Wages/benefits	91,870	61,870	3,525
Other	356,494	706,494	649,313
Capital Outlay	45,000	60,000	58,354
	<u>493,364</u>	<u>828,364</u>	<u>711,192</u>
Total expenditures	1,229,497	2,204,497	1,630,410
Excess (deficiency) of revenues and other sources over expenditures	(415,570)	(1,390,570)	312,290
Fund balance, January 1, 2006	<u>285,383</u>	<u>285,383</u>	<u>285,383</u>
Fund balance (deficit), December 31, 2006	<u>\$ (130,187)</u>	<u>\$ (1,105,187)</u>	<u>\$ 597,673</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Health Grants Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Investment earnings	\$ 1,890	\$ 1,890	\$ 21,494
Licenses and permits	9,720	9,720	5,455
Governmental revenue	4,439,500	4,439,500	5,356,761
Service revenue	458,470	458,470	412,965
Miscellaneous revenue	67,330	67,330	346,748
	<u>4,976,910</u>	<u>4,976,910</u>	<u>6,143,423</u>
Other sources:			
Interfund transfers	23,090	23,090	93,139
Previous year's encumbrances	644,839	644,839	644,839
	<u>667,929</u>	<u>667,929</u>	<u>737,978</u>
Total revenues and other sources	5,644,839	5,644,839	6,881,401
<b>Expenditures</b>			
Expenditures:			
Public Health:			
Wages/benefits	2,641,400	2,661,400	2,653,701
Other	4,140,339	4,887,839	4,463,169
Capital Outlay	-	135,000	133,264
	<u>6,781,739</u>	<u>7,684,239</u>	<u>7,250,134</u>
Total expenditures	6,781,739	7,684,239	7,250,134
Deficiency of revenues and other sources over expenditures	(1,136,900)	(2,039,400)	(368,733)
Fund balance, January 1, 2006	<u>248,751</u>	<u>248,751</u>	<u>248,751</u>
Fund deficit, December 31, 2006	<u>\$ (888,149)</u>	<u>\$ (1,790,649)</u>	<u>\$ (119,982)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
City Facilities Operating Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ 218,550	\$ 218,550	\$ -
Taxes and assessments	489,790	489,790	695,454
Licenses and permits	388,300	388,300	622,722
Governmental revenue	134,630	134,630	131,574
Service revenue	144,240	144,240	277,971
Note/Bond proceeds	2,618,950	2,618,950	3,614,000
Miscellaneous revenue	995,460	995,460	4,006,458
	<u>4,989,920</u>	<u>4,989,920</u>	<u>9,348,179</u>
Other sources:			
Interfund transfers	863,190	863,190	1,595,127
Interfund service revenue	7,390	7,390	19,237
Previous year's encumbrances	3,097,269	3,097,629	3,097,629
	<u>3,967,849</u>	<u>3,968,209</u>	<u>4,711,993</u>
Total revenues and other sources	8,957,769	8,958,129	14,060,172
<b>Expenditures</b>			
Expenditures:			
Finance:			
Other	196,000	196,000	175,230
Office of the Mayor:			
Other	-	25,000	1,194
Capital Outlay	-	68,000	65,275
	<u>-</u>	<u>93,000</u>	<u>66,469</u>
Planning and Urban Development:			
Other	14,764	14,764	9,406
Capital outlay	18,997	18,997	18,997
	<u>33,761</u>	<u>33,761</u>	<u>28,403</u>
Municipal Court Judges			
Capital outlay	50,000	50,000	-
Public Safety:			
Capital outlay	62,096	92,096	86,376
Public Health:			
Other	251,278	271,278	249,197
Capital outlay	42,739	110,739	110,399
	<u>294,017</u>	<u>382,017</u>	<u>359,596</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
City Facilities Operating Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006  
(continued)

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Public Service:			
Wages/benefits	374,778	374,778	361,366
Other	2,969,947	4,369,947	4,215,794
Capital outlay	5,391,643	5,391,643	4,980,747
	<u>8,736,368</u>	<u>10,136,368</u>	<u>9,557,907</u>
Fire:			
Capital outlay	985,187	1,560,187	1,555,229
Police:			
Capital outlay	403,840	1,473,840	1,469,756
Total expenditures	10,761,269	14,017,269	13,298,966
Excess (deficiency) of revenues and other sources over expenditures	(1,803,500)	(5,059,140)	761,206
Fund deficit, January 1, 2006	(5,385,039)	(5,385,039)	(5,385,039)
Fund deficit, December 31, 2006	<u>\$ (7,188,539)</u>	<u>\$ (10,444,179)</u>	<u>\$ (4,623,833)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Various Purpose Funding Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Investment earnings	\$ 4,650	\$ 4,650	\$ 13,561
Governmental revenue	82,940	82,940	183,446
Service revenue	195,350	195,350	727,840
Miscellaneous revenue	175,660	175,660	712,615
	<u>458,600</u>	<u>458,600</u>	<u>1,637,462</u>
Other sources:			
Note/Bond proceeds	746,530	746,530	2,483,000
Interfund transfers	48,870	48,870	72,966
Previous year's encumbrances	732,007	732,007	732,007
	<u>1,527,407</u>	<u>1,527,407</u>	<u>3,287,973</u>
Total revenues and other sources	1,986,007	1,986,007	4,925,435
<b>Expenditures</b>			
Expenditures:			
Finance:			
Other	5,000	5,000	-
Office of the Mayor:			
Other	351,472	451,472	394,836
Legislative:			
Other	-	10,000	5,480
Public Service:			
Wages/benefits	118,080	253,080	172,798
Other	1,495,425	1,545,425	1,545,349
Capital outlay	1,565,000	1,270,000	386,282
	<u>3,178,505</u>	<u>3,068,505</u>	<u>2,104,429</u>
Total expenditures	3,534,977	3,534,977	2,504,745
Excess (deficiency) of revenues and other sources over expenditures	(1,548,970)	(1,548,970)	2,420,690
Fund deficit, January 1, 2006	<u>(2,882,425)</u>	<u>(2,882,425)</u>	<u>(2,882,425)</u>
Fund deficit, December 31, 2006	<u>\$ (4,431,395)</u>	<u>\$ (4,431,395)</u>	<u>\$ (461,735)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Deposits Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Investment earnings	\$ 126,880	\$ 126,860	\$ 34
Licenses and permits	521,940	521,940	34,826
Miscellaneous revenue	13,439,290	13,439,290	977,426
	<u>14,088,110</u>	<u>14,088,090</u>	<u>1,012,286</u>
Other sources:			
Interfund transfers	130,411,890	130,411,890	40
Previous year's encumbrances	2,242,875	2,242,875	2,242,875
	<u>132,654,765</u>	<u>132,654,765</u>	<u>2,242,915</u>
Total revenues and other sources	146,742,875	146,742,855	3,255,201
<b>Expenditures</b>			
Expenditures:			
Finance:			
Other	4,720,000	4,720,000	3,523,867
Planning and Urban Development:			
Other	6,365	6,365	1,440
Public Service:			
Other	12,245,510	12,245,510	-
Total expenditures	16,971,875	16,971,875	3,525,307
Excess (deficiency) of revenues and other sources over expenditures	129,771,000	129,770,980	(270,106)
Fund balance, January 1, 2006	740,460	740,460	740,460
Fund balance, December 31, 2006	<u>\$ 130,511,460</u>	<u>\$ 130,511,440</u>	<u>\$ 470,354</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, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Property taxes	\$ 1,431,930	\$ 1,431,930	\$ 531,866
Other sources:			
Previous year's encumbrances	2,805	2,805	2,805
Total revenues and other sources	1,434,735	1,434,735	534,671
<b>Expenditures</b>			
Expenditures:			
Finance:			
Wages/benefits	336,720	336,720	334,096
Other	96,935	96,935	90,293
Total expenditures	433,655	433,655	424,389
Excess of revenues and other sources over expenditures	1,001,080	1,001,080	110,282
Fund balance, January 1, 2006	272,120	272,120	272,120
Fund balance, December 31, 2006	\$ 1,273,200	\$ 1,273,200	\$ 382,402

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Non-appropriated Capital Projects Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<b>Revenues and other sources</b>			
Revenues:			
Miscellaneous revenue	\$ 1,275,590	\$ 1,275,590	\$ 104,037
Other sources:			
Note/Bond proceeds	1,266,760	1,266,760	-
Interfund transfers	21,730	21,730	5,058
Previous year's encumbrances	194,967	197,967	194,967
	<u>1,483,457</u>	<u>1,486,457</u>	<u>200,025</u>
Total revenues and other sources	2,759,047	2,762,047	304,062
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	20,000	20,000	-
Other	823,534	823,534	431,619
Capital outlay	851,433	851,433	158,648
	<u>1,694,967</u>	<u>1,694,967</u>	<u>590,267</u>
Total expenditures	1,694,967	1,694,967	590,267
Excess (deficiency) of revenues and other sources over expenditures	1,064,080	1,067,080	(286,205)
Fund deficit, January 1, 2006	<u>(2,354,055)</u>	<u>(2,354,055)</u>	<u>(2,354,055)</u>
Fund deficit, December 31, 2006	<u>\$ (1,289,975)</u>	<u>\$ (1,286,975)</u>	<u>\$ (2,640,260)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Road and Bridge Improvement Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Governmental revenue	\$ 4,966,550	\$ 4,966,550	\$ 4,380,200
Investment earnings	36,940	36,940	177,915
Miscellaneous revenue	33,620	33,620	-
	<u>5,037,110</u>	<u>5,037,110</u>	<u>4,558,115</u>
Other sources:			
Note/Bond proceeds	608,340	608,340	30,000
Interfund transfers	-	-	101,411
Previous year's encumbrances	603,731	603,731	603,731
	<u>1,212,071</u>	<u>1,212,071</u>	<u>735,142</u>
Total revenues and other sources	6,249,181	6,249,181	5,293,257
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	20,000	20,000	-
Other	1,339,506	1,339,506	691,359
Capital outlay	3,174,225	3,174,225	782,381
	<u>4,533,731</u>	<u>4,533,731</u>	<u>1,473,740</u>
Total expenditures	4,533,731	4,533,731	1,473,740
Excess of revenues and other sources over expenditures	1,715,450	1,715,450	3,819,517
Fund balance, January 1, 2006	<u>5,443,920</u>	<u>5,443,920</u>	<u>5,443,920</u>
Fund balance, December 31, 2006	<u>\$ 7,159,370</u>	<u>\$ 7,159,370</u>	<u>\$ 9,263,437</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Streets Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ 21,110	\$ 21,110	\$ 584
Governmental revenue	2,673,790	2,673,790	5,027,423
Taxes and assessments	477,460	477,460	704,596
Miscellaneous revenue	602,600	602,600	873,233
	<u>3,774,960</u>	<u>3,774,960</u>	<u>6,605,836</u>
Other sources:			
Note/Bond proceeds	12,016,810	12,016,810	4,616,075
Interfund transfers	3,658,910	3,658,910	3,048,145
Previous year's encumbrances	7,335,325	7,335,325	7,335,325
	<u>23,011,045</u>	<u>23,011,045</u>	<u>14,999,545</u>
Total revenues and other sources	26,786,005	26,786,005	21,605,381
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	190,000	190,000	56,263
Other	8,804,971	8,804,971	4,431,787
Capital outlay	19,350,354	19,350,354	18,465,646
	<u>28,345,325</u>	<u>28,345,325</u>	<u>22,953,696</u>
Total expenditures	28,345,325	28,345,325	22,953,696
Deficiency of revenues and other sources over expenditures	(1,559,320)	(1,559,320)	(1,348,315)
Fund deficit, January 1, 2006	(21,337,206)	(21,337,206)	(21,337,206)
Fund deficit, December 31, 2006	<u>\$ (22,896,526)</u>	<u>\$ (22,896,526)</u>	<u>\$ (22,685,521)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Information Technology and Improvements Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Previous year's encumbrances	\$ 28,600	\$ 28,600	\$ 28,600
Other sources:			
Note/Bond proceeds	500,000	500,000	-
Total revenues and other sources	528,600	528,600	28,600
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Other	21,000	21,000	-
Capital outlay	58,600	58,600	-
Total expenditures	79,600	79,600	-
Excess of revenues and other sources over expenditures	449,000	449,000	28,600
Fund balance, January 1, 2006	943	943	943
Fund deficit, December 31, 2006	\$ 449,943	\$ 449,943	\$ 29,543

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Transportation Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ -	\$ -	\$ 3,052
Governmental revenue	917,250	917,250	2,192,398
Miscellaneous revenue	1,430	1,430	52,608
	<u>918,680</u>	<u>918,680</u>	<u>2,248,058</u>
Other sources:			
Note/Bond proceeds	3,961,320	3,961,320	3,268,000
Interfund transfers	-	-	135,457
Previous year's encumbrances	1,079,170	1,079,170	1,079,170
	<u>5,040,490</u>	<u>5,040,490</u>	<u>4,482,627</u>
Total revenues and other sources	5,959,170	5,959,170	6,730,685
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	20,000	70,000	63,269
Other	3,314,647	3,889,647	3,869,360
Capital outlay	554,523	6,554,523	5,643,165
	<u>3,889,170</u>	<u>10,514,170</u>	<u>9,575,794</u>
Total expenditures	3,889,170	10,514,170	9,575,794
Excess (deficiency) of revenues and other sources over expenditures	2,070,000	(4,555,000)	(2,845,109)
Fund deficit, January 1, 2006	<u>(3,124,660)</u>	<u>(3,124,660)</u>	<u>(3,124,660)</u>
Fund deficit, December 31, 2006	<u>\$ (1,054,660)</u>	<u>\$ (7,679,660)</u>	<u>\$ (5,969,769)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Parks and Recreation Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ -	\$ -	\$ 1,617
Governmental revenue	1,213,940	1,213,940	1,241,581
Miscellaneous revenue	362,620	362,620	-
	<u>1,576,560</u>	<u>1,576,560</u>	<u>1,243,198</u>
Other sources:			
Note/Bond proceeds	2,949,120	2,949,120	869,000
Previous year's encumbrances	857,491	857,491	857,491
	<u>3,806,611</u>	<u>3,806,611</u>	<u>1,726,491</u>
Total revenues and other sources	5,383,171	5,383,171	2,969,689
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	20,000	20,000	884
Other	1,163,862	1,498,862	1,495,004
Capital outlay	1,963,629	3,513,629	3,295,345
			<u>3,295,345</u>
Total expenditures	3,147,491	5,032,491	4,791,233
Excess (deficiency) of revenues and other sources over expenditures	2,235,680	350,680	(1,821,544)
Fund deficit, January 1, 2006	<u>(1,680,855)</u>	<u>(1,680,855)</u>	<u>(1,680,855)</u>
Fund balance (deficit), December 31, 2006	<u>\$ 554,825</u>	<u>\$ (1,330,175)</u>	<u>\$ (3,502,399)</u>

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Public Facilities and Improvements Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Income taxes	\$ 18,850	\$ 18,850	\$ 535
Governmental revenue	296,310	296,310	1,575
Miscellaneous revenue	455,010	455,010	2,045,087
	<u>770,170</u>	<u>770,170</u>	<u>2,047,197</u>
Other sources:			
Note/Bond proceeds	4,266,330	4,266,330	3,307,000
Previous year's encumbrances	1,696,499	1,696,499	1,696,499
	<u>5,962,829</u>	<u>5,962,829</u>	<u>5,003,499</u>
Total revenues and other sources	6,732,999	6,732,999	7,050,696
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	-	5,000	429
Other	1,240,226	7,440,226	3,325,539
Capital outlay	3,896,273	4,096,273	4,070,328
	<u>5,136,499</u>	<u>11,541,499</u>	<u>7,396,296</u>
Total expenditures	5,136,499	11,541,499	7,396,296
Excess (deficiency) of revenues and other sources over expenditures	1,596,500	(4,808,500)	(345,600)
Fund deficit, January 1, 2006	(2,462,491)	(2,462,491)	(2,462,491)
Fund deficit, December 31, 2006	<u>\$ (865,991)</u>	<u>\$ (7,270,991)</u>	<u>\$ (2,808,091)</u>

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance-Budget and Actual-  
 Public Parking Fund, Non-GAAP Budget Basis  
 For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Revenues and other sources</b>			
Revenues:			
Taxes and assesments	\$ -	\$ -	\$ 500
Other sources:			
Note/Bond proceeds	4,506,000	4,506,000	140,000
Previous year's encumbrances	193,536	193,536	193,536
	4,699,536	4,699,536	333,536
Total revenues and other sources	4,699,536	4,699,536	334,036
<b>Expenditures</b>			
Expenditures:			
Public Service:			
Wages/benefits	-	5,000	244
Other	357,773	407,773	384,031
Capital outlay	1,185,763	2,965,763	2,852,456
	1,543,536	3,378,536	3,236,731
Total expenditures	1,543,536	3,378,536	3,236,731
Excess (deficiency) of revenues and other sources over expenditures	3,156,000	1,321,000	(2,902,695)
Fund balance, January 1, 2006	2,003,619	2,003,619	2,003,619
Fund balance (deficit), December 31, 2006	\$ 5,159,619	\$ 3,324,619	\$ (899,076)

Schedule of Revenues, Expenditures and  
Changes in Fund Balance-Budget and Actual-  
Economic Development Fund, Non-GAAP Budget Basis  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
<b>Revenues and other sources</b>			
Revenues:			
Taxes and assessments	\$ 1,977,390	\$ 1,977,390	\$ 2,303,307
Governmental revenue	2,256,200	2,256,200	37,371
Miscellaneous revenue	741,780	741,780	829,363
	<u>4,975,370</u>	<u>4,975,370</u>	<u>3,170,041</u>
Other sources:			
Note/Bond proceeds	5,192,490	5,192,490	21,809,750
Interfund transfers	356,140	356,140	-
Previous year's encumbrances	7,495,950	7,495,950	7,495,950
	<u>13,044,580</u>	<u>13,044,580</u>	<u>29,305,700</u>
Total revenues and other sources	18,019,950	18,019,950	32,475,741
<b>Expenditures</b>			
Expenditures:			
Finance:			
Other	200,000	700,000	7,678
Capital Outlay	57,402	57,402	-
	<u>257,402</u>	<u>757,402</u>	<u>7,678</u>
Planning and Urban Development:			
Other	950,000	950,000	563,371
Public Service:			
Wages/benefits	20,000	20,000	4,714
Other	7,965,368	10,965,368	10,762,431
Capital outlay	5,293,180	16,293,180	15,930,171
	<u>13,278,548</u>	<u>27,278,548</u>	<u>26,697,316</u>
Total expenditures	14,485,950	28,985,950	27,268,365
Excess (deficiency) of revenues and other sources over expenditures	3,534,000	(10,966,000)	5,207,376
Fund deficit, January 1, 2006	<u>(12,717,996)</u>	<u>(12,717,996)</u>	<u>(12,717,996)</u>
Fund deficit, December 31, 2006	<u>\$ (9,183,996)</u>	<u>\$ (23,683,996)</u>	<u>\$ (7,510,620)</u>

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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, 2006

	<b>Oil and Gas</b>	<b>Golf Course</b>	<b>Airport</b>	<b>Total</b>
<b>Assets</b>				
Pooled cash and investments	\$ 279,223	\$ -	\$ 184,256	\$ 463,479
Receivables, net of allowances for uncollectibles	25,650	1,861	3,050	30,561
Due from other governments	-	847	-	847
Due from other funds	7,946	-	-	7,946
Inventories, at cost	-	34,326	10,123	44,449
Property, plant and equipment, net of accumulated depreciation	395,485	1,595,080	8,252,143	10,242,708
<b>Total assets</b>	<b>708,304</b>	<b>1,632,114</b>	<b>8,449,572</b>	<b>10,789,990</b>
<b>Liabilities</b>				
Accounts payable	1,942	16,938	103,535	122,415
Due to other funds	3,977	483,802	3,395	491,174
Accrued liabilities	1,974	18,621	8,143	28,738
Accrued wages	1,972	11,967	7,704	21,643
Accrued vacation and leave	6,747	34,574	14,497	55,818
Noncurrent liabilities Due in more than one year	33,129	133,269	49,713	216,111
<b>Total liabilities</b>	<b>49,741</b>	<b>699,171</b>	<b>186,987</b>	<b>935,899</b>
<b>Net assets</b>				
Invested in capital assets net of related debt	395,480	1,595,080	8,252,143	10,242,703
Unrestricted (deficit)	263,083	(662,137)	10,442	(388,612)
<b>Total net assets</b>	<b>\$ 658,563</b>	<b>\$ 932,943</b>	<b>\$ 8,262,585</b>	<b>\$ 9,854,091</b>

## City of Akron, Ohio

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

For the Year Ended December 31, 2006

	Oil and Gas	Golf Course	Airport	Total
<b>Operating revenues</b>				
Charges for services	\$ 1,136	\$ 903,859	\$ 162,557	\$ 1,067,552
Other	31,554	28,503	132,151	192,208
	<u>32,690</u>	<u>932,362</u>	<u>294,708</u>	<u>1,259,760</u>
<b>Operating expenses</b>				
Personal services	98,596	804,573	285,265	1,188,434
Direct expenses	76,245	309,501	161,823	547,569
Rentals and lease	-	59,525	-	59,525
Utilities	496	117,056	10,480	128,032
Insurance	457	3,802	22,033	26,292
Depreciation, depletion and amortization	-	51,501	189,921	241,422
Other	2,099	945	2,912	5,956
	<u>177,893</u>	<u>1,346,903</u>	<u>672,434</u>	<u>2,197,230</u>
Operating loss	(145,203)	(414,541)	(377,726)	(937,470)
Income (loss) before transfers and contributions	(145,203)	(414,541)	(377,726)	(937,470)
Transfers-in	-	288,000	311,630	599,630
Capital contributions	-	19,569	-	19,569
	<u>-</u>	<u>307,569</u>	<u>311,630</u>	<u>619,199</u>
Changes in net assets	(145,203)	(106,972)	(66,096)	(318,271)
Net assets, January 1, 2006	<u>803,766</u>	<u>1,039,915</u>	<u>8,328,681</u>	<u>10,172,362</u>
Net assets, December 31, 2006	<u>\$ 658,563</u>	<u>\$ 932,943</u>	<u>\$ 8,262,585</u>	<u>\$ 9,854,091</u>

City of Akron, Ohio  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
For the Year Ended December 31, 2006

	<u>Oil and Gas</u>	<u>Golf</u>	<u>Airport</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Operating activities</b>				
Cash received from customers	\$ 15,049	\$ 902,351	\$ 174,569	\$1,091,969
Cash payments to suppliers for goods and services	(118,854)	(478,192)	(171,315)	(768,361)
Cash paid for salaries and employee benefits	(125,725)	(828,044)	(297,135)	(1,250,904)
Other revenues	31,554	28,503	132,151	192,208
Other expenses	(2,099)	(945)	(2,912)	(5,956)
Net cash used for operating activities	(200,075)	(376,327)	(164,642)	(741,044)
<b>Non-capital financing activities</b>				
Operating transfers from other funds	-	288,000	311,630	599,630
Transfers in for negative cash balances	-	470,123	-	470,123
Transfers out for negative cash balances	-	(381,796)	-	(381,796)
Net cash provided by non-capital financing activities	-	376,327	311,630	687,957
<b>Capital and related financing activities</b>				
Acquisition and construction of capital assets	-	(19,569)	-	(19,569)
Capital Contributions	-	19,569	-	19,569
Net increase (decrease) in cash and cash equivalents	(200,075)	-	146,988	(53,087)
Cash and cash equivalents, January 1, 2006	479,298	-	37,268	516,566
Cash and cash equivalents, December 31, 2006	<u>\$ 279,223</u>	<u>\$ -</u>	<u>\$ 184,256</u>	<u>\$ 463,479</u>

City of Akron, Ohio  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
For the Year Ended December 31, 2006  
(continued)

	<u>Oil and Gas</u>	<u>Golf</u>	<u>Airport</u>	<u>Total Non-Major Enterprise Funds</u>
Operating loss	\$ (145,203)	\$ (414,541)	\$ (377,726)	\$ (937,470)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation, depletion and amortization	-	51,501	189,921	241,422
(Increase) decrease in operating assets:				
Receivables	15,049	(1,508)	12,012	25,553
Due from other funds	(1,136)	-	-	(1,136)
Inventories	-	619	1,733	2,352
Increase (decrease) in operating liabilities:				
Accounts payable	(37,858)	2,435	22,247	(13,176)
Due to other funds	(3,798)	8,638	(959)	3,881
Accrued liabilities	(1,157)	(2,111)	398	(2,870)
Accrued wages	(985)	215	714	(56)
Accrued vacation and leave	(24,987)	(21,575)	(12,982)	(59,544)
Net cash used for operating activities	<u>\$ (200,075)</u>	<u>\$ (376,327)</u>	<u>\$ (164,642)</u>	<u>\$ (741,044)</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
- Engineering Bureau
- Management Information Systems

## Combining Statement of Net Assets - Internal Service Funds

December 31, 2006

	<b>Motor Equipment</b>	<b>Medical Self- Insurance</b>	<b>Workers' Compensation Reserve</b>
<b>Assets</b>			
Pooled cash and investments	\$ -	\$ -	\$ 4,155,585
Receivables, net of allowances for uncollectibles	-	81,733	-
Due from other funds	1,007,563	-	-
Inventories, at cost	728,975	-	-
Property, plant and equipment, net of accumulated depreciation	1,863,182	-	-
Total assets	<u>3,599,720</u>	<u>81,733</u>	<u>4,155,585</u>
<b>Liabilities</b>			
Accounts payable	206,148	9,064	6,858
Due to other funds	974,905	5,305,767	-
Accrued interest payable	616	-	-
Accrued liabilities	62,114	-	1,653,385
Accrued wages	59,643	-	-
Accrued vacation and leave	125,824	-	-
Obligations under capital lease	-	-	-
Liability for unpaid claims	-	2,394,681	1,601,180
Debt:			
General obligation bonds	14,132	-	-
Noncurrent liabilities			
Due in more than one year	303,548	-	6,880,472
Bonds, notes, loans	148,104	-	-
Total liabilities	<u>1,895,034</u>	<u>7,709,512</u>	<u>10,141,895</u>
<b>Net assets</b>			
Invested in capital assets net of related debt	1,734,500	-	-
Unrestricted (deficit)	(29,814)	(7,627,779)	(5,986,310)
Total net assets	<u>\$ 1,704,686</u>	<u>\$ (7,627,779)</u>	<u>\$ (5,986,310)</u>

## Combining Statement of Net Assets - Internal Service Funds

December 31, 2006

Self- Insurance Settlement	Storeroom	Telephone System	Engineering Bureau	Management Information Systems	Total
\$ 240	\$ -	\$ 400,449	\$ -	\$ 67,935	\$ 4,624,209
-	-	-	-	-	81,733
-	199,616	87,369	763,075	377,025	2,434,648
-	88,289	-	-	-	817,264
-	43,390	356,456	-	478,045	2,741,073
240	331,295	844,274	763,075	923,005	10,698,927
984,400	79,157	30,391	206,789	130,714	1,653,521
-	317,199	-	386,172	19,241	7,003,284
-	-	-	140	-	756
-	6,561	-	143,764	34,596	1,900,420
-	6,896	-	150,001	35,868	252,408
-	12,149	-	433,519	144,708	716,200
-	-	-	-	108,145	108,145
564,315	-	-	-	-	4,560,176
-	-	-	19,284	-	33,416
-	39,466	-	1,284,559	298,625	8,806,670
-	-	-	20,108	-	168,212
1,548,715	461,428	30,391	2,644,336	771,897	25,203,208
-	43,390	356,456	(39,392)	369,900	2,464,854
(1,548,475)	(173,523)	457,427	(1,841,869)	(218,792)	(16,969,135)
\$ (1,548,475)	\$ (130,133)	\$ 813,883	\$ (1,881,261)	\$ 151,108	\$ (14,504,281)

## City of Akron, Ohio

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

For the Year Ended December 31, 2006

	<b>Motor Equipment</b>	<b>Medical Self- Insurance</b>	<b>Workers' Compensation Reserve</b>
<b>Operating revenues</b>			
Charges for services	\$ 7,695,247	\$ 20,553,008	\$ 3,735,950
Other	8,400	336,865	62,216
	<u>7,703,647</u>	<u>20,889,873</u>	<u>3,798,166</u>
<b>Operating expenses</b>			
Personal services	2,395,066	-	-
Direct expenses	5,232,068	2,638,813	1,159,640
Claims	-	21,552,108	2,161,776
Rentals and lease	-	-	-
Utilities	115,602	-	-
Insurance	16,877	-	-
Depreciation, depletion and amortization	107,455	-	-
Other	4,200	-	-
	<u>7,871,268</u>	<u>24,190,921</u>	<u>3,321,416</u>
Operating income (loss)	(167,621)	(3,301,048)	476,750
<b>Non-operating revenues (expenses)</b>			
Interest income	-	-	4,212
Interest expense	(7,877)	-	-
	<u>(7,877)</u>	<u>-</u>	<u>4,212</u>
Income (loss) before operating transfers	(175,498)	(3,301,048)	480,962
Transfers-in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	(175,498)	(3,301,048)	480,962
Net assets, January 1, 2006	1,880,184	(4,326,731)	(6,467,272)
Net assets, December 31, 2006	<u>\$ 1,704,686</u>	<u>\$ (7,627,779)</u>	<u>\$ (5,986,310)</u>

## City of Akron, Ohio

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

For the Year Ended December 31, 2006

Self- Insurance Settlement	Storeroom	Telephone System	Engineering Bureau	Management Information Systems	Total
\$ -	\$ 1,572,719	\$ 570,539	\$ 6,203,300	\$ 3,458,105	\$ 43,788,868
36,939	512	4,892	4,350	2,998	457,172
36,939	1,573,231	575,431	6,207,650	3,461,103	44,246,040
-	252,628	-	5,688,396	1,406,787	9,742,877
1,129	1,316,019	288,244	654,243	1,198,969	12,489,125
900,015	-	-	-	-	24,613,899
-	114,850	-	-	54,708	169,558
-	3,916	143,367	19,720	2,119	284,724
-	-	-	14,167	1,371	32,415
-	4,125	36,274	3,449	579,089	730,392
-	-	-	1,225	-	5,425
901,144	1,691,538	467,885	6,381,200	3,243,043	48,068,415
(864,205)	(118,307)	107,546	(173,550)	218,060	(3,822,375)
-	-	-	-	-	4,212
-	-	-	(2,310)	-	(10,187)
-	-	-	(2,310)	-	(5,975)
(864,205)	(118,307)	107,546	(175,860)	218,060	(3,828,350)
537,500	-	-	-	-	537,500
537,500	-	-	-	-	537,500
(326,705)	(118,307)	107,546	(175,860)	218,060	(3,290,850)
(1,221,770)	(11,826)	706,337	(1,705,401)	(66,952)	(11,213,431)
\$ (1,548,475)	\$ (130,133)	\$ 813,883	\$ (1,881,261)	\$ 151,108	\$ (14,504,281)

City of Akron, Ohio  
Combining Statement of Cash Flows-Internal Service Funds  
For the Year Ended December 31, 2006

	<b>Motor Equipment</b>	<b>Medical Self - Insurance</b>	<b>Workers' Compensation Reserve</b>
<b>Operating activities</b>			
Cash received from customers	\$ 7,792,535	\$ 20,531,822	\$ 3,735,950
Cash payments to suppliers for goods and services	(5,266,131)	-	-
Cash paid for salaries and employee benefits	(2,390,896)	(24,192,747)	(3,636,643)
Other revenues	8,400	336,865	62,216
Other expenses	(4,200)	-	-
Net cash provided by (used for) operating activities	139,708	(3,324,060)	161,523
<b>Non-capital financing activities</b>			
Operating transfers from other funds	-	-	-
Transfers in for negative cash balances	965,781	5,304,794	-
Transfers out for negative cash balances	(988,351)	(1,980,734)	-
Net cash provided by (used for) non-capital financing activities	(22,570)	3,324,060	-
<b>Capital and related financing activities</b>			
Principal paid on bonds and loans	(13,340)	-	-
Interest paid on bonds and loans	(7,921)	-	-
Acquisition and construction of capital assets	(95,877)	-	-
Net cash used for capital and related financing activities	(117,138)	-	-
<b>Investing activities</b>			
Proceeds from the sales and maturities of investment securities	-	-	4,212
Net cash provided by investing activities	-	-	4,212
Net increase (decrease) in cash and cash equivalents	-	-	165,735
Cash and cash equivalents, January 1, 2006	-	-	3,989,850
Cash and cash equivalents, December 31, 2006	\$ -	\$ -	\$ 4,155,585

City of Akron, Ohio  
Combining Statement of Cash Flows-Internal Service Funds  
For the Year Ended December 31, 2006

Self - Insurance Settlement	Storeroom	Telephone System	Engineering Bureau	Management Information Systems	Total
\$ -	\$ 1,587,162	\$ 563,103	\$ 5,518,864	\$ 3,272,390	\$ 43,001,826
-	(1,425,221)	(429,722)	(633,835)	(1,164,679)	(8,919,588)
-	(244,049)	-	(5,651,745)	(1,391,255)	(37,507,335)
36,939	512	4,892	4,350	2,998	457,172
-	-	-	(1,225)	-	(5,425)
36,939	(81,596)	138,273	(763,591)	719,454	(2,973,350)
537,500	-	-	-	-	537,500
-	313,370	-	308,617	-	6,892,562
(574,199)	(231,774)	-	-	(450,513)	(4,225,571)
(36,699)	81,596	-	308,617	(450,513)	3,204,491
-	-	-	(18,642)	-	(31,982)
-	-	-	(2,367)	-	(10,288)
-	-	-	-	(201,006)	(296,883)
-	-	-	(21,009)	(201,006)	(339,153)
-	-	-	-	-	4,212
-	-	-	-	-	4,212
240	-	138,273	(475,983)	67,935	(103,800)
-	-	262,176	475,983	-	4,728,009
\$ 240	\$ -	\$ 400,449	\$ -	\$ 67,935	\$ 4,624,209

City of Akron, Ohio  
Combining Statement of Cash Flows-Internal Service Funds  
For the Year Ended December 31, 2006  
(continued)

	<b>Motor Equipment</b>	<b>Medical Self - Insurance</b>	<b>Workers' Compensation</b>
Operating income (loss)	\$ (167,621)	\$ (3,301,048)	\$ 476,750
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation, depletion and amortization	107,455	-	-
(Increase) decrease in operating assets:			
Receivables	64,110	(21,186)	-
Due from other funds	33,178	-	-
Inventories	159,240	-	-
Increase (decrease) in operating liabilities:			
Accounts payable	(61,765)	7,818	1,134
Due to other funds	941	(98)	-
Accrued liabilities	(1,769)	-	-
Accrued wages	(1,551)	-	-
Accrued vacation and leave	7,490	-	-
Estimated liability for unpaid claims	-	(9,546)	(316,361)
Net cash provided by (used for) operating activities	<u>\$ 139,708</u>	<u>\$ (3,324,060)</u>	<u>\$ 161,523</u>

City of Akron, Ohio  
Combining Statement of Cash Flows-Internal Service Funds  
For the Year Ended December 31, 2006  
(continued)

Self - Insurance Settlement	Storeroom	Telephone System	Engineering Bureau	Management Information Systems	Total
\$ (864,205)	\$ (118,307)	\$ 107,546	\$ (173,550)	\$ 218,060	\$ (3,822,375)
-	4,125	36,274	3,449	579,089	730,392
-	-	-	-	-	42,924
-	14,443	(7,436)	(684,436)	(185,715)	(829,966)
-	(11,560)	-	-	-	147,680
984,129	19,284	1,889	76,597	102,197	1,131,283
-	1,840	-	(22,302)	(9,709)	(29,328)
-	688	-	(9,293)	(4,081)	(14,455)
-	1,102	-	2,388	(2,539)	(600)
-	6,789	-	43,556	22,152	79,987
(82,985)	-	-	-	-	(408,892)
\$ 36,939	\$ (81,596)	\$ 138,273	\$ (763,591)	\$ 719,454	\$ (2,973,350)

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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 Private Purpose Trust 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.

**Police Property Monetary Evidence Fund** - is used to account for funds held by the Police Department that will be returned to other agencies.

## City of Akron, Ohio

Combining Statement of Fiduciary Net Assets  
Private Purpose Trust Funds

December 31, 2006

	<b>Claire Merrix Trust</b>	<b>Holocaust Memorial Trust</b>	<b>Police/Fire Beneficiary Trust</b>	<b>Total</b>
<b>Assets</b>				
Cash and investments	\$ 810	\$ 270	\$ 2,500	\$ 3,580
Total assets	<u>810</u>	<u>270</u>	<u>2,500</u>	<u>3,580</u>
<b>Liabilities</b>				
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>\$ 810</u>	<u>\$ 270</u>	<u>\$ 2,500</u>	<u>\$ 3,580</u>
Total liabilities, equity and other credits	<u>\$ 810</u>	<u>\$ 270</u>	<u>\$ 2,500</u>	<u>\$ 3,580</u>

## City of Akron, Ohio

Combining Statement of Fiduciary Net Assets  
Agency Funds

December 31, 2006

	<b>Municipal Court</b>	<b>Police Property Monetary Evidence</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 712,246	\$ 15,000	\$ 727,246
Total assets	<u>712,246</u>	<u>15,000</u>	<u>727,246</u>
<b>Liabilities</b>			
Accounts payable	-	-	-
Customer deposits	-	-	-
Due to other governments	712,246	-	712,246
Due to others	-	15,000	15,000
Total liabilities	<u>712,246</u>	<u>15,000</u>	<u>727,246</u>
<b>Net assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities, equity and other credits	<u>\$ 712,246</u>	<u>\$ 15,000</u>	<u>\$ 727,246</u>

## City of Akron, Ohio

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

For the Year Ended December 31, 2006

	Claire Merrix Trust	Holocaust Memorial Trust	Police/Fire Beneficiary Trust	Total
<b>Additions</b>				
Contributions	\$ -	\$ 6,212	\$ 500	\$ 6,712
	-	6,212	500	6,712
<b>Deductions</b>				
Education and awareness	-	7,748	-	7,748
	-	7,748	-	7,748
Excess (deficiency) of revenues over expenses	-	(1,536)	500	(1,036)
Net assets, January 1, 2006	810	1,806	2,000	4,616
Net assets, December 31, 2006	\$ 810	\$ 270	\$ 2,500	\$ 3,580

## City of Akron, Ohio

Combining Statement of Changes in Assets and Liabilities  
Agency Funds

For the Year Ended December 31, 2006

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
<b>Municipal Court</b>				
Assets				
Cash	\$ 865,350	\$ -	\$ 153,104	\$ 712,246
Liabilities				
Due to other governments	\$ 865,350	\$ -	\$ 153,104	\$ 712,246
<b>Police Property Monetary Evidence</b>				
Assets				
Cash	\$ -	\$ 15,000	\$ -	\$ 15,000
Liabilities				
Due to other governments	\$ -	\$ 15,000	\$ -	\$ 15,000
<b>Total All Agency Funds</b>				
Assets				
Cash	\$ 865,350	\$ 15,000	\$ 153,104	\$ 727,246
Liabilities				
Due to other governments	\$ 865,350	\$ 15,000	\$ 153,104	\$ 727,246

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## **Statistical Section**



City of Akron, Ohio  
 Net Assets by Component  
 Last Six Fiscal Years  
*(accrual basis of accounting)*

	2001	2002	2003	2004	2005	2006
<b>Governmental Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 330,404,704	\$ 322,483,517	\$ 342,937,788	\$ 347,553,024	\$ 354,911,430	\$ 343,894,860
Restricted	37,540,147	39,710,686	40,319,154	305,806,875	305,806,875	154,998,029
Unrestricted	(36,817,038)	(44,766,982)	(68,256,422)	(342,848,212)	(342,622,082)	(162,608,235)
<b>Total Governmental Activities Net Assets</b>	<b>331,127,813</b>	<b>317,427,221</b>	<b>315,000,520</b>	<b>310,511,687</b>	<b>318,096,223</b>	<b>336,284,654</b>
<b>Business-Type Activities</b>						
Invested in Capital Assets, Net of Related Debt	268,152,473	285,012,294	298,087,580	305,496,572	312,958,242	319,708,498
Restricted	8,037,590	8,017,156	9,237,606	8,890,371	8,890,371	9,762,791
Unrestricted	17,726,838	21,545,227	14,462,481	12,254,737	13,956,855	13,310,341
<b>Total Business-Type Activities Net Assets</b>	<b>293,916,901</b>	<b>314,574,677</b>	<b>321,787,667</b>	<b>326,641,680</b>	<b>335,805,468</b>	<b>342,781,630</b>
<b>Primary Government</b>						
Invested in Capital Assets, Net of Related Debt	598,557,177	607,495,811	641,025,368	653,049,596	667,869,672	663,603,358
Restricted	45,577,737	47,727,842	49,556,760	314,697,246	314,697,246	164,760,820
Unrestricted	(19,090,200)	(23,221,755)	(53,793,941)	(330,593,475)	(328,665,227)	(149,297,894)
<b>Total Primary Government Net Assets</b>	<b>\$ 625,044,714</b>	<b>\$ 632,001,898</b>	<b>\$ 636,788,187</b>	<b>\$ 637,153,367</b>	<b>\$ 653,901,691</b>	<b>\$ 679,066,284</b>

Source: City of Akron, Ohio Finance Department

Schedule 2

City of Akron, Ohio  
Changes in Net Assets  
Last Six Fiscal Years  
(accrual basis of accounting)

	2001	2002	2003	2004	2005	2006
<b>Program Revenues</b>						
Governmental Activities						
Charges for Services:						
General Government	\$ 13,063,377	\$ 9,724,962	\$ 10,558,403	\$ 10,199,944	\$ 8,768,534	\$ 10,203,648
Public Service	15,521,690	12,758,526	12,047,537	13,685,910	24,515,742	27,488,539
Public Safety	1,856,550	1,530,128	2,088,567	4,661,113	1,079,551	1,221,943
Community Environment	223,243	109,080	195,500	276,244	64,412	27,244
Public Health	2,506,311	4,051,803	5,459,085	3,302,809	583,033	634,517
Recreation and Parks	557,324	570,920	660,897	600,501	339,674	387,161
Operating Grants and Contributions	18,173,638	16,280,190	18,489,411	18,798,602	20,736,629	20,085,504
Capital Grants and Contributions	24,934,475	24,865,553	28,011,341	26,959,413	19,497,224	22,023,997
<b>Total Governmental Activities Program Revenues</b>	<b>76,836,608</b>	<b>69,891,162</b>	<b>77,510,741</b>	<b>78,484,536</b>	<b>75,584,799</b>	<b>82,072,553</b>
Business-Type Activities						
Charges for Services:						
Water	32,222,070	33,641,151	26,531,458	33,897,438	32,677,553	34,203,720
Sewer	32,297,145	35,249,456	32,592,485	34,489,974	36,365,900	35,658,036
Oil & Gas	11,168	4,126	3,938	-	-	1,136
Parking Facilities	4,139,961	4,252,628	4,187,879	4,109,336	4,921,793	4,921,561
Golf Course	815,239	792,900	866,188	889,957	878,878	903,859
Airport	143,747	156,507	144,498	180,169	193,369	162,557
Capital Grants and Contributions	17,586,440	8,379,210	15,866,870	11,952,537	6,356,588	4,537,330
<b>Total Business-Type Activities Program Revenues</b>	<b>87,215,770</b>	<b>82,475,978</b>	<b>80,193,316</b>	<b>85,519,411</b>	<b>81,394,081</b>	<b>80,388,199</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 164,052,378</b>	<b>\$ 152,367,140</b>	<b>\$ 157,704,057</b>	<b>\$ 164,003,947</b>	<b>\$ 156,978,880</b>	<b>\$ 162,460,752</b>
<b>Expenses</b>						
Governmental Activities						
General Government	\$ 38,768,317	\$ 35,442,919	\$ 41,985,779	\$ 33,154,330	\$ 53,063,391	\$ 38,206,653
Public Service	55,687,143	55,103,262	56,239,734	57,321,381	54,923,173	64,832,236
Public Safety	93,139,875	102,587,713	101,498,621	106,914,744	104,848,506	109,812,346
Community Environment	16,738,817	15,284,636	17,365,752	25,985,445	21,514,112	94,412,587
Public Health	14,907,272	16,170,030	17,534,327	16,556,343	15,832,640	17,204,170
Recreation and Parks	4,859,938	5,570,393	4,895,539	5,035,419	7,603,460	2,552,319
Interest	14,205,615	15,452,328	17,723,691	27,403,295	27,077,616	26,808,875
Unallocated Depreciation	8,330,330	8,987,929	9,607,943	10,476,870	11,389,516	12,069,428
<b>Total Governmental Activities Expenses</b>	<b>246,637,307</b>	<b>254,599,210</b>	<b>266,851,386</b>	<b>282,847,827</b>	<b>296,252,414</b>	<b>365,898,614</b>
Business-Type Activities						
Water	30,038,479	30,783,062	35,835,251	37,959,261	30,733,296	33,312,219
Sewer	30,546,848	34,227,439	32,068,358	37,797,875	37,224,648	33,322,591
Oil & Gas	322,762	289,546	224,349	286,140	284,733	179,995
Parking Facilities	4,222,739	4,297,816	5,126,582	5,637,623	5,966,776	5,702,299
Golf Course	859,773	908,845	1,302,587	1,366,476	1,381,619	1,353,376
Airport	619,396	696,180	576,004	712,909	764,876	679,883
<b>Total Business-Type Activities Expenses</b>	<b>66,609,997</b>	<b>71,202,888</b>	<b>75,133,131</b>	<b>83,760,284</b>	<b>76,355,948</b>	<b>74,550,163</b>
<b>Total Primary Government Expenses</b>	<b>\$ 313,247,304</b>	<b>\$ 325,802,098</b>	<b>\$ 341,984,517</b>	<b>\$ 366,608,111</b>	<b>\$ 372,608,362</b>	<b>\$ 440,448,777</b>

Schedule 2

City of Akron, Ohio  
Changes in Net Assets  
Last Six Fiscal Years  
(accrual basis of accounting)  
(continued)

	2001	2002	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>						
Governmental Activities	\$ (169,797,699)	\$ (184,708,048)	\$ (189,340,645)	\$ (204,363,291)	\$ (220,667,615)	\$ (283,826,061)
Business-Type Activities	20,605,773	11,273,090	5,060,185	1,759,127	5,038,133	5,838,036
<b>Total Primary Government Net Expense</b>	<b>\$ (149,191,926)</b>	<b>\$ (173,434,958)</b>	<b>\$ (184,280,460)</b>	<b>\$ (202,604,164)</b>	<b>\$ (215,629,482)</b>	<b>\$ (277,988,025)</b>
<b>General Revenue and Other Changes in Net Assets</b>						
Governmental Activities:						
Taxes:						
Income Taxes	\$ 97,365,573	\$ 97,066,959	\$ 101,802,168	\$ 114,352,078	\$ 126,766,520	\$ 121,875,043
Property Taxes	26,511,099	31,443,342	30,374,275	28,193,761	27,850,829	37,242,477
JEDD Revenues	14,772,847	13,945,913	12,084,490	13,607,119	13,946,982	16,550,254
Investment Earnings	3,835,238	1,625,475	1,032,073	2,620,285	6,195,543	6,546,494
Shared Revenues	29,654,718	27,289,295	31,105,413	32,235,453	45,169,402	106,744,240
Miscellaneous	8,540,740	7,112,663	11,109,869	9,186,760	7,662,219	12,787,733
Gain (loss) on Sale of Capital Assets	(239,961)	884,970	-	(107,274)	1,659,116	-
Special Item - Loss on Debt Forgiveness	(6,250,000)	-	(594,344)	(213,724)	(998,460)	268,251
Transfers	791,379	(8,361,161)	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 174,981,633</b>	<b>\$ 171,007,456</b>	<b>\$ 186,913,944</b>	<b>\$ 199,874,458</b>	<b>\$ 228,252,151</b>	<b>\$ 302,014,492</b>
Business-Type Activities:						
Investment Earnings	\$ 379,423	\$ 153,364	\$ 93,242	\$ 108,993	\$ 280,566	\$ 460,615
Miscellaneous	818,560	875,069	1,409,184	2,767,615	2,833,804	945,762
Gain (loss) on Sale of Capital Assets	(14,468)	(4,908)	56,035	4,554	12,825	-
Transfers	(791,379)	8,361,161	594,344	213,724	998,460	(268,251)
<b>Total Business-Type Activities</b>	<b>\$ 392,136</b>	<b>\$ 9,384,686</b>	<b>\$ 2,152,805</b>	<b>\$ 3,094,886</b>	<b>\$ 4,125,655</b>	<b>\$ 1,138,126</b>
<b>Total Primary Government</b>	<b>\$ 175,373,769</b>	<b>\$ 180,392,142</b>	<b>\$ 189,066,749</b>	<b>\$ 202,969,344</b>	<b>\$ 232,377,806</b>	<b>\$ 303,152,618</b>
<b>Change in Net Assets</b>						
Governmental Activities	\$ 5,183,934	\$ (13,700,592)	\$ (2,426,701)	\$ (4,488,833)	\$ 7,584,536	\$ 18,188,431
Business-Type Activities	20,997,909	20,657,776	7,212,990	4,854,013	9,163,788	6,976,162
<b>Total Primary Government Change in Net Assets</b>	<b>\$ 26,181,843</b>	<b>\$ 6,957,184</b>	<b>\$ 4,786,289</b>	<b>\$ 365,180</b>	<b>\$ 16,748,324</b>	<b>\$ 25,164,593</b>

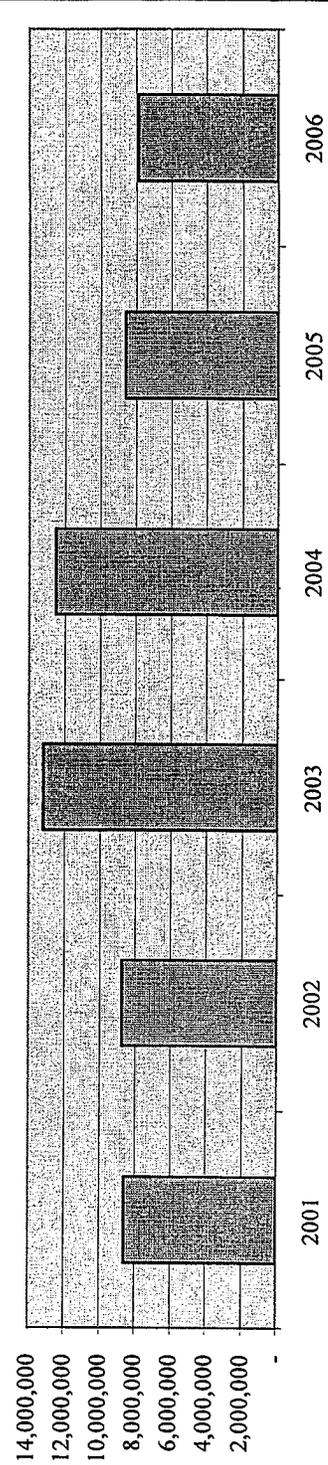
Source: City of Akron, Ohio Finance Department

City of Akron, Ohio  
Fund Balances, Governmental Funds  
Last Six Fiscal Years  
*(modified accrual basis of accounting)*

Schedule 3

	2001	2002	2003	2004	2005	2006
<b>General Fund</b>						
Reserved	\$ 2,320,635	\$ 3,053,854	\$ 1,233,303	\$ 1,680,684	\$ 2,403,155	\$ 2,014,480
Unreserved	8,596,094	8,753,973	13,198,625	12,516,302	8,608,934	7,885,122
<b>Total General Fund</b>	<b>10,916,729</b>	<b>11,807,827</b>	<b>14,431,928</b>	<b>14,196,986</b>	<b>11,012,089</b>	<b>9,899,602</b>
<b>All Other Governmental Funds</b>						
Reserved	41,873,934	53,376,063	41,592,028	35,591,716	35,336,754	32,654,441
Unreserved, Reported in:						
Special Revenue funds	26,756,707	28,104,809	23,238,226	148,315,752	155,814,840	105,278,827
Debt Service funds	12,793,227	15,386,870	14,290,672	89,894,236	84,744,936	128,340,399
Capital Projects funds	(36,831,939)	(54,266,570)	(53,474,079)	(65,862,884)	(35,950,447)	(38,860,992)
<b>Total All Other Governmental Funds</b>	<b>44,591,929</b>	<b>42,601,172</b>	<b>25,646,847</b>	<b>207,938,820</b>	<b>239,946,083</b>	<b>227,412,675</b>
<b>Total Governmental Funds</b>	<b>\$ 55,508,658</b>	<b>\$ 54,408,999</b>	<b>\$ 40,078,775</b>	<b>\$ 222,135,806</b>	<b>\$ 250,958,172</b>	<b>\$ 237,312,277</b>

**Unreserved General Fund Balance**



Source: City of Akron, Ohio Finance Department

City of Akron, Ohio  
 Changes in Fund Balances, Governmental Funds  
 Last Six Fiscal Years  
 (modified accrual basis of accounting)

Schedule 4

	2001	2002	2003	2004	2005	2006
<b>Revenues</b>						
Income Taxes	\$ 95,960,631	\$ 97,066,581	\$ 100,774,470	\$ 112,668,881	\$ 124,572,314	\$ 127,928,669
Property Taxes	26,511,099	31,443,342	30,374,275	28,193,761	27,896,871	32,427,784
JEDD Revenues	14,682,526	13,780,721	12,532,059	13,332,783	14,057,613	16,861,380
Special Assessments	14,919,707	11,783,730	12,786,836	13,924,427	13,236,631	12,754,375
Grants and Subsidies:						
Community Development	9,553,122	10,953,866	11,589,020	14,274,362	12,861,997	11,605,228
Other	18,668,284	18,208,147	22,567,077	17,559,226	13,843,621	17,604,596
Investment Earnings	4,050,994	1,933,869	1,384,938	2,921,080	7,267,257	7,389,680
Shared Revenues	30,606,210	26,812,007	33,095,237	32,461,563	46,266,621	105,766,818
Licenses, Fees and Fines	8,832,984	8,591,874	8,473,148	8,358,074	10,642,221	9,623,800
Charges for Services	21,896,781	20,130,987	21,913,831	23,544,847	24,283,315	28,670,461
Miscellaneous	8,701,161	8,730,850	11,904,151	11,503,832	10,681,121	12,655,993
<b>Total Revenues</b>	<b>\$ 254,383,499</b>	<b>\$ 249,435,974</b>	<b>\$ 267,395,042</b>	<b>\$ 278,742,836</b>	<b>\$ 305,609,582</b>	<b>\$ 383,288,784</b>
<b>Expenditures</b>						
Current:						
General Government	32,930,527	\$ 30,884,220	\$ 34,653,886	\$ 33,314,886	\$ 38,532,903	\$ 41,985,087
Public Service	49,245,754	63,233,069	75,365,244	69,852,895	87,267,701	106,364,245
Public Safety	95,298,619	99,840,890	96,926,410	102,644,931	104,460,027	108,252,675
Community Environment	15,130,825	14,283,130	14,248,628	28,624,126	23,995,474	112,504,139
Public Health	14,860,177	15,579,230	17,088,441	16,249,087	15,753,502	16,571,533
Recreation and Parks	4,892,662	5,523,417	4,907,828	4,746,079	7,580,781	2,420,510
Capital Outlay	57,248,672	43,234,027	41,238,897	16,986,611	192,958	3,022,789
Debt service:						
Principal Retirement	19,164,096	21,823,043	22,808,733	29,645,607	33,847,273	24,356,115
Interest	14,177,895	15,791,971	17,116,598	26,951,543	19,064,159	27,795,926
Bond Issuance Expenditures	571,774	734,940	453,922	1,441,316	2,215,424	413,476
<b>Total Expenditures</b>	<b>\$ 303,521,001</b>	<b>\$ 310,927,937</b>	<b>\$ 324,808,587</b>	<b>\$ 330,457,081</b>	<b>\$ 332,910,202</b>	<b>\$ 443,686,495</b>
<b>Excess of Revenues Under Expenditures</b>	<b>\$ (49,137,502)</b>	<b>\$ (61,491,963)</b>	<b>\$ (57,413,545)</b>	<b>\$ (51,714,245)</b>	<b>\$ (27,300,620)</b>	<b>\$ (60,397,711)</b>

City of Akron, Ohio  
 Changes in Fund Balances, Governmental Funds  
 Last Six Fiscal Years  
 (modified accrual basis of accounting)  
 (continued)

Schedule 4

	2001	2002	2003	2004	2005	2006
<b>Other Financing Sources (Uses)</b>						
Issuance of General Obligation Bond	\$ -	\$ -	\$ -	\$ -	\$ 52,735,419	\$ 43,250,000
Issuance of General Obligation Notes	-	-	-	-	1,115,300	2,072,575
Proceeds of General Obligation Bonds	23,714,000	61,285,000	41,000,540	219,049,460	-	-
Proceeds of General Obligation Notes	6,494,940	3,428,300	1,871,200	3,418,530	-	-
Proceeds of Refunding Bonds	28,185,000	-	-	-	-	-
Proceeds of Refunding Bonds Premium	1,591,482	-	-	-	-	-
Loan proceeds	-	-	-	3,041,694	-	1,241,581
Premium on G.O. Debt	-	1,824,130	1,011,980	8,475,316	7,289,095	456,909
Proceeds of Refund Obligations	-	-	-	-	95,235,000	-
Payment for Refunding Obligations	-	-	-	-	(96,873,368)	-
Advance Refunding Escrow	(28,737,105)	-	-	-	-	-
Special Item - Loss on Debt Forgiveness	(6,250,000)	-	-	-	-	-
Issuance of Capital Lease	-	-	-	-	-	9,050,203
Lease - Financed Capital Assets	-	-	-	-	-	(9,050,203)
Transfers-in	38,409,368	54,033,835	2,806,868	5,756,980	16,040,091	3,231,801
Transfers-out	(35,463,472)	(60,178,961)	(3,607,267)	(5,970,704)	(19,418,551)	(3,501,050)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 27,944,213</b>	<b>\$ 60,392,304</b>	<b>\$ 43,083,321</b>	<b>\$ 233,771,276</b>	<b>\$ 56,122,986</b>	<b>\$ 46,751,816</b>
<b>Net Change in Fund Balance</b>	<b>\$ (21,193,289)</b>	<b>\$ (1,099,659)</b>	<b>\$ (14,330,224)</b>	<b>\$ 182,057,031</b>	<b>\$ 28,822,366</b>	<b>\$ (13,645,895)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>15.97%</b>	<b>14.33%</b>	<b>14.24%</b>	<b>18.51%</b>	<b>16.57%</b>	<b>11.93%</b>

Source: City of Akron, Ohio Finance Department

City of Akron, Ohio  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

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	
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
2006	3,004,852	8,585,291	234,182	936,728	116,085	463,549	3,355,119	9,985,568	33.60
2007	3,006,951	8,591,289	160,595	642,380	112,615	450,190	3,280,161	9,683,859	33.87

Source: City of Akron, Ohio Finance Department

Note: For real property, the estimated actual value is derived by dividing the assessed value by 35%; for personal property, divide the assessed value by 25%.

The assessed value estimated actual value for public utilities is the combination of two figures. The assessed value for public utilities real property is \$691,690 and personal property is \$115,393,420. To calculate the estimated actual value for real property, divide the assessed value by 35%, for personal property, divide by 25%.

City of Akron, Ohio  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
*(rate per \$1,000 of assessed value)*

Tax Collection Year	City Direct Rates					Overlapping Rates			
	Operating	Police Pension	Fire Pension	Debt Retirement	Total Direct Rate	Akron City School District	Summit County	Akron Metro Parks	
1998	8.15	0.30	0.30	0.29	9.04	54.86	12.67	0.85	
1999	8.15	0.30	0.30	0.30	9.05	54.86	13.21	0.85	
2000	8.15	0.30	0.30	0.29	9.04	54.86	12.81	0.85	
2001	8.15	0.30	0.30	0.29	9.04	54.86	13.61	0.85	
2002	8.15	0.30	0.30	0.34	9.09	63.76	13.57	0.85	
2003	8.15	0.30	0.30	0.34	9.09	63.76	13.81	0.85	
2004	8.15	0.30	0.30	0.34	9.09	63.76	13.00	0.85	
2005	9.15	0.30	0.30	0.55	10.30	63.76	14.36	0.85	
2006	9.28	0.30	0.30	0.42	10.30	63.76	14.26	0.85	
2007	9.28	0.30	0.30	0.42	10.30	71.66	15.14	1.46	

Source: City of Akron, Ohio Finance Department



City of Akron, Ohio  
 Property Tax Levies and Collections  
 Last Seven Fiscal Years

Fiscal Year Ending 12/31	Tax Levied For The Fiscal Year	Collected within the		Delinquent Tax Collections	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 22,505,782	\$ 21,254,992	94.4 %	\$ 983,110	\$ 22,238,102	98.8 %
2001	22,651,092	21,172,023	93.5	1,048,160	22,220,183	98.1
2002	22,638,225	21,266,447	93.9	1,205,346	22,471,793	99.3
2003	26,092,082	23,970,195	91.9	1,423,773	25,393,968	97.3
2004	25,924,487	24,300,721	93.7	1,565,564	25,866,285	99.8
2005	29,665,733	27,657,423	93.2	1,528,312	29,185,735	98.4
2006	32,145,893	29,413,676	91.5	1,829,441	31,243,117	97.2

Source: City of Akron, Ohio Finance Department

Note: Information prior to 2000 was not available.

City of Akron, Ohio  
 Income Tax Collections by Annual Collection Amount (Withholding and Direct Accounts)  
 Fiscal Years 2005 and 2006

Fiscal Year 2005				
Collection Level	Number of Accounts	Percentage of Total	Total Income Tax Collections	Percentage of Total
\$1,000 and under	36,487	84.82%	\$ 6,296,183.25	5.04%
\$1,001 - \$2,500	3,125	7.26%	4,868,981.30	3.89%
\$2,501 - \$5,000	1,346	3.13%	4,735,378.39	3.79%
\$5,001 - \$10,000	845	1.96%	5,909,672.23	4.73%
\$10,001 - \$50,000	928	2.16%	19,334,527.67	15.46%
\$50,001 - \$100,000	157	0.36%	10,859,627.71	8.68%
\$100,001 - \$250,000	80	0.19%	11,645,211.50	9.31%
\$250,001 - \$1,000,000	35	0.08%	14,751,494.20	11.80%
Over \$1,000,001	15	0.03%	46,637,985.35	37.30%
	43,018	100.00%	\$ 125,039,061.60	100.00%

Fiscal Year 2006				
Collection Level	Number of Accounts	Percentage of Total	Total Income Tax Collections	Percentage of Total
\$1,000 and under	34,337	84.15%	\$ 6,001,611.48	4.92%
\$1,001 - \$2,500	3,027	7.42%	4,716,280.30	3.86%
\$2,501 - \$5,000	1,350	3.31%	4,785,272.31	3.92%
\$5,001 - \$10,000	851	2.09%	5,960,576.84	4.88%
\$10,001 - \$50,000	952	2.33%	20,032,654.77	16.41%
\$50,001 - \$100,000	156	0.38%	10,905,811.35	8.93%
\$100,001 - \$250,000	83	0.20%	12,492,832.58	10.23%
\$250,001 - \$1,000,000	35	0.09%	15,561,534.12	12.75%
Over \$1,000,001	13	0.03%	41,626,228.96	34.10%
	40,804	100.00%	\$ 122,082,802.71	100.00%

Source: City of Akron, Ohio Finance Department

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

City of Akron, Ohio  
Ratios of Outstanding Debt and Capital Leases by Type  
Last Ten Fiscal Years

Schedule 10

Fiscal Year	Governmental Activities										Internal Service General Obligation
	General Obligation	OPWC Loan	Development Loans	Non-Tax Revenue	Income Tax Revenue	Special Revenue	Special Assessment	Capital Leases	SIB Loans		
1997	\$ 120,797,994	\$ 1,026,791	\$ 745,245	\$ -	\$ -	\$ -	\$ 14,189,379	\$ -	\$ -	\$ -	\$ 8,646,345
1998	126,154,666	2,654,023	702,378	-	-	-	14,638,028	-	-	-	14,031,702
1999	134,142,190	3,770,233	658,207	-	9,950,000	-	13,009,037	-	-	-	12,886,327
2000	139,560,038	4,672,353	612,692	32,770,000	9,705,000	-	13,797,818	-	-	-	10,763,904
2001	152,905,041	5,475,764	565,793	31,585,000	9,450,000	27,285,000	11,796,009	3,940,000	-	-	8,593,232
2002	173,398,605	5,201,518	517,467	30,350,000	9,185,000	51,945,000	11,473,873	3,941,525	-	-	6,343,299
2003	198,325,413	5,797,627	978,212	29,065,000	8,910,000	50,260,000	11,924,332	3,938,320	-	-	4,032,034
2004	184,235,042	5,336,703	1,416,362	27,725,000	220,625,000	48,325,000	15,807,918	3,940,620	7,758,500	-	2,739,522
2005	194,652,842	8,232,378	1,363,491	26,325,000	217,585,000	46,315,000	15,582,562	4,199,814	9,955,500	-	233,610
2006	207,077,924	9,931,118	1,309,013	44,360,000	214,130,000	44,240,000	14,586,695	6,026,748	9,955,500	-	201,629

Fiscal Year	Business-Type Activities										Total Government Per Capita <sup>a</sup>
	Economic Development	JEDD Revenue	General Obligation	Mortgage Revenue	Revenue	OWDA	OPWC	Capital Leases			
1997	\$ 35,000,000	\$ -	\$ 16,529,285	\$ 56,015,000	\$ 36,965,000	\$ 48,469,498	\$ 3,453,763	\$ -	\$ 341,838,300	\$ 1,533	
1998	35,000,000	-	7,601,880	65,655,000	53,985,000	46,195,988	3,401,108	-	370,019,773	1,659	
1999	33,905,000	-	6,534,355	62,915,000	51,980,000	44,759,413	3,000,044	-	377,509,806	1,693	
2000	-	27,650,000	5,483,554	60,065,000	49,935,000	50,271,144	3,735,163	-	409,021,666	1,884	
2001	-	-	5,528,796	57,095,000	47,840,000	47,615,793	3,545,533	-	413,220,961	1,904	
2002	-	-	4,661,456	53,830,000	45,690,000	47,009,590	3,376,903	-	446,924,236	2,059	
2003	-	-	3,763,196	59,045,000	43,465,000	43,091,983	3,229,272	201,006	466,026,395	2,147	
2004	-	-	2,856,881	54,035,000	41,135,000	60,518,215	3,059,266	201,006	679,715,035	3,131	
2005	-	-	1,339,672	49,205,000	42,485,000	56,302,243	3,141,885	201,006	677,120,003	3,119	
2006	-	-	922,222	57,565,000	39,665,000	50,996,798	2,852,601	201,006	704,021,254	3,243	

Source: City of Akron, Finance Department

<sup>a</sup> See Schedule 16 for population data.

City of Akron, Ohio  
 Legal Debt Margin Information  
 Unvoted Debt Limit (5 1/2%)  
 Last Ten Fiscal Years

	1997	1998	1999	2000	2001
Debt limit	\$ 146,555,640	\$ 147,886,475	\$ 159,284,125	\$ 159,307,830	\$ 161,094,725
Total net debt applicable to limit	<u>80,945,087</u>	<u>84,136,627</u>	<u>83,764,463</u>	<u>86,266,920</u>	<u>96,745,413</u>
Legal debt margin	<u>\$ 65,610,553</u>	<u>\$ 63,749,848</u>	<u>\$ 75,519,662</u>	<u>\$ 73,040,910</u>	<u>\$ 64,349,312</u>
Total net debt applicable to limit as a percentage of debt limit	55.23%	56.89%	52.59%	54.15%	60.05%
Total unvoted net debt as a percentage of total assessed value of all property	3.00%	3.10%	2.90%	3.00%	3.30%
	2002	2003	2004	2005	2006
Debt limit	\$ 179,382,775	\$ 174,646,395	\$ 176,087,780	\$ 184,531,545	\$ 180,408,855
Total net debt applicable to limit	<u>104,342,094</u>	<u>127,795,447</u>	<u>148,161,046</u>	<u>134,204,723</u>	<u>149,035,885</u>
Legal debt margin	<u>\$ 75,040,681</u>	<u>\$ 46,850,948</u>	<u>\$ 27,926,734</u>	<u>\$ 50,326,822</u>	<u>\$ 31,372,970</u>
Total net debt applicable to limit as a percentage of debt limit	58.17%	73.17%	84.14%	72.73%	82.61%
Total unvoted net debt as a percentage of total assessed value of all property	3.20%	4.00%	4.60%	3.90%	4.50%

Source: City of Akron, Ohio Finance Department

City of Akron, Ohio

Legal Debt Margin Information

Total Debt Limit (10 1/2%)

Last Ten Fiscal Years

Schedule 12

	1997	1998	1999	2000	2001
Debt limit	\$ 279,788,040	\$ 282,328,746	\$ 304,087,906	\$ 304,133,130	\$ 307,544,475
Total net debt applicable to limit	89,145,087	90,936,627	89,164,463	90,266,920	99,345,413
Legal debt margin	<u>\$ 190,642,953</u>	<u>\$ 191,392,119</u>	<u>\$ 214,923,443</u>	<u>\$ 213,866,210</u>	<u>\$ 208,199,062</u>
Total net debt applicable to limit as a percentage of debt limit	31.86%	32.21%	29.32%	29.68%	32.30%
Total net debt as a percentage of total assessed value of all property	3.30%	3.40%	3.10%	3.10%	3.40%
	2002	2003	2004	2005	2006
Debt limit	\$ 342,458,025	\$ 333,415,845	\$ 336,167,580	\$ 352,287,495	\$ 344,416,905
Total net debt applicable to limit	105,942,094	128,795,447	148,561,046	134,204,723	149,035,885
Legal debt margin	<u>\$ 236,515,931</u>	<u>\$ 204,620,398</u>	<u>\$ 187,606,534</u>	<u>\$ 218,082,772</u>	<u>\$ 195,381,020</u>
Total net debt applicable to limit as a percentage of debt limit	30.94%	38.63%	44.19%	38.10%	43.27%
Total net debt as a percentage of total assessed value of all property	3.20%	4.10%	4.60%	3.90%	4.50%

Source: City of Akron, Ohio Finance Department

City of Akron, Ohio  
 Computation of Direct and Overlapping Debt  
 As of December 31, 2006

Political Subdivision	Amount of Debt	Percent Applicable to City	City's Share
City of Akron	\$225,634,970 *	100.00 %	\$225,634,970
Summit County	112,660,984	26.40	\$ 29,742,500
Copley-Fairlawn City School District	4,384,112	3.73	\$ 163,527
Revere Local School District	10,589,671	3.11	\$ 329,339
Akron Metro Regional Transit Authority	1,005,000	26.40	\$ 265,320
Woodridge Local School District	13,973,422	30.48	\$ 4,259,099
Summit County Library District	56,845,000	38.55	\$ 21,913,748
	<u>\$425,093,159</u>		<u>\$282,308,502</u>

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

General Obligation Bonds	\$222,776,617
General Obligation Notes	<u>2,858,353</u>
	<u>\$225,634,970</u>

Source: City of Akron, Ohio Finance Department

City of Akron, Ohio  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
*(in thousands of dollars, except per capita amount)*

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value <sup>1</sup> of Property		Per Capita <sup>2</sup>
				\$	%	
1997	\$ 158,000	\$ 2,902	\$ 155,098	2.00	%	\$ 696
1998	160,286	3,062	157,224	2.00		705
1999	164,748	3,754	160,994	1.91		722
2000	168,492	3,523	164,969	1.95		760
2001	178,233	3,906	174,327	2.01		803
2002	195,624	4,777	190,847	1.93		879
2003	217,948	3,458	214,490	2.24		988
2004	205,570	2,401	203,169	2.10		936
2005	211,768	2,552	209,216	2.10		964
2006	222,777	3,383	219,394	2.27		1,011

Source: City of Akron, Ohio Finance Department

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See Schedule 5, Assessed Value and Estimated Actual Value of Taxable Property, for property value data.

<sup>2</sup> See Schedule 16, Demographics and Economic Statistics, for population data.

City of Akron, Ohio  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year	Sewer Revenue Bonds				Special Assessment Bonds			
	Sewer Gross Revenue	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
1997	\$ 36,343	\$ 21,750	\$ 14,593	4.65	\$ 11,176	\$ 2,148	\$ 726	3.89
1998	33,862	21,550	12,312	2.61	11,012	2,128	697	3.90
1999	36,654	22,258	14,396	2.99	10,677	1,943	689	4.06
2000	30,961	19,928	11,033	2.31	10,629	2,118	599	3.91
2001	32,400	19,348	13,052	2.76	11,331	2,128	674	4.04
2002	35,296	22,458	12,838	2.73	11,030	2,026	535	4.31
2003	32,774	22,497	10,277	2.20	11,262	2,243	509	4.09
2004	34,696	26,318	8,378	1.79	11,285	2,204	547	4.10
2005	37,499	25,466	12,033	2.58	11,610	2,572	671	3.58
2006	35,800	22,730	13,070	2.76	12,568	2,865	655	3.57

Fiscal Year	Water Revenue Bonds				Sewer Revenue Bonds			
	Water Gross Revenue	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Coverage	Debt Service Principal	Debt Service Interest	Coverage	
1997	\$ 35,341	\$ 26,532	\$ 8,809	1.68	\$ 2,035	\$ 3,216	1.68	
1998	33,297	27,169	6,128	1.13	2,125	3,309	1.13	
1999	33,505	23,486	10,019	1.67	2,740	3,258	1.67	
2000	32,452	22,767	9,685	1.62	2,850	3,139	1.62	
2001	33,115	22,907	10,208	1.71	2,970	3,011	1.71	
2002	34,192	23,470	10,722	1.75	3,265	2,871	1.75	
2003	29,444	27,616	1,828	0.33	3,425	2,141	0.33	
2004	35,616	30,151	5,465	0.72	5,010	2,530	0.72	
2005	33,682	22,679	11,003	1.57	4,830	2,186	1.57	
2006	34,720	25,276	9,444	1.35	4,980	2,034	1.35	

Source: City of Akron, Ohio Finance Department

<sup>1</sup>Net of Depreciation

City of Akron, Ohio  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age* (1)	Education - Bachelor's Degree or Higher (1)	School Enrollment (1)	Unemployment Rate (2)
2006	217,074	\$ 3,819,634,104	\$ 17,596	\$ 31,835	34.2	18 %	59,258	5.9
2005	217,074	3,819,634,104	17,596	31,835	34.2	18 %	59,258	6.6
2004	217,074	3,819,634,104	17,596	31,835	34.2	18	59,258	6.9
2003	217,074	3,819,634,104	17,596	31,835	34.2	18	59,258	8.2
2002	217,074	3,819,634,104	17,596	31,835	34.2	18	59,258	8.1
2001	217,074	3,819,634,104	17,596	31,835	34.2	18	59,258	6.7
2000	217,074	3,819,634,104	17,596	31,835	34.2	18	59,258	6.1
1999	223,019	2,679,573,285	12,015	31,835	N/A	14.9	58,099	5.9
1998	223,019	2,679,573,285	12,015	29,100	N/A	14.9	58,099	5.8
1997	223,019	2,679,573,285	12,015	29,100	N/A	14.9	58,099	6.3

Source: 1) U. S. Census Bureau  
2) Ohio Department of Job and Family Services

\*Median Age was not available from the 1990 Census statistical information



City of Akron, Ohio  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last Eight Fiscal Years\*  
 Schedule 18

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government:</b>								
City Council	4	4	4	4	4	3	3	2
Courts	98	96	96	93	94	91	91	92
Mayor's Office - Administration	3	3	2	2	1	1	1	1
Elected and Appointed Officials	45	44	47	49	47	51	51	51
Economic Development	10	11	12	11	11	11	10	9
Labor Relations	3	3	3	3	3	2	2	2
Human Relations	3	4	3	3	3	2	-	-
Private Industrial Council (PIC)	6	-	-	-	-	-	-	-
Public Utilities Commission	1	1	-	-	-	-	-	-
Finance Department	106	102	102	98	97	96	94	105
Health Department	1	-	-	-	-	-	-	-
Civil/Criminal	13	13	13	11	12	12	13	11
Personnel Department	24	24	23	22	22	22	19	14
Planning Department	-	-	-	1	-	-	-	1
Police Department	-	-	1	1	1	-	-	-
<b>Public Safety:</b>								
Elected and Appointed Officials	1	1	1	1	1	-	-	-
Finance Department	3	2	2	2	2	2	2	1
Health Department	2.5	2.5	2.5	2.5	2.5	2	2	2
Building Inspection	25	24	23	21	21	22	20	19
Communications	20	20	19	19	19	18	19	20
Weights & Measures	4	4	4	4	4	4	3	1
Safety Communications	70	69	67	69	68	62	64	63
Fire Department	398	415	404	388	391	385	401	389
Police Department	548	526	506	542	528	521	511	494
Traffic Engineering	36	36	34	34	32	31	32	30
Customer Service	-	-	-	-	-	-	-	2
<b>Public Health:</b>								
Health Department	182.5	183.5	178.5	177.5	177.5	166	158	156

City of Akron, Ohio  
Full-Time Equivalent City Government Employees by Function/Program  
Last Eight Years\*  
(continued)

Schedule 18

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006
Public Service:								
City Council	-	-	-	-	-	1	1	1
Elected and Appointed Officials	5	5	5	5	5	5	5	4
Planning Department	-	-	-	1	-	-	-	-
Fire Department	1	-	-	-	-	-	-	-
Public Service Administration	4	4	4	4	4	4	4	4
Customer Service	15	12	13	12	16	14	12	10
Plans and Permits Center	6	6	5	5	4	4	4	4
Customer Service Response	-	-	-	-	-	13	12	12
Engineering Bureau	80	80	78	81	79	71	68	66
Airport	6	6	6	6	6	6	5	5
Building Maintenance	34	35	37	32	30	30	27	27
Motor Equipment	46	46	45	47	44	38	39	36
Golf Course	4	4	4	4	5	6	6	6
Public Utilities Administration	3	3	3	3	4	3	3	3
Utilities Services	84	72	68	67	74	67	62	58
Water Department	280	255	229	220	272	270	260	246
Sewer Maintenance	77	70	61	67	-	-	-	-
Public Works Administration	6	6	6	6	7	7	7	7
Highway Maintenance	88	89	85	84	80	74	68	64
Sanitation Services	66	65	66	68	65	66	65	63
Street Cleaning	37	39	40	39	38	37	37	34
Parks Maintenance	33	32	34	33	30	30	30	28
Engineering Services	8	8	8	7	7	7	7	6
Community Environment								
Elected and Appointed Officials	1	2	2	2	2	2	2	2
Economic Development	-	-	-	1	1	-	-	1
Planning Department	89	88	86	82	81	76	70	67
Recreation Bureau	20	22	21	22	23	24	24	23
Totals:	2,600	2,537	2,453	2,456	2,418	2,359	2,314	2,242

Source: City of Akron, Ohio Finance Department

\*Data prior to 1999 not available

City of Akron, Ohio  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government</b>										
Building Department:										
Commercial & Right Away Plan Review	N/A	N/A	N/A	N/A	699	717	695	701	710	876
New House Permits	N/A	N/A	N/A	N/A	202	187	137	295	300	111
Zoning Complaint Investigation	N/A	N/A	N/A	N/A	N/A	N/A	260	347	350	377
Total Number of Permits Issued	3,376	3,853	3,662	3,201	2,852	2,533	2,570	2,257	2,202	2,165
City Council Ordinances Passed	930	856	746	822	689	603	687	670	664	621
<b>Fire</b>										
Emergency Responses	29,053	29,556	29,620	29,735	29,859	30,274	30,945	31,373	31,112	31,533
Fire/Rescue	8,285	8,424	8,947	8,323	7,874	7,805	7,700	7,601	7,884	7,280
<b>Police</b>										
Calls for Service	260,300	260,974	255,995	260,072	254,768	254,367	264,008	260,113	257,085	246,202
Civil Division Cases Filed	11,706	11,059	10,781	11,117	12,030	12,807	13,602	13,651	14,846	15,088
Criminal/Traffic Division Cases Filed	46,548	47,442	44,566	50,981	46,461	44,424	45,666	43,157	42,114	40,690
Parking Division Cases Filed	18,135	18,277	19,877	21,730	25,803	20,731	20,958	22,815	26,645	23,636
<b>Parks and Recreation</b>										
Good Park Golf Course Attendance	46,905	48,992	44,416	42,888	39,144	38,034	34,438	31,219	33,100	32,931
*Mud Run Golf Course Attendance	-	-	-	-	-	-	6,577	9,302	9,350	10,913
<b>Sewer</b>										
Sewer Accounts	81,072	81,240	81,340	82,612	82,089	81,892	81,859	81,346	81,035	80,909
Sewer Amounts Billed (in thousands)	34,287	33,736	34,340	33,777	33,803	34,484	32,663	33,328	34,481	32,074
<b>Water</b>										
Water Accounts	82,164	82,544	83,211	83,789	82,827	82,939	83,134	82,955	82,448	82,944
Water Amounts Billed (in thousands)	29,500	28,893	29,168	28,162	28,609	30,627	27,633	27,508	30,060	29,022

\*Mud Run Golf Course was not completed until 2003.

Source: City of Akron, Ohio Finance Department

City of Akron, Ohio  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Police</b>										
Number of Uniformed Police Officers	N/A	473	505	481	461	499	484	477	468	451
Number of Districts	23	23	23	23	23	23	11	12	12	12
<b>Fire</b>										
Number of Firefighters and Officers	N/A	382	372	390	363	363	366	359	375	359
Number of Stations	13	13	13	13	13	13	13	13	13	13
<b>Parks and Recreation</b>										
City Park System (in acres)	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
City Owned/Operated Golf Courses	1	1	1	1	1	1	1	2	2	2
<b>Water</b>										
Miles of Pipe	1,040	1,075	1,085	1,097	1,097	1,097	1,213	1,213	1,215	1,213
Average Daily Pumpage (in millions of gallons)	42	41	42	40	41	40	41	38	37	35
Distribution-Storage Reservoirs	15	15	15	15	15	15	15	15	15	15
<b>Sewer</b>										
Sanitary Sewers (miles)	828	829	832	833	833	834	835	837	649	701
Storm Sewers (miles)	N/A	253	257	258	258	260	262	268	269	382
Storm and Combined Sewer Inlets (miles)	N/A	94	95	95	95	95	96	97	286	309
Pump Stations	29	29	29	29	33	33	33	33	33	33
<b>Other Public Works</b>										
Oil Wells	12	12	12	12	14	14	14	13	13	13
Parking Decks	8	8	8	8	8	8	8	10	10	10

Source: City of Akron, Ohio Finance Department

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Mary Taylor, CPA  
Auditor of State

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  
OCTOBER 16, 2007