



**Auditor of State
Betty Montgomery**

CITY OF AKRON
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL 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, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-01 through 2003-03. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 23, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 23, 2004.

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This report is intended for the information and use of management, the City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 23, 2004



Auditor of State Betty Montgomery

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

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

To the City Council:

Compliance

We have audited the compliance of the City of Akron, Summit County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City's management. 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2003-004.

Internal Control Over Compliance

The management of the City 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 23, 2004.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated June 23, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, the City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 23, 2004

CITY OF AKRON, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
<u>DEPARTMENT OF AGRICULTURE</u>		
From the Ohio Department of Health:		
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)		
Child Nutrition Cluster:	10.557	\$1,468,233
Summer Food Service Program for Children	10.559	127,824
Total Department of Agriculture		<u>1,596,057</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Direct Programs:		
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster		
Community Development Block Grants/Entitlement Grant:	14.218	10,616,117
Emergency Shelter Grants Program	14.231	261,189
HOME Investment Partnership Program	14.239	1,418,918
Lead-Based Paint:		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	1,576,010
From the Ohio Department of Human Services:		
Empowerment Zones Program	14.244	59,090
Total Department of Housing and Urban Development		<u>13,931,324</u>
<u>DEPARTMENT OF JUSTICE</u>		
Direct Programs:		
Juvenile Accountability Incentive Block Grants	16.523	113,795
Juvenile Justice and Delinquency Prevention Allocation to State:	16.540	20,195
Byrne Formula Grant Program	16.579	48,860
Local Law Enforcement Block Grants Program	16.592	582,034
Public Safety Partnership and Community Policing Grants	16.710	642,002
From the Governor's Office of Criminal Justice Services		
Executive Office for Weed and Seed	16.595	159,964
Total Department of Justice		<u>1,566,850</u>
<u>DEPARTMENT OF TRANSPORTATION</u>		
From the Federal Aviation Administration:		
Airport Improvement Program	20.106	180,742
From the Ohio Department of Highway Safety:		
State and Community Highway Safety	20.600	25,705
From the Ohio Department of Transportation		
Federal Transit Metropolitan Planning Grants	20.505	3,672
Highway Planning and Construction:		
Akron Metropolitan Area Transportation Study	20.205	1,028,281
ODOT - Archwood Ave. Curb Ramps	20.205	5,797
ODOT - Broadway Street	20.205	478,201
ODOT - Broadway Viaduct	20.205	108,656
ODOT - Darrow Road	20.205	2,110,798
ODOT - High Street Viaduct	20.205	3,986,561
ODOT - South Main Street	20.205	1,303,178
ODOT - US224 Upgrade	20.205	610,000
ODOT - West Exchange Street Resurfacing	20.205	17,599
ODOT - Riverview Bikeway Phase II	20.205	20,618
Total CFDA No. 20.205		<u>9,669,689</u>
Total Department of Transportation		<u>9,879,808</u>

CITY OF AKRON, OHIO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
From the Ohio E.P.A.:		
Air Pollution Control Program Support	66.001	154,622
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
From the Ohio Department of Health:		
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	57,139
Childhood Lead Poisoning Prevention Projects - State and Local		
Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	71,571
Immunization Grants	93.268	77,389
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	331,340
Refugee and Entrant Assistance Discretionary Grants	93.576	36,179
HIV Care Formula Grants:		
Community Based Care Grant	93.917	134,426
Ryan White Planning/Evaluation	93.917	10,271
Total CFDA No. 93.917		
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Diseases	93.918	721,605
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	156,158
HIV Prevention Activities - Health Department Based		
Federal Aids Education	93.940	339,411
HIV Ryan White Program	93.940	8,135
Total CFDA No. 93.940		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	150,511
Preventive Health Services - Sexually Transmitted Disease Control Grant	93.977	5,269
Preventive Health and Health Services Block Grant	93.991	31,716
Maternal and Child Health Services Block Grant to the States	93.994	529,188
Total Department of Health and Human Services		<u>2,660,308</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>		
From the Federal Emergency Management Agency		
Assistance to Firefighters Grant	97.044	585,900
From the Ohio Department of Public Safety		
State Domestic Preparedness Equipment Support	97.004	51,169
Public Assistance Grants	97.036	339,539
		<u>976,608</u>
TOTAL		<u><u>\$30,765,577</u></u>

See notes to schedule of expenditures of federal awards.

**CITY OF AKRON
SUMMIT COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2003**

1. BASIS OF PRESENTATION

The accompanying 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

The City passes-through certain Federal assistance received from the Department of Housing and Urban Development, Department of Justice, Governor's Office of Criminal Justice Services, and the Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the City records expenditures of Federal awards to subrecipients on the accrual basis of accounting.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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.	Amount Provided to Subrecipients
Special Supplemental Food Program for Women, Infants and Children CDBG- Entitlement and (HUD-Administered)	10.557	\$516,934
Small Cities Cluster - Community Development Block Grant/Entitlement Grants	14.218	1,273,203
Emergency Shelter Grants Program	14.231	249,021
HOME Investment Partnership Program	14.239	571,020
Lead-Based Paint Hazard Control in Privately Owned Housing	14.900	1,183,618
Juvenile Accountability Incentive Block Grants	16.523	701
Local Law Enforcement Block Grants Program	16.592	35,378
Executive Office for Weed and Seed	16.595	35,615
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.268	223,695
HIV Care Formula Grants	93.917	142,089
Outpatient Early Intervention Services - HIV Disease	93.918	517,509
HIV Prevention Activities	93.940	159,835
Maternal and Child Health Services Block Grant to the States	93.994	200,259
Total		<u><u>\$5,108,877</u></u>

3. LOANS OUTSTANDING

The City of Akron, Ohio, had the following loan balances outstanding at December 31, 2003, which had continuing compliance requirements.

<u>Program Title</u>	<u>Federal CFDA No.</u>	<u>Balance Outstanding</u>
Community Development Block Grants/Entitlement Grants	14.218	\$238,750
Empowerment Zone Program	14.244	314,111
HOME Investment Partnership Program	14.239	1,471,885
Total		<u>\$2,024,746</u>

4. 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.

5. U.S. Department of Homeland Security Federal Awards

The Federal Homeland Security Act of 2002 established the Department of Homeland Security (the Department) to consolidate functions of other Federal agencies related to homeland security. Effective January 24, 2003, the Department began to administer certain Federal awards the City previously received from other Federal agencies. The accompanying Federal Awards Expenditure Schedule reports all such 2003 award amounts under the Department's Catalog of Federal Domestic Assistance (CFDA) numbers. The purposes and compliance requirement of these programs has not changed. A comparison of the former Federal agencies and CFDA numbers the City reported in its 2002 Federal Award Expenditure Schedule compared with the Department's CFDA numbers reported in the 2003 Schedule follows:

<u>Previous Federal Agency</u>	CFDA No. used in 2002	Homeland Security CFDA No. used for 2003
Department of Justice	16.007	97.004

**CITY OF AKRON
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2003**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Home Investment Partnerships Program, CFDA 14.239 Assistance to Firefighters Grant, CFDA 97.044 Community Development Block Grants, CFDA 14.218
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 983,710 Type B: all others
7(d)(1)(ix)	Low Risk Auditee?	Yes

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

Material Noncompliance:

Finding Number	2003-001
-----------------------	-----------------

Ohio Rev. Code Section 5705.41(D) states in part, that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that both at the time that the contract or order was made and at the time he is completing his certification a sufficient sum was appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (\$3,000 effective April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Council upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful.

During our testing, we noted that the City did not maintain a copy of the purchase order containing the fiscal officer’s certification for any expenditures tested. In addition, 22 of 60 (36%) of the expenditures tested were “Direct Pay” expenditures made without purchase orders, and were consequently not certified by the City Finance Director prior to incurring the commitment. The two exceptions noted above were not utilized.

The City should inform all City employees of the requirements of Ohio Rev. Code Section 5705.41(D) and the importance of certifying the availability of funds. The City should make the required certifications and retain certification documents. The City should also implement the use of so called Then and Now Certificates for all “Direct Pay” expenditures and/or increase the use of Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

Finding Number	2003-002
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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, 2003, the following funds (aggregated at the level used for preparing the financial statements) had negative cash fund balances:

<u>Fund #</u>	<u>Fund Name:</u>	<u>Deficit Cash Balance</u>
2030	Street & Highway Maintenance	\$667,046
2055	Equipment Replacement	821,881
2080	Community Development	626,534
2127	Akron Area Metropolitan Transit Study (AMATS)	49,329
2235	Industrial Incubator Edison	12,744
2295	Police Grants	973,282
2300	Various Domestic Violence	176,483
2305	Safety Programs	124,325
2330	Various Purpose Funding	681,575
2345	Payroll Funds	1,129,307
2355	Community Learning Centers	203,405
4048	Non-appropriated Capital Projects	967,010
4050	Road & Bridge Improvements	889,582
4060	Streets	9,980,222
4120	Capital Projects with Private Funding	1,042,579
4150	Information and Technology Improvements	158,102
4155	Transportation	1,953,041
4175	Economic Development	24,857,916
6000	Motor Equipment	496,763
6005	Liability Self Insurance	368,092
6030	Management Information Systems	1,788,406
6009	Self-Insurance Settlement	<u>537,260</u>
	Total Deficit Fund Balances	<u>\$48,504,884</u>

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

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

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

Finding Number	2003-003
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Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

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

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

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

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

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

At December 31, 2003, only 23 funds representing \$398,753,218 of the \$693,103,754 expenditures on the City's cash basis "Report of Fund Cash Balances" report were individually appropriated by City Council. The remaining \$294,350,536 of expenditures was not individually appropriated.

Section 28 of the City's 2003 appropriation ordinance (Ord. 575-2002) stated that all funds not individually listed in the ordinance but included in the 2003 Tax Budget and on the Amended Certificate of Estimated Resources "are hereby appropriated for the purpose of encumbrance and/or expenditure." However, since certain funds are combined into groups such as "Other Special Revenue" on the Tax Budget and Amended Certificate, and since no amounts are specified, this statement does not constitute a valid appropriation in accordance with the Ohio Revised Code.

In addition, during 2003 the City paid \$51,007,882 principal and \$22,288,489 interest on outstanding bond and loan obligations from the Treasurer's Bond Payment Fund account which is not part of the City's regular accounting system ("Banner") and is also not appropriated by the City Council.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Community Development Block Grant Entitlement

Finding Number	2003-004
CFDA Title and Number	Community Development Block Grant Entitlement and (HUD Administered) Small Cities Cluster / 14.218
Federal Award Number / Year	B-03-MC-39-0001 / 2003
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	N/A

Questioned Cost

OMB Circular A-87, Attachment C requires the development of a cost allocation plan (CAP) for centralized services that are billed or allocated and result in charges to federal programs (whether direct or indirect costs). A-87, Attachment E requires indirect cost rate proposals (ICRP) for departmental costs that are charged to federal programs as indirect costs. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. A-87, Attachments C and E require that CAPs and ICRPs be documented as provided and supported by underlying accounting records. The attachments also require local governments to submit CAPs and ICRPs to the federal cognizant agency for approval and rate negotiation, if a cognizant agency has been assigned. Such assignments are established in *Federal Register*, 51 FR 552, January 6, 1986, which provides that the U.S. Environmental Protection Agency shall be the Federal cognizant agency for the City of Akron.

During 2003, the City paid \$171,171 for a portion of lease, operating, and maintenance costs related to the building that houses the Development Services Division (DSD). The City allocated 100% of these housing costs to the CDBG federal grant; however, DSD also provides services to the City's Bureau of Engineering and Economic Development Division. Services provided are for activities such as highway/roadway projects, utilities, and other capital projects that do not involve the use of CDBG funds.

In DSD's case, the lease, operation, and maintenance costs are considered indirect costs of the department and should be billed or allocated to DSD based on a CAP approved by the City's cognizant agency. The amount of such costs charged to the CDBG program by DSD should be based on an ICRP and indirect cost rate approved by the cognizant agency. The City has not prepared or submitted for approval a CAP or ICRP to address the housing costs, nor has it otherwise prepared documentation to support the costs charged are based on actual and allowable costs distributed equitably to DSD and the CDBG program. Therefore 100% of these expenses are considered to be questioned costs.

Failure to prepare and follow a cost allocation plan and indirect cost rate proposal as required could subject the City to suspension or loss of federal funding.

The City should develop a cost allocation plan and indirect cost rate proposal and submit it to the U.S. Environmental Protection Agency. The plan should be in accordance with the guidelines provided in OMB Circular A-87, Attachments C, D, and E, and the A-87 implementation guide, *Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government* (ASMB C-10), prepared by the U.S Department of Health and Human Services.

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



For the Fiscal Year Ended December 31, 2003
Donald L. Plusquellic, Mayor

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



For the Fiscal Year Ended December 31, 2003
Donald L. Plusquellic, Mayor

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

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Introductory Section



ELECTED AND APPOINTED OFFICIALS

MAYOR
Donald L. Plusquellic

COUNCIL MEMBERS

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

CABINET OF THE MAYOR

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

CITY OF AKRON, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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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 23, 2004

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, 2003. This report fully presents financial and operating information about the City's activities during 2003 that should be useful to citizens and taxpayers. The report, prepared by the Department of Finance, contains a comprehensive analysis of the City's financial position and activities for the year.

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

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

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

- The Introductory Section, which includes this letter of transmittal, contains information pertinent to the City's management and organization, the Table of Contents, and the GFOA Certificate of Achievement. References in this section to Note 1, Note 2, etc. are to Notes to the Financial Statements contained in the Financial Section of this report.
- The Financial Section contains the Independent Accountants' Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information (RSI) and various other Statements and Schedules pertaining to the City's funds and activities.

- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for the ten-year period from 1994 through 2003.

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

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

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

The City provides the full range of municipal services mandated by statute or charter, including police and fire protection, parks, recreation, street maintenance, planning, zoning, and other general government services. The City has management control of the following enterprise activities: water, sewer, oil and gas development, golf course, airport, and off-street parking.

The City contributes to two state-administered retirement plans covering various groups of City employees. The financial statements of these state-mandated plans are not included in the City's financial report as the plans are outside of our control and are independent of our financial resources or influence.

Economic Conditions and Outlook

Major revenue sources for the City continue to be the City's income tax, property taxes, local fees, charges for services, and state shared local government revenue. Although many surrounding jurisdictions experienced a decrease in their income tax collections in 2003 due to the overall economy, the City's cash income tax collections increased by 3.2%. On a cash basis for 2003, property taxes in the general fund increased by 9.6% and the state's local government revenue to the City decreased by less than 1%. The strengths of the local economy are reflected by the growth over the past five years in the fields of medical and health services, legal and professional services, communications, public utilities, and finance and related service industries. Income tax receipts from the 12 largest economic sectors in the City have increased just over 10% since 1999, with receipts for the 9 fastest growing sectors having increased by more than 20%. While these 12 sectors combined account for 81% of total tax collections, no one sector makes up more than 17% of the total collected.

The number of building permits issued in 2003 increased by approximately 1% over the number of permits issued in 2002. Although the dollar value of these permits decreased in 2003, we anticipate large increases in permit valuations over the next several years due to the following: the University of Akron's major capital project to include four new facilities; Children's Hospital Medical Center of Akron's plan to add a parking deck that will service cardiopulmonary treatment; 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 fifteen years.

Despite the economy in 2003, the City of Akron finds itself in a healthy financial state and continues to see steady economic growth while promoting operating efficiencies. Relative to many other U.S. cities, Akron's fiscal position is very good considering it is one of only a few mid- to large-sized cities that has not been forced to lay off employees. Our assessed valuation on real and personal property decreased by 2.64% for tax year 2003 (collection year 2004). The decrease is attributable to recent state legislation schedules reducing the assessed valuation of general categories of tangible personal property. There is an increase of over 1.09 percent in the first-half real property tax collections this year compared to the first-half collections in 2003. The revenue collected from our four Joint Economic Development Districts (JEDDs), approximately \$12 million in 2003, is an additional funding source to encourage and promote economic development and to secure a solid tax base.

Major Initiatives

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

For over 25 years, the Community Development Block Grant (CDBG) program has assisted in the positive development of the City. Many neighborhoods have been stabilized through housing rehabilitation programs and capital improvement investments, keeping Akron's housing market one of the most affordable in the United States. The CDBG funds are important to the revitalization and stabilization of Akron and many other municipalities throughout the United States. The continuance of the program is vital to the growth of a community. The City's Neighborhood Development and Petition Areas witnessed the rehabilitation of 46 housing units. The City's Minor and Emergency Repair Program also participated in the rehabilitation of approximately 60 homes of elderly or disabled, low-income residents. The Citywide Minor Home Repair Program administered by the Housing Network repaired 20 houses, and other Home Repair Programs assisted 64 homeowners. CDBG funds were used to support the social needs as well as the physical improvement of Akron's neighborhoods. The City awarded \$500,000 to services benefiting youth, elderly, and family development. An example of the services included Crisis Intervention through Victims' Assistance, the Retired Senior Volunteer Program, and the Boys and Girls Club. The City also awarded \$369,600 in Emergency Shelter Grant funds from an entitlement to the City by HUD. The funds will be used for the rehabilitation activities to improve the safety and quality of the structures, the purchase of equipment and furnishings by the providers, and for operating costs and services to the homeless in the community.

As further evidence of our commitment to the neighborhoods, the City is continuing for the sixth year the Neighborhood Partnership Program. Grants are awarded by the City to neighborhood-based organizations for activities such as cleaning up vacant lots, providing tutoring and after-school programs for children, and renovating playgrounds. The neighborhood groups must match the Neighborhood Partnership Program grants with in-kind volunteer services as well as cash contributions. The 2004 grant program for community revitalization projects is awarding 60 separate grants totaling \$233,823.

The City announced an ambitious new housing program where hundreds of new homes will be built over the next five years. The homes built under this new program are in addition to the homes built in Akron each year and does not include the units that will be built at Elizabeth Park. The City and the Nehemiah Corporation of Sacramento, California have formed a working relationship for securing loans below the prime rate to build new housing. Akron's housing initiatives are being called models for other communities and builders to follow by the Smart Growth Education Foundation (SGEF) and homebuilders from Northeast Ohio. SGEF has selected Mayor Donald L. Plusquellic as one of two Precedent Setter Award honorees for its Community Excellence Awards Program. Mayor Plusquellic also received a "Local

Official of the Year” award from the National Association of Home Builders (NAHB) for his long-term commitment to creating innovative and effective housing programs for the City.

The City, under the strong leadership of Mayor Donald L. Plusquellic, will receive national recognition at the annual meeting of the U.S. Conference of Mayors held in Boston, Massachusetts in June 2004 when he will become Conference President. Mayor Plusquellic is also committed to regionalism, not only through the JEDDs but also by developing strong ties with the mayor of Cleveland, Ohio—a major city that is approximately 35 miles north of Akron. Atlanta-based American City & County Magazine selected Mayor Plusquellic as the 2003 Municipal Leader of the Year. The magazine presents the award annually to recognize outstanding leadership in city government.

Our downtown has seen many renovations in the past few years. The City continues its commitment to the revitalization of downtown Akron as the largest single employment center in the region through the expansion and strengthening of the existing components including government, professional offices, utilities, education, culture, and entertainment through both public and private investment. During the summer of 2003, the Lock 3 Park on Main Street opened for summer concerts and festivals. The City created Lock 3 Summer Arts Experience, which is a program designed to create work opportunities for students with a demonstrated aptitude for arts education. The \$51.8 million Akron-Summit County Public Library renovation and expansion will double the existing usable square footage. The City of Akron, along with a private developer (The Ferchill Group), announced plans now estimated at \$60 million to complete the Lock 3 development to bring retail, office and residential space to the area on Main Street between Bowery and State Streets. The downtown area experienced the opening of six new businesses in the last quarter of 2003. Private investment in downtown continues to be enthusiastic, bringing even more vitality and excitement to the center of our community. With the new developments at Lock 3 Park and the activity at the New Civic Theater which is a historic theater constructed in 1929, downtown Akron has the pieces in place to attract more people for shopping, living, and business. The City will host the second annual 26.2-mile Road Runner Akron Marathon on October 2, 2004, with the race route passing several historical sites.

The City has proactively addressed the parking issue in the downtown area and implemented a free parking program for use after hours and on weekends. With the extensive development downtown, the administration realized early the ultimate need would be parking facilities. The City has constructed a new 625-space parking deck to serve the Akron-Summit County Public Library, United Building, and surrounding area and also participated in the new 440-space surface parking lot on the west bank of the canal with Advanced Elastomer Systems (AES).

Economic development continues to be another major initiative in the City of Akron. Our Economic Development Division is constantly working to attract new businesses to Akron and to assist existing ones in relocating for expansion purposes. The City was successful in attracting Coltene/Whaledent Inc., which employs 280 people in Akron, to relocate its corporate headquarters from New Jersey to Akron. The Swiss-based, multinational corporation makes products found in dental offices, dental laboratories and health care institutions in more than 115 countries. Many of its products are polymer-based and are used in applications in restorative dentistry, cosmetic dentistry, and orthodontics, a perfect complement to Akron’s existing polymer industry base. The City announced plans for Aris Holding, Inc., a thermoplastic elastomer extrusions and die-cutting polymer materials manufacturer, to construct a 10,000 square foot, \$850,000 manufacturing facility at the new University Polymer Research Park. The division continued the acquisition of property to support the expansion of Fred Martin Chevrolet and other new commercial developments in the Market-Forge Urban Renewal Area. The City finalized an agreement with Summit County for the development of 23 acres for industrial reuse at the former Brown-Graves Lumber Company. A new Metro Transit central transfer station to be built on East Market Street has recently been announced.

Akron utilizes its industrial parks as a tool to create and retain jobs. Akron has invested in nine industrial redevelopment areas. These include four active industrial parks, including the 32-acre North Turkeyfoot Industrial Park located in the Akron/Coventry Joint Economic Development District (JEDD) and the 116-

acre Massillon Road Industrial Park in the Akron/Springfield JEDD. The City has executed a non-binding letter of understanding with Mark-All Enterprises for a 25,000 square foot industrial building on a 3.1-acre site located within the Ascot Industrial Park. The City has acquired Piermarini property and has capped remaining gas wells, completed wetland mitigation, mass grading and extension of infrastructure and the final phase of Ascot Parkway. City Council approved the sale/lease agreement for a 5-acre parcel located in the North Turkeyfoot Industrial Park for construction of a field-repair service center for Sterling Jewelers Incorporated. The company currently utilized its facility in the Ghent Road Office Park to provide this service. The new site will allow for a 17,000 square foot (Phase I) facility, at an estimated private investment of \$2 million. In addition, City Council also approved a 10-year Purchase Option Agreement with Sterling Jewelers for two parcels, totaling 16.1 acres at the Ghent Road Office Park. Sterling will submit plans for corporate office expansions as plans are prepared.

The City has been active in brownfield redevelopment over the past eight years, pursuing available federal and state brownfield funding. In regard to federal funding, in 2001 the City received \$250,000 in Brownfield Demonstration Pilot Grant funding from the USEPA. It was used to prepare Phase 2 assessments of the former Beech Street Power Plant and the Ohio and Erie Canal Lock 1 area. In June 2004, the City was awarded a grant for \$200,000 from the USEPA under the Small Business Liability Relief and Brownfields Revitalization Act for a citywide environmental assessment of potential brownfield redevelopment sites. The City successfully applied for and received two revitalization grants in 2002 from the State of Ohio. A CleanOhio Revitalization grant in the amount of \$3 million was received for the cleanup and demolition of the Beech Street Power Plant and a second grant of \$2.8 million for the Middlebury MarketPlace. In addition, a CleanOhio Assistance grant of \$245,000 was received in 2003 and two pending grants are being sought in 2004 for contaminated property.

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

Reporting Standards

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

Governmental funds:

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

Special Revenue Funds – Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. City ordinances or federal or state statutes specify the uses and limitations of each Special Revenue Fund. During 2003 the City had 38 Special Revenue Funds.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. During 2003 the City had nine Debt Service Funds.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. During 2003 the City had ten Capital Projects Funds.

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

Proprietary funds:

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

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

Fiduciary funds:

Private Purpose Trust Funds – Private purpose trust funds are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. During 2003 the City had three Private Purpose Trust Funds.

Agency Funds – Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City had one Agency Fund during 2003.

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

Basis of Accounting:

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

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

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

For year ended December 31, 2001, the City implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. Effective January 1, 2001, the City also changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* and GASB Statement No. 37, which amended

GASB Statement No. 34. The government-wide financial statements, including governmental activities, in order to comply with GASB Statement No. 34, are presented on the full accrual basis of accounting. As part of the implementation of GASB Statement No. 34, the City has opted for early implementation of infrastructure reporting. In doing so, the historical cost of infrastructure assets (retroactive to 1979) is included as part of the governmental capital assets reported in the government-wide financial statements. Thus, the depreciated value of construction costs for roads, curbs and gutters, streets and sidewalks, and drainage systems is reported. In conjunction with the implementation of GASB 34, the City has also opted for early implementation of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements.

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

Debt Administration

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

NET BONDED DEBT

Year	Net Bonded Debt Amount	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2003	\$ 209,295,979	6.59%	\$ 964

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

Outstanding general obligation bonds at December 31, 2003 totaled \$206,120,643. In addition, \$20,777,232 of special assessment bonds and notes were outstanding. Therefore, the City had a total of \$226,897,875 of long- and short-term general obligation debt at the end of 2003. The debt management plan of the City involves the issuance of bonds to convert eligible bond anticipation notes and the continuation of the self-imposed limitation on new note and bond issuance to a level that can be retired with capital budget funds without compromising the five-year investment program.

Cash Management

Effective cash management is recognized as essential to good fiscal management. The primary objectives of the City's investment activities are the preservation of capital and the protection of investment principal. The Treasurer's Office within the Department of Finance invests all cash, as followed by 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 2003, investment interest income averaged a yield of 2.54% compared to a yield of 3.07% in 2002. 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 124.21%.

Risk Management

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

Independent Annual Audit

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

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Akron, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. 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 19 consecutive years (1984 through 2002). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

The 2003 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 the needs of you and 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, 2002

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

Financial Section

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**Auditor of State
Betty Montgomery**

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, 2003, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the budgetary comparison for the General Fund, respectively are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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www.auditor.state.oh.us

We conducted our audit to form opinions 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 are presented for additional analysis 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.



Betty Montgomery
Auditor of State

June 23, 2004

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, 2003. Please read it in conjunction with the transmittal letter on page 7 and the City's financial statements which begin on page 33.

FINANCIAL HIGHLIGHTS

- The assets of the City of Akron, Ohio exceeded its liabilities at December 31, 2003 by \$636,788,187 (net assets). Of this amount, \$49,556,760 is restricted for debt service.
- The governmental activities' total net assets decreased \$2,426,701 and the business-type activities' total net assets increased \$7,212,990 for a net increase in the City's total net assets of \$4,786,289.
- As of the close of the current fiscal year, the City of Akron's governmental funds reported combined ending fund balances of \$40,078,775, a decrease of \$14,330,224 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$13,198,625, or 10.44% of total general fund expenditures, and a 50.8% increase compared to the prior year.
- The City of Akron's total debt increased by \$17,742,558 (3.92%) during the current year.

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 58 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, Special Assessment Bond Payment Fund and the Economic Development Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor

governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Akron, assets exceeded liabilities by \$636,788,187 at the close of the most recent fiscal year.

By far the largest portion of the City of Akron's net assets (100%) 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 (8%) is restricted for the payment of debt service, which is offset by a negative 8% unreserved deficit.

The City's net assets increased by \$4,786,289 during the current year. The net assets of the governmental activities decreased \$2,426,701, and business-type activities increased \$7,212,990.

Summary Statement of Net Assets
as of December 31, 2002 and 2003
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2002	2003	2002	2003	2002	2003
Assets:						
Current and other assets	\$ 156,371	\$ 130,107	\$ 42,974	\$ 39,301	\$ 199,345	\$ 169,408
Capital assets	621,964	663,606	439,580	450,682	1,061,544	1,114,288
Total assets	<u>\$ 778,335</u>	<u>\$ 793,713</u>	<u>\$ 482,554</u>	<u>\$ 489,983</u>	<u>\$ 1,260,889</u>	<u>\$ 1,283,696</u>
Liabilities:						
Long-term liabilities	351,014	371,385	147,705	144,336	498,719	515,721
Other liabilities	109,894	107,327	20,274	23,860	130,168	131,187
Total liabilities	<u>\$ 460,908</u>	<u>\$ 478,712</u>	<u>\$ 167,979</u>	<u>\$ 168,196</u>	<u>\$ 628,887</u>	<u>\$ 646,908</u>
Net assets:						
Invested in capital assets						
net of related debt	322,484	342,938	285,013	298,087	607,497	641,025
Restricted	39,710	40,319	8,017	9,238	47,727	49,557
Unrestricted	(44,767)	(68,256)	21,545	14,462	(23,222)	(53,794)
Total net assets	<u>\$ 317,427</u>	<u>\$ 315,001</u>	<u>\$ 314,575</u>	<u>\$ 321,787</u>	<u>\$ 632,002</u>	<u>\$ 636,788</u>

Governmental activities. Expenses exceeded revenues by \$1,832,000 due to a loss on the sale of a building and, therefore, there was an overall decrease in net assets.

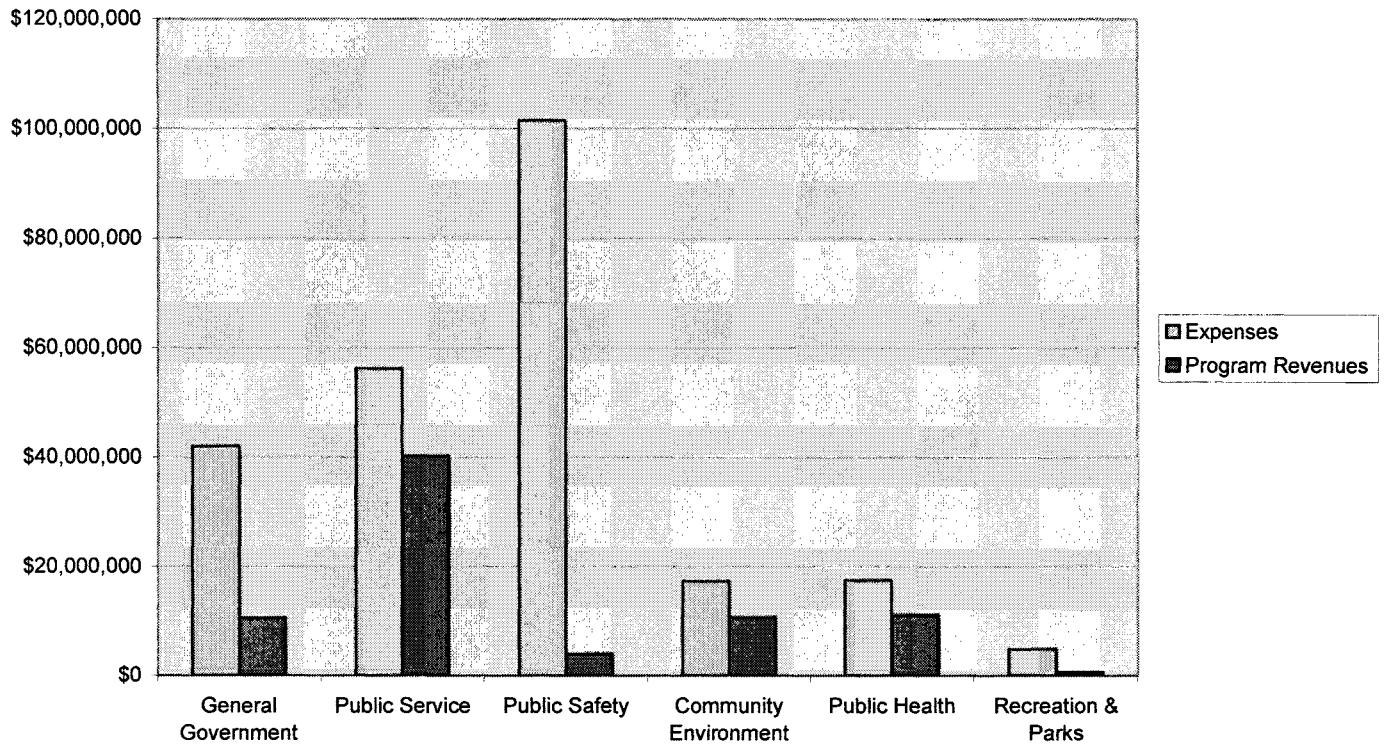
For the governmental activities, the unrestricted deficit results from having insufficient assets set aside for long-term obligations such as compensated absences. The City finances such obligations on a year-to-year basis as they come due and must be paid. The deficit is also a result of having ongoing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

The following table shows total revenues for 2003 were \$16,643,000 higher than the prior year. Income tax revenue increased by \$4,735,000 over 2002. Operating and capital grants and contributions were \$5,354,000 higher than the prior year. The increases previously mentioned were slightly offset by a decrease in property tax revenues of \$1,069,000 and a decrease in JEDD revenues of \$1,862,000. Expenses for 2003 were \$12,250,000 higher than 2002. The higher expenses were primarily in general government, community environment, and interest on debt.

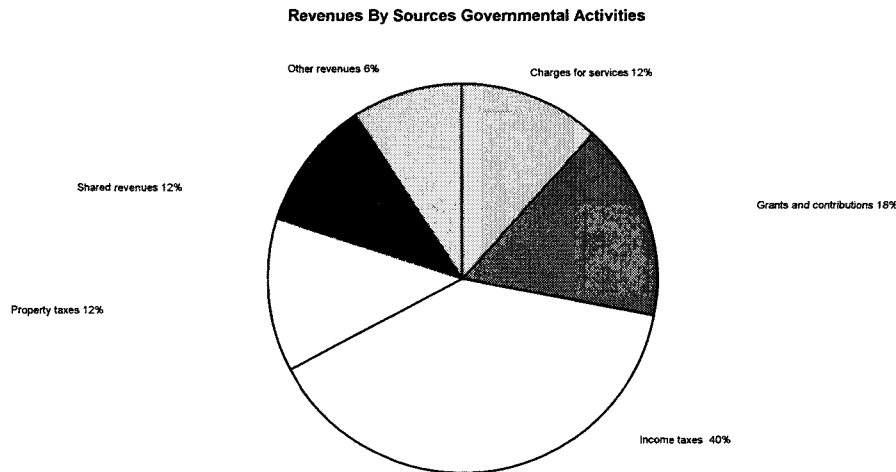
Changes in Net Assets
For Fiscal Year Ended December 31, 2002 and 2003
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2002	2003	2002	2003	2002	2003
Revenues:						
Program revenues:						
Charges for services	\$ 28,745	\$ 31,010	\$ 74,097	\$ 64,326	\$ 102,842	\$ 95,336
Operating grants and contributions	16,280	18,489	-	-	16,280	18,489
Capital grants and contributions	24,866	28,011	8,379	15,867	33,245	43,878
General revenues:						
Income taxes	97,067	101,802	-	-	97,067	101,802
Property taxes	31,443	30,374	-	-	31,443	30,374
JEDD revenues	13,946	12,084	-	-	13,946	12,084
Investment earnings	1,625	1,032	153	93	1,778	1,125
Shared revenues	27,289	31,105	-	-	27,289	31,105
Miscellaneous	7,113	11,110	875	1,409	7,988	12,519
Total revenues	\$ 248,374	\$ 265,017	\$ 83,504	\$ 81,695	\$ 331,878	\$ 346,712
Expenses:						
General government	\$ 35,443	\$ 41,986	\$ -	\$ -	\$ 35,443	\$ 41,986
Public service	55,103	56,240	-	-	55,103	56,240
Public safety	102,588	101,498	-	-	102,588	101,498
Community environment	15,285	17,366	-	-	15,285	17,366
Public health	16,170	17,534	-	-	16,170	17,534
Recreation and parks	5,570	4,895	-	-	5,570	4,895
Interest on debt	15,452	17,723	-	-	15,452	17,723
Unallocated depreciation	8,988	9,607	-	-	8,988	9,607
Water	-	-	30,783	35,835	30,783	35,835
Sewer	-	-	34,227	32,068	34,227	32,068
Oil & gas	-	-	289	224	289	224
Golf course	-	-	909	1,303	909	1,303
Airport	-	-	696	576	696	576
Off-street parking	-	-	4,298	5,127	4,298	5,127
Total expenses	254,599	266,849	71,202	75,133	325,801	341,982
Changes in net assets before special items and transfers	(6,225)	(1,832)	12,302	6,562	6,077	4,730
Gain (loss) on sale of capital assets	885	-	(5)	56	880	56
Transfers	(8,361)	(594)	8,361	594	-	-
Changes in net assets	\$ (13,701)	\$ (2,426)	\$ 20,658	\$ 7,212	\$ 6,957	\$ 4,786
Net assets - beginning	331,128	317,427	293,917	314,575	625,045	632,002
Net assets - ending	\$ 317,427	\$ 315,001	\$ 314,575	\$ 321,787	\$ 632,002	\$ 636,788

Expenses and Program Revenues - Governmental Activities



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



Business-type activities. As shown on page 24, the business-type activities increased the City of Akron’s net assets by \$7,212,000. Charges for services were \$9,771,000 lower than the prior year due to lower program revenues in the Water and Sewer Funds. Capital grants and contributions were higher than the prior year by \$7,488,000. The majority of increase in this revenue category was in the Off-Street Parking Fund. In the Water Fund, expenses were \$5,052,000 higher than the previous year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the City of Akron’s governmental funds reported combined ending fund balances of \$40,078,775, a decrease of \$14,330,224 in comparison with the prior year. The unreserved fund balance at the end of the current year is a deficit of \$2,746,556. 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 (\$35,350,911) and (2) to reserve for loans receivable (\$7,474,420).

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 \$13,198,625, while the total fund balance is \$14,431,928. 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 10.44% of total General Fund expenditures, while total fund balance represents 11.41% of that same amount.

The fund balance of the City of Akron's General Fund increased by \$2,624,101 during the current fiscal year. Key factors in this increase are as follows:

- Revenues as a whole increased \$3,606,622 over the prior year.
- Expenditures decreased \$7,769,730 (5.79%) during the current year.
- For the year, General Fund revenues were greater than expenditures by \$6,212,507.

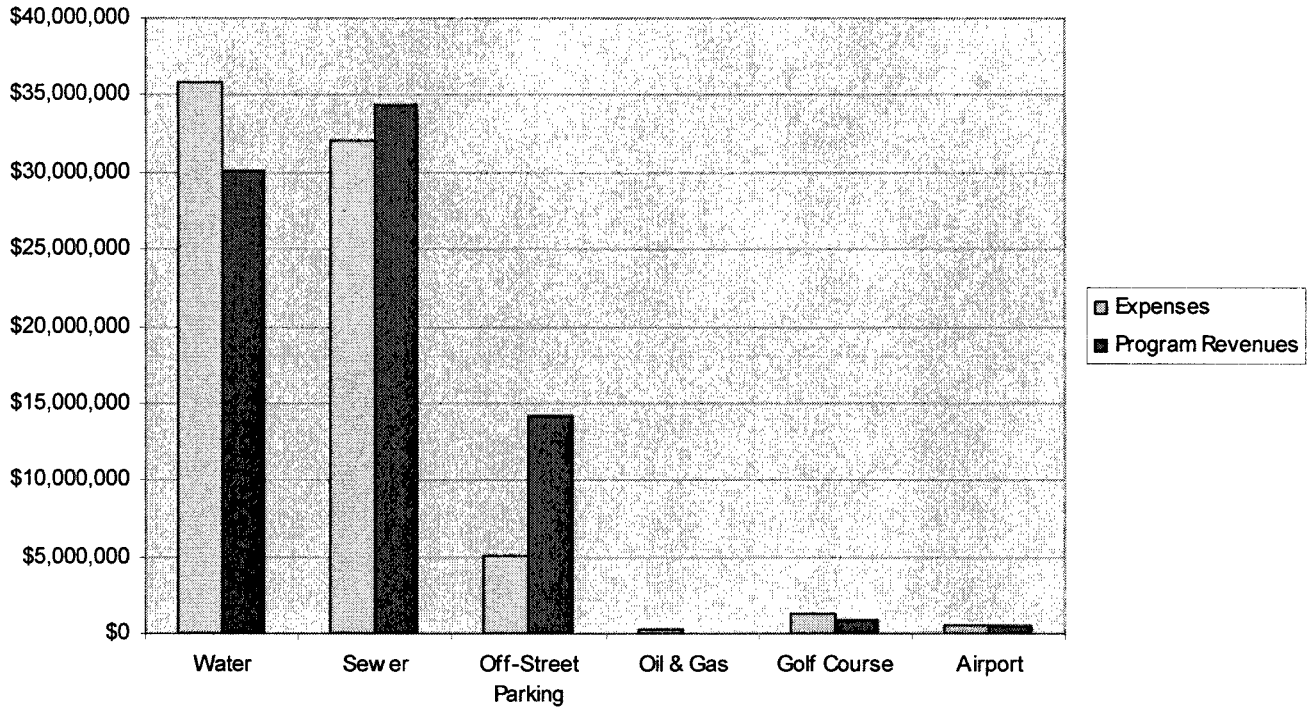
The Special Assessment Bond Payment Fund has a total fund balance of \$2,310,460. The net decrease in the Special Assessment Bond Payment Fund from the prior year was \$700,299. The decrease in fund balance is due mainly to the following:

- Total revenue was lower than the previous year by \$1,065,920.
- Debt service principal and interest payments were lower than the previous year by \$278,090.

The Economic Development Fund has a negative fund balance of \$22,216,890.

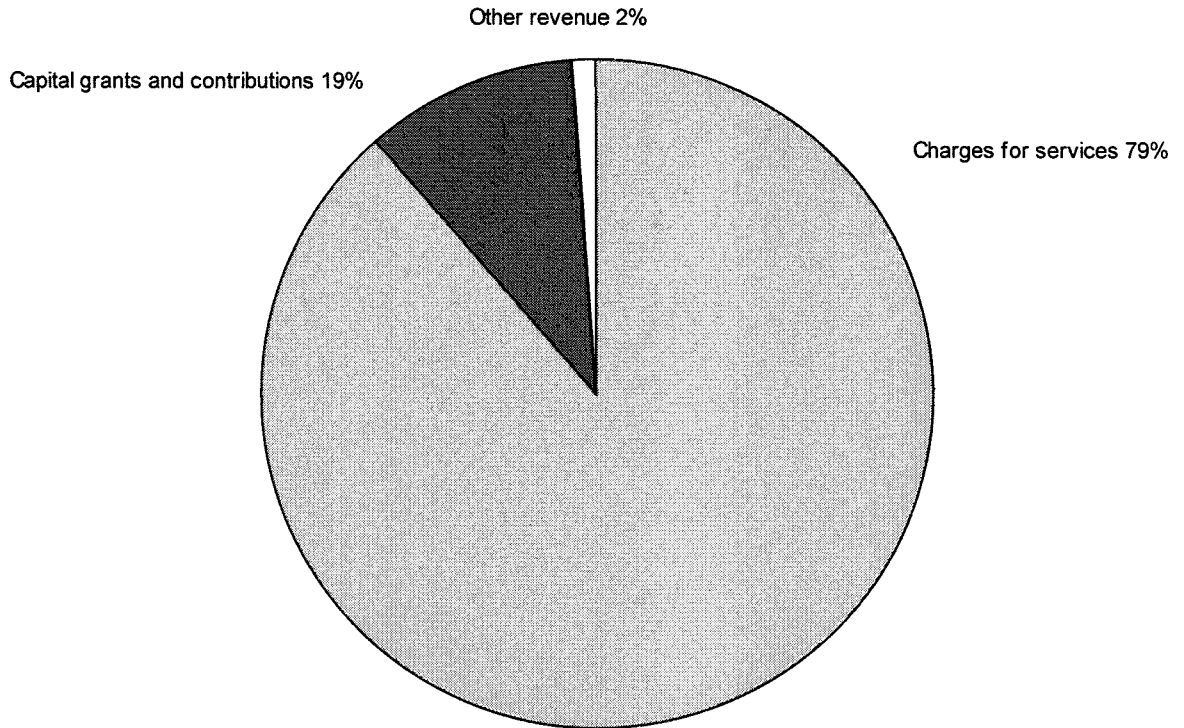
- Expenditures were greater than revenues and bond proceeds by \$15,711,463. Projects in this fund are financed by various sources of revenues including bond proceeds. In general, after the project has been completed, the City will issue bonds to pay for the cost of the project. The City of Akron, Ohio typically issues debt only after the project is completed; therefore, this fund will continue to have a deficit balance.

Expenses and Program Revenues - Business-type Activities



This chart shows the expenses relating to each activity and the revenue generated by the various business-type activities of the City of Akron. The majority of the revenue that supports 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 amounted to \$6,490,394; for the Sewer Fund, \$8,400,243; and for the Off-Street Parking Fund, (\$234,112). Net loss for the Water Fund was \$2,484,393, and net income for the Sewer and Off-Street Parking Funds was \$498,308 and \$9,154,519, 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 were lower than budgetary estimates by \$2,365,685 (1.63%). Property taxes did not meet budgetary estimates by \$1,052,742. Due to State of Ohio legislation, the assessed valuation of tangible personal property tax was reduced; this led to lower property tax collections. Investment earnings were lower than the estimated amount by \$1,050,000. During 2003 the City had less cash to invest, and interest rates continued to be low.

The revised expenditures and other uses final budget amount increased by \$2,217,500 (1.54%) over the original budget amount. The actual amount of expenditures and other uses

was \$3,596,352 (2.45%) less than the final amended budget. In the Finance Department, the majority of the increase in the Other category was for contractual services. The increase in the Public Health Other category was due to the increased cost of professional medical liability insurance. The increase in the Public Safety Other category was for the increased cost for housing and treatment of jail prisoners. In the Public Service Other category most of the increase was for expenditures in maintaining City vehicles. In the Police Department, the increase in the Other category was for maintenance of Police vehicles and increases in contractual services and legal settlements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City of Akron's investment in capital assets for its governmental and business-type activities as of December 31, 2003, amounts to \$1,114,287,898 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure. The total increase in the City of Akron's investment in capital assets for the current fiscal year was 4.97% (a 6.70% increase for governmental activities and a 2.53% increase for business-type activities).

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

- Ongoing construction of the High-Market Parking Deck, which totaled \$12,408,553.
- Continued development of the University Technology Park. To date, the City has spent \$3,961,162 in improvement costs.
- Lock III Redevelopment Area in the central business district. The City is redeveloping a seven-acre site for recreational, cultural, and entertainment uses. The cost through 2003 for this project is \$2,971,223.
- Ongoing construction of the Lane-Miller Sports Complex has totaled \$2,255,679.

Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2002	2003	2002	2003	2002	2003
Land	\$138,287,186	\$148,032,075	\$24,538,411	\$26,549,774	\$162,825,597	\$174,581,849
Construction in progress	67,905,562	92,911,515	34,959,510	38,087,335	102,865,072	130,998,850
Buildings	122,434,757	119,865,580	62,797,703	74,786,772	185,232,460	194,652,352
Improvements	66,792,926	65,813,044	245,075,928	238,451,485	311,868,854	304,264,529
Equipment	13,938,792	14,923,831	6,208,773	6,147,584	20,147,565	21,071,415
Infrastructure	212,604,180	222,059,822	65,999,918	66,659,081	278,604,098	288,718,903
	<u>\$621,963,403</u>	<u>\$663,605,867</u>	<u>\$439,580,243</u>	<u>\$450,682,031</u>	<u>\$1,061,543,646</u>	<u>\$1,114,287,898</u>

Additional information on the City of Akron's capital assets can be found in Note 1. G. on page 54 and Note 6 starting on page 62.

Long-term debt. At the end of the current fiscal year, the City of Akron had total debt outstanding of \$470,739,969. 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	
	2002	2003	2002	2003	2002	2003
General Obligation Bonds	\$ 179,741,904	\$ 202,357,447	\$ 4,661,456	\$ 3,763,196	\$ 184,403,360	\$ 206,120,643
OPWC Loan	5,201,518	5,797,627	3,376,903	3,229,272	8,578,421	9,026,899
Ohio Department of Development Loan	517,467	978,212	-	-	517,467	978,212
Non-Tax Revenue Bonds	30,350,000	29,065,000	-	-	30,350,000	29,065,000
Income Tax Revenue Bonds	9,185,000	8,910,000	-	-	9,185,000	8,910,000
Special Revenue Bonds	51,945,000	50,260,000	-	-	51,945,000	50,260,000
Special Assessment Bonds and Notes	21,488,573	20,777,232	-	-	21,488,573	20,777,232
Mortgage Revenue Bonds	-	-	53,830,000	59,045,000	53,830,000	59,045,000
Revenue Bonds	-	-	45,690,000	43,465,000	45,690,000	43,465,000
OWDA Loan	-	-	47,009,590	43,091,983	47,009,590	43,091,983
	<u>\$ 298,429,462</u>	<u>\$ 318,145,518</u>	<u>\$ 154,567,949</u>	<u>\$ 152,594,451</u>	<u>\$ 452,997,411</u>	<u>\$ 470,739,969</u>

The City of Akron’s total debt outstanding increased by \$17,742,558 (3.92%) during the current fiscal year. The net increase (new issues less redemptions) from 2002 to 2003 in general obligation bonds outstanding is \$21,717,283; mortgage revenue bonds, \$5,215,000; OPWC loan, \$448,478; and Ohio Department of Development Loan, \$460,745. The remaining debt outstanding decreased \$10,098,948 from the prior year.

The City of Akron issued general obligation bonds of \$37,640,000 for funding the cost of various capital improvements. Waterworks System Mortgage Revenue Improvement and Refunding Bonds for \$28,045,000 were issued for improving the water system by installing residential water meters and refunding the City’s Waterworks System Mortgage Revenue Improvement Bonds, Series 1994.

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 \$333,415,845, and the total unvoted net debt limit (5.5%) is \$174,646,395.

Additional information on the City of Akron's long-term debt can be found in notes 9-11 on pages 69-82.

Economic Factors and Next Year's Budgets and Rates

- Akron's average annual unemployment rate at year-end was 7.1%, compared to 6.9% in the prior year.
- The City of Akron budgeted a 3% increase in income tax collections for 2004.

In the 2004 budget, the General Fund unencumbered fund balance is projecting a \$332,214 decrease.

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 requests 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, 2003

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Pooled cash and investments	\$ -	\$ 13,404,478	\$ 13,404,478
Restricted cash and investments	19,190,571	10,949,623	30,140,194
Receivables, net	77,885,135	9,173,578	87,058,713
Loans receivable	519,877	-	519,877
Due from other governments	11,155,002	2,360,673	13,515,675
Internal balances	931,008	(931,008)	-
Inventories, at cost	942,550	2,798,423	3,740,973
Total current assets	110,624,143	37,755,767	148,379,910
Noncurrent assets:			
Receivables, net	11,281,143	-	11,281,143
Loans receivable	6,954,543	-	6,954,543
Unamortized bond issue costs	1,246,857	1,545,491	2,792,348
Capital assets:			
Land and construction in progress	240,943,590	64,637,109	305,580,699
Other capital assets, net	422,662,277	386,044,922	808,707,199
Total noncurrent assets	683,088,410	452,227,522	1,135,315,932
Total assets	793,712,553	489,983,289	1,283,695,842
Liabilities			
Current liabilities:			
Accounts payable and other accrued liabilities	22,492,569	5,652,209	28,144,778
Overdraft payable	1,830,778	-	1,830,778
Customer deposits	600,360	624,106	1,224,466
Due to other governments	599,183	29,077	628,260
Deferred revenue	36,643,289	1,755	36,645,044
Matured bonds and interest payable	282,200	-	282,200
Accrued interest payable	1,737,701	2,627,791	4,365,492
Accrued wages	4,986,875	765,618	5,752,493
Accrued vacation and leave	10,931,878	1,502,476	12,434,354
Obligations under capital lease	1,393,050	-	1,393,050
Liability for unpaid claims	4,796,306	-	4,796,306
Bonds, notes and loans payable	21,032,602	12,656,656	33,689,258
Total current liabilities	107,326,791	23,859,688	131,186,479
Noncurrent liabilities:			
Obligations under capital lease	22,985,078	-	22,985,078
Liabilities due in more than one year	57,128,895	5,442,163	62,571,058
Deferred charges and other liabilities	3,634,860	(1,044,024)	2,590,836
Bonds, notes and loans payable due in more than one year	287,636,409	139,937,795	427,574,204
Total noncurrent liabilities	371,385,242	144,335,934	515,721,176
Total liabilities	478,712,033	168,195,622	646,907,655
Net Assets			
Invested in capital assets, net of related debt	342,937,788	298,087,580	641,025,368
Restricted for debt service	40,319,154	9,237,606	49,556,760
Unrestricted (deficit)	(68,256,422)	14,462,481	(53,793,941)
Total net assets	\$ 315,000,520	\$ 321,787,667	\$ 636,788,187

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, 2003

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
Governmental activities:							
General government	\$ 41,985,779	\$ 10,558,403	\$ -	\$ -	\$ (31,427,376)	\$ -	\$ (31,427,376)
Public service	56,239,734	12,047,537	277,671	28,011,341	(15,903,185)	-	(15,903,185)
Public safety	101,498,621	2,088,567	1,939,909	-	(97,470,145)	-	(97,470,145)
Community environment	17,365,752	195,500	10,569,338	-	(6,600,914)	-	(6,600,914)
Public health	17,534,327	5,459,085	5,702,493	-	(6,372,749)	-	(6,372,749)
Recreation and parks	4,895,539	660,897	-	-	(4,234,642)	-	(4,234,642)
Interest	17,723,691	-	-	-	(17,723,691)	-	(17,723,691)
Unallocated depreciation*	9,607,943	-	-	-	(9,607,943)	-	(9,607,943)
Total governmental activities	266,851,386	31,009,989	18,489,411	28,011,341	(189,340,645)	-	(189,340,645)
Business-type activities:							
Water	35,835,251	26,531,458	-	3,587,856	-	(5,715,937)	(5,715,937)
Sewer	32,068,358	32,592,485	-	1,860,495	-	2,384,622	2,384,622
Oil & gas	224,349	3,938	-	-	-	(220,411)	(220,411)
Golf course	1,302,587	866,188	-	-	-	(436,399)	(436,399)
Airport	576,004	144,498	-	342,690	-	(88,816)	(88,816)
Parking facilities	5,126,582	4,187,879	-	10,075,829	-	9,137,126	9,137,126
Total business-type activities	75,133,131	64,326,446	-	15,866,870	-	5,060,185	5,060,185
Total Government	\$ 341,984,517	\$ 95,336,435	\$ 18,489,411	\$ 43,878,211	\$ (189,340,645)	\$ 5,060,185	\$ (184,280,460)
General Revenues:							
Taxes:							
Income taxes					\$ 101,802,168	\$ -	\$ 101,802,168
Property taxes					30,374,275	-	30,374,275
JEDD revenues					12,084,490	-	12,084,490
Investment Earnings					1,032,073	93,242	1,125,315
Shared revenues					31,105,413	-	31,105,413
Miscellaneous					11,109,869	1,409,184	12,519,053
Gain (loss) on sale of capital assets					-	56,035	56,035
Transfers					(594,344)	594,344	-
Change in net assets					(2,426,701)	7,212,990	4,786,289
Net assets - beginning					317,427,221	314,574,677	632,001,898
Net assets - ending					\$ 315,000,520	\$ 321,787,667	\$ 636,788,187

* Excludes depreciation included in program expenses.

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

City of Akron, Ohio

Balance Sheet - Governmental Funds

December 31, 2003

	General	Special Assessment Bond Payment	Economic Development	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 1,125,218	\$ 1,125,218
Restricted cash and investments	-	310,460	-	15,849,790	16,160,250
Receivables, net of allowances for uncollectibles	43,712,977	20,567,916	-	22,206,158	86,487,051
Loans receivable	710,956	-	4,201,197	2,562,267	7,474,420
Due from other governments	27,805	-	552,242	8,757,233	9,337,280
Due from other funds	6,743,080	-	240,883	42,651,982	49,635,945
Due from others	-	-	-	2,618,118	2,618,118
Total assets	\$ 51,194,818	\$ 20,878,376	\$ 4,994,322	\$ 95,770,766	\$ 172,838,282
Liabilities					
Accounts payable	\$ 3,386,608	\$ -	\$ 288,878	\$ 4,957,012	\$ 8,632,498
Customer deposits	-	-	-	600,360	600,360
Due to other governments	-	-	1,510,000	14,183	1,524,183
Due to other funds	718,170	-	24,862,419	21,863,908	47,444,497
Due to others	-	-	-	277,440	277,440
Deferred grant revenue	-	-	-	781,677	781,677
Deferred revenue	28,853,319	18,567,916	-	14,560,322	61,981,557
Matured bonds payable	-	-	-	230,000	230,000
Matured interest payable	-	-	-	52,200	52,200
Accrued liabilities	-	-	546,937	5,704,207	6,251,144
Accrued wages	3,508,798	-	2,978	1,130,333	4,642,109
Accrued vacation and leave	295,995	-	-	45,847	341,842
Total liabilities	36,762,890	18,567,916	27,211,212	50,217,489	132,759,507
Fund balances					
Reserved for encumbrances	522,347	-	3,197,475	31,631,089	35,350,911
Reserved for loans receivable	710,956	-	4,201,197	2,562,267	7,474,420
Unreserved designated for pre-encumbrances	155,116	-	47,500	1,392,533	1,595,149
Unreserved reported in general fund	13,043,509	-	-	-	13,043,509
Unreserved reported in special revenue funds	-	-	-	22,252,947	22,252,947
Unreserved reported in debt service funds	-	2,310,460	-	11,932,247	14,242,707
Deficit reported in capital project funds	-	-	(29,663,062)	(24,217,806)	(53,880,868)
Total fund balances	14,431,928	2,310,460	(22,216,890)	45,553,277	40,078,775
Total liabilities and fund balances	\$ 51,194,818	\$ 20,878,376	\$ 4,994,322	\$ 95,770,766	\$ 172,838,282

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

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

For the Year Ended December 31, 2003

Total fund balances for governmental funds (Exhibit 3)		\$ 40,078,775
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.		(9,476,507)
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		659,058,708
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Income taxes	5,995,562	
JEDD revenues	358,301	
Special assessments	10,000,000	
Shared revenues	<u>9,766,082</u>	
		26,119,945
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		(7,071,962)
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	(7,708,781)	
Due to other governments	(8,490,000)	
Accrued interest payable	(1,720,941)	
Accrued vacation and leave	(46,914,494)	
Bonds, notes and loans payable	(304,636,977)	
Obligations under capital lease	(23,666,965)	
Unamortized bond premium	(3,634,860)	
Unamortized bond issue cost	<u>1,246,857</u>	
		(395,526,161)
OPWC loan funds not drawn down, therefore, receivable not reflected in the funds.		1,817,722
		<hr/>
Total net assets of governmental activities (Exhibit 1)		<u><u>\$ 315,000,520</u></u>

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

City of Akron, Ohio

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

For the Year Ended December 31, 2003

	General	Special Assessment Bond Payment	Economic Development	Other Governmental Funds	Total Governmental Funds
Revenues					
Income taxes	\$ 69,678,252	\$ -	\$ 34,747	\$ 31,061,471	\$ 100,774,470
Property taxes	17,420,153	-	1,726,988	11,227,134	30,374,275
JEDD revenues	-	-	-	12,532,059	12,532,059
Special assessments	54,302	2,288,459	-	10,444,075	12,786,836
Grants and subsidies:					
Community development	-	-	-	11,589,020	11,589,020
Other	136,860	-	1,398,430	21,031,787	22,567,077
Investment earnings	984,187	37,185	173,561	190,005	1,384,938
Shared revenues	22,948,501	-	790,645	9,356,091	33,095,237
Licenses, fees and fines	7,155,939	-	-	1,317,209	8,473,148
Charges for services	12,775,922	-	240,435	8,897,474	21,913,831
Miscellaneous	1,499,224	13,455	2,605,542	7,785,930	11,904,151
	<u>132,653,340</u>	<u>2,339,099</u>	<u>6,970,348</u>	<u>125,432,255</u>	<u>267,395,042</u>
Expenditures					
Current:					
General government	20,114,418	38,733	71,270	14,429,465	34,653,886
Public service	12,606,492	-	14,645,044	48,113,708	75,365,244
Public safety	82,370,181	-	-	14,556,229	96,926,410
Community environment	1,411,075	-	189,356	12,648,197	14,248,628
Public health	6,550,240	-	-	10,538,201	17,088,441
Recreation and parks	3,341,824	-	-	1,566,004	4,907,828
Capital outlay	-	-	11,312,369	29,926,528	41,238,897
Debt service:					
Principal retirement	46,603	4,786,686	872,906	17,102,538	22,808,733
Interest	-	1,063,979	106,406	15,946,213	17,116,598
Bond issuance expenditures	-	54,780	-	399,142	453,922
	<u>126,440,833</u>	<u>5,944,178</u>	<u>27,197,351</u>	<u>165,226,225</u>	<u>324,808,587</u>
Excess (deficiency) of revenues over expenditures	6,212,507	(3,605,079)	(20,227,003)	(39,793,970)	(57,413,545)
Other financing sources (uses)					
Proceeds of general obligation bonds	-	2,850,000	4,515,540	33,635,000	41,000,540
Proceeds of general obligation notes	-	-	-	1,871,200	1,871,200
Premium on G.O. Debt	-	54,780	-	957,200	1,011,980
Transfers-in	-	-	-	2,806,868	2,806,868
Transfers-out	(3,588,406)	-	-	(18,861)	(3,607,267)
	<u>(3,588,406)</u>	<u>2,904,780</u>	<u>4,515,540</u>	<u>39,251,407</u>	<u>43,083,321</u>
Net change in fund balance	2,624,101	(700,299)	(15,711,463)	(542,563)	(14,330,224)
Fund balances, January 1, 2003	11,807,827	3,010,759	(6,505,427)	46,095,840	54,408,999
Fund balances (deficit), December 31, 2003	<u>\$ 14,431,928</u>	<u>\$ 2,310,460</u>	<u>\$ (22,216,890)</u>	<u>\$ 45,553,277</u>	<u>\$ 40,078,775</u>

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

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

For the Year Ended December 31, 2003

Decrease in fund balances - total governmental funds (Exhibit 4)	\$ (14,330,224)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$65,864,755) exceeded depreciation (\$17,680,621) in the current period.	48,184,134
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,909,695)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and deferred amount on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.	(20,621,065)
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Some of the expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(10,293,136)
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Certain net revenues (expenses) of the internal service funds are reported with governmental activities in the statement of activities.	(3,456,715)
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Decrease in net assets of governmental activities (Exhibit 2)	\$ (2,426,701)
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The notes to the financial statements are an integral part of this statement.

City of Akron, Ohio

Statement of Net Assets - Proprietary Funds

December 31, 2003

	Water	Sewer	Off-Street Parking	Other Enterprise Funds
Assets				
Current assets				
Pooled cash and investments	\$ 8,305,736	\$ 4,236,917	\$ 328,266	\$ 533,559
Restricted cash and investments	4,633,265	6,316,358	-	-
Receivables, net of allowances for uncollectibles	4,268,754	4,880,930	23,894	-
Due from other governments	803,118	1,557,555	-	-
Due from other funds	437,931	383,252	-	8,064
Inventories, at cost	1,683,854	1,064,729	-	49,840
Noncurrent assets				
Unamortized bond issue costs	911,559	633,932	-	-
Property, plant and equipment, net of accumulated depreciation	140,896,919	234,961,578	64,378,106	10,445,428
Total assets	161,941,136	254,035,251	64,730,266	11,036,891
Liabilities				
Current liabilities				
Accounts payable	2,487,182	1,079,882	529,121	21,682
Customer deposits	624,106	-	-	-
Due to other governments	-	29,077	-	-
Due to other funds	775,647	611,569	45,719	8,957
Deferred grant revenue	-	-	-	1,755
Accrued interest payable	1,609,731	1,003,910	11,432	2,718
Accrued liabilities	1,235,053	266,429	-	32,860
Accrued wages	474,283	259,516	-	31,819
Accrued vacation and leave	914,611	523,721	-	64,144
Obligations under capital lease	-	-	-	-
Liability for unpaid claims	-	-	-	-
Debt:				
General obligation bonds	299,981	79,059	484,775	42,500
Mortgage revenue bonds	5,010,000	-	-	-
Revenue bonds	-	2,330,000	-	-
OWDA loans	878,121	3,339,840	-	-
OPWC loans	95,957	96,423	-	-
Noncurrent liabilities				
Obligations under capital lease	-	-	-	-
Due in more than one year	2,980,875	2,158,079	-	303,209
Deferred charges and other liabilities	(1,100,957)	56,933	-	-
Bonds, notes, and loans	67,663,572	70,369,014	1,310,209	595,000
Total liabilities	83,948,162	82,203,452	2,381,256	1,104,644
Net assets				
Invested in capital assets net of related debt	66,949,288	158,747,242	62,583,122	9,807,928
Restricted for debt service	4,553,292	4,684,314	-	-
Unrestricted (deficit)	6,490,394	8,400,243	(234,112)	124,319
Total net assets	\$ 77,992,974	\$ 171,831,799	\$ 62,349,010	\$ 9,932,247

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, 2003

	Total	Governmental Activities- Internal Service Funds
\$	13,404,478	\$ 6,520,511
	10,949,623	3,030,321
	9,173,578	61,109
	2,360,673	-
	829,247	1,749,569
	2,798,423	942,550
	1,545,491	-
	<u>450,682,031</u>	<u>4,547,159</u>
	<u>491,743,544</u>	<u>16,851,219</u>
	4,117,867	577,589
	624,106	-
	29,077	-
	1,441,892	3,328,372
	1,755	-
	2,627,791	16,760
	1,534,342	1,751,117
	765,618	344,766
	1,502,476	611,726
	-	174,492
	-	4,796,306
	906,315	1,292,512
	5,010,000	-
	2,330,000	-
	4,217,961	-
	192,380	-
	-	536,671
	5,442,163	8,071,711
	(1,044,024)	-
	<u>139,937,795</u>	<u>2,739,522</u>
	<u>169,637,514</u>	<u>24,241,544</u>
	298,087,580	2,368,962
	9,237,606	-
	<u>14,780,844</u>	<u>(9,759,287)</u>
		<u>\$ (7,390,325)</u>
	(318,364)	
\$	<u><u>321,787,666</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, 2003

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Operating revenues						
Charges for services	\$ 28,780,159	\$ 32,592,485	\$ 4,187,879	\$ 1,014,624	\$ 66,575,147	\$ 40,286,794
Other	664,201	181,456	16,955	576,850	1,439,462	1,031,997
	<u>29,444,360</u>	<u>32,773,941</u>	<u>4,204,834</u>	<u>1,591,474</u>	<u>68,014,609</u>	<u>41,318,791</u>
Operating expenses						
Personal services	13,924,749	7,199,310	-	1,175,659	22,299,718	9,578,788
Direct expenses	11,460,728	13,022,072	2,770,149	370,268	27,623,217	14,568,372
Claims	-	-	-	-	-	19,740,568
Rentals and lease	255,230	2,978	-	60,150	318,358	125,224
Utilities	1,506,728	1,829,255	786,374	168,206	4,290,563	243,932
Insurance	184,390	396,915	76,124	26,078	683,507	28,274
Depreciation, depletion and amortization	4,594,551	7,329,094	1,181,943	248,797	13,354,385	908,923
Other	284,613	46,607	168,577	1,592	501,389	-
	<u>32,210,989</u>	<u>29,826,231</u>	<u>4,983,167</u>	<u>2,050,750</u>	<u>69,071,137</u>	<u>45,194,081</u>
Operating income (loss)	<u>(2,766,629)</u>	<u>2,947,710</u>	<u>(778,333)</u>	<u>(459,276)</u>	<u>(1,056,528)</u>	<u>(3,875,290)</u>
Non-operating revenues (expenses)						
Interest income	20,816	70,366	-	2,060	93,242	94,694
Interest expense	(3,371,591)	(4,394,712)	(142,977)	(34,293)	(7,943,573)	(292,102)
Gain (loss) on disposal of capital assets	45,155	10,880	-	-	56,035	(45,291)
	<u>(3,305,620)</u>	<u>(4,313,466)</u>	<u>(142,977)</u>	<u>(32,233)</u>	<u>(7,794,296)</u>	<u>(242,699)</u>
Loss before operating transfers	(6,072,249)	(1,365,756)	(921,310)	(491,509)	(8,850,824)	(4,117,989)
Transfers-in	-	3,569	-	590,775	594,344	206,055
Capital contributions	3,587,856	1,860,495	10,075,829	342,690	15,866,870	57,819
	<u>3,587,856</u>	<u>1,864,064</u>	<u>10,075,829</u>	<u>933,465</u>	<u>16,461,214</u>	<u>263,874</u>
Net change in net assets	(2,484,393)	498,308	9,154,519	441,956	7,610,390	(3,854,115)
Net assets, January 1, 2003	80,477,367	171,333,491	53,194,491	9,490,291		(3,536,210)
Net assets, December 31, 2003	<u>\$ 77,992,974</u>	<u>\$ 171,831,799</u>	<u>\$ 62,349,010</u>	<u>\$ 9,932,247</u>		<u>\$ (7,390,325)</u>

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

(397,400)
\$ 7,212,990

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, 2003

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating activities						
Cash received from customers	\$ 30,146,449	\$ 34,259,924	\$ 4,208,801	\$ 1,017,522	\$ 69,632,696	\$ 39,855,085
Cash payments to suppliers for goods and services	(11,560,968)	(15,285,281)	(3,494,244)	(675,111)	(31,015,604)	(9,255,162)
Cash paid for salaries and employee benefits	(13,808,791)	(7,247,942)	-	(1,146,481)	(22,203,214)	(34,366,792)
Other revenues	664,201	181,456	16,955	576,850	1,439,462	1,023,185
Other expenses	(284,613)	(46,607)	(168,577)	(1,592)	(501,389)	-
Net cash provided by (used for) operating activities	5,156,278	11,861,550	562,935	(228,812)	17,351,951	(2,743,684)
Non-capital financing activities						
Transfers from other funds	-	3,569	-	590,775	594,344	418,976
Transfers in for negative cash balances	-	-	-	-	-	2,653,261
Advances for negative cash balances	(330,927)	(330,927)	-	-	(661,854)	(1,602,534)
Net cash provided by (used for) non-capital financing activities	(330,927)	(327,358)	-	590,775	(67,510)	1,469,703
Capital and related financing activities						
Proceeds from bonds and loans	27,706,717	-	-	-	27,706,717	-
Principal paid on bonds and loans	(24,002,610)	(5,489,620)	(483,768)	(42,500)	(30,018,498)	(2,133,138)
Interest paid on bonds and loans	(2,896,452)	(4,650,979)	(147,322)	(34,446)	(7,729,199)	(154,160)
Acquisition and construction of capital assets	(7,088,517)	(4,743,400)	-	(298,072)	(12,129,989)	(1,427,709)
Capital contributions	3,587,856	1,860,495	-	342,690	5,791,041	57,819
Net cash used for capital and related financing activities	(2,693,006)	(13,023,504)	(631,090)	(32,328)	(16,379,928)	(3,657,188)
Investing activities						
Purchase of investment securities	(12,363,720)	(38,702,865)	-	-	(51,066,585)	-
Proceeds from sales and maturities of investment securities	12,363,720	38,702,865	-	-	51,066,585	-
Interest on investments	20,816	70,366	-	2,060	93,242	94,694
Net cash provided by investing activities	20,816	70,366	-	2,060	93,242	94,694
Net increase (decrease) in cash and cash equivalents	2,153,161	(1,418,946)	(68,155)	331,695	997,755	(4,836,475)
Cash and cash equivalents, January 1, 2003	10,785,840	11,972,221	396,421	201,864	23,356,346	14,387,307
Cash and cash equivalents, December 31, 2003	\$ 12,939,001	\$ 10,553,275	\$ 328,266	\$ 533,559	\$ 24,354,101	\$ 9,550,832

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, 2003
(continued)

	Water	Sewer	Off-Street Parking	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating income (loss)	\$ (2,766,629)	\$ 2,947,710	\$ (778,333)	\$ (459,276)	\$ (1,056,528)	\$ (3,875,290)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	4,594,551	7,329,094	1,181,943	248,797	13,354,385	908,923
(Increase) decrease in operating assets:						
Receivables	1,292,299	1,665,859	20,922	6,836	2,985,916	(23,940)
Due from other funds	73,991	1,580	-	(3,938)	71,633	(416,581)
Inventories	102,040	143,848	-	(12,131)	233,757	(36,272)
Increase (decrease) in operating liabilities:						
Accounts payable	1,318,589	(6,633)	139,358	(40,086)	1,411,228	(476,867)
Due to other funds	371,224	(73,137)	(955)	1,808	298,940	39,958
Due to other governments	-	(98,139)	-	-	(98,139)	-
Accrued liabilities	44,986	4,338	-	-	55,765	1,406
Accrued wages	38,964	8,533	-	4,857	52,354	25,186
Accrued vacation and leave	86,263	(61,503)	-	17,880	42,640	28,261
Estimated liability for unpaid claims	-	-	-	-	-	1,081,532
Net cash provided by (used for) operating activities	\$ 5,156,278	\$ 11,861,550	\$ 562,935	\$ (228,812)	\$ 17,351,951	\$ (2,743,684)
Non-cash capital and investing activities:						
Capital contributions	\$ -	\$ -	\$ 10,075,829	\$ -	\$ 10,075,829	\$ -

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, 2003

	Private Purpose Trust Funds	Municipal Court Agency Fund
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 8,166	\$ 668,138
	<u> </u>	<u> </u>
Total assets	8,166	\$ 668,138
	<u> </u>	<u> </u>
Liabilities		
Due to other governments	-	668,138
	<u> </u>	<u> </u>
Total liabilities	-	668,138
	<u> </u>	<u> </u>
Net assets	<u>\$ 8,166</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, 2003

	Private Purpose Trust Funds
	<u> </u>
Additions	
Contributions	\$ 22,053
	<u>22,053</u>
Deductions	
Education and awareness	19,552
	<u>19,552</u>
Change in net assets	<u>2,501</u>
Net assets, January 1, 2003	<u>5,665</u>
Net assets, December 31, 2003	<u><u>\$ 8,166</u></u>

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

City of Akron, Ohio

Notes to the Financial Statements

Year Ended December 31, 2003

1. Summary of Significant Accounting Policies

The City of Akron (the City) was incorporated in 1836 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides the following services as authorized by its Charter: public safety, public service, public health, recreation and development. The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that the financial statements include those activities and functions for which the City is accountable. The City has no component units as defined by GASB 14 and 39. The City is associated with certain organizations which are defined as jointly governed organizations. These organizations are presented in Note 21 to the basic financial statements. These organizations are the Akron Metropolitan Area Transportation Study (AMATS) and the Akron/Summit Convention and Visitors' Bureau. For fiscal year 2003, the City implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures*. 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 Special Assessment Bond Payment fund, and the Economic Development fund. Of the City's business-type activities, the Water, Sewer, and Off-Street Parking funds are considered major funds.

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

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

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

The Water enterprise fund accounts for the 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

1. Summary of Significant Accounting Policies (Continued)

municipalities and parts of six adjacent townships. Revenues consist primarily of charges for services.

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

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

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

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

Required Supplementary Information:

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

B. *Financial reporting presentation*

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

GOVERNMENTAL FUNDS

1. **General Fund** – The General Fund is the general operating fund of the City. 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.
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.

1. Summary of Significant Accounting Policies (Continued)

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

1. **Private-purpose Trust Funds** – Private-purpose trust funds are used to account for other trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the private-purpose trust funds are accounted for in essentially the same manner as proprietary funds.
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.
3. **Other Fiduciary funds** – Other fiduciary funds include pension trust funds and investment trust funds. The City does not utilize any such trust funds.

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

1. Summary of Significant Accounting Policies (Continued)

C. *Measurement focus and basis of accounting*

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

D. *Budgetary Procedures*

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

- (1) The Mayor submits to the City Council a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) According to state law, the budget must be enacted through passage of an ordinance by April 1.
- (4) The City Finance Director is authorized by City Council to transfer funds already appropriated within departments within any fund or category of expenditures; however, any revisions that alter the total appropriation of said department must be individually approved by the City Council. During 2003, supplemental appropriations were passed by City Council. The effects of these supplemental appropriations were not material in relation to the original appropriations.
- (5) Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Unencumbered appropriations lapse at year-end.

E. *Cash, Cash Equivalents, and Investments*

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

H. **Compensated Absences** – Vacation, paid leave, and compensatory time benefits are accrued as a liability 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, that is, 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, 2003 are presented in Note 5. Interfund transfers are presented in Note 18.

K. **Post-retirement Benefits** – In addition to the post-retirement benefits provided by the Police and Firemen's Disability and Pension Fund of Ohio and the Public Employees Retirement System of Ohio (see Note 8), 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, 1,883 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 2003, those costs totaled \$2,664,228.

1. Summary of Significant Accounting Policies (Continued)

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

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

2. Pooled Cash and Investments

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

Deposits:

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

At December 31, 2003, the carrying amount of the City's deposits was \$4,566,526, and the bank balance was \$7,699,584. The difference in the carrying amount and bank balance was composed of outstanding checks and other normal reconciling items. Of the bank balance, \$400,000 was covered by federal depository insurance, \$7,200,364 was uninsured but collateralized with unregistered securities held by the pledging financial institution's trust department in the City's name, and \$98,950 was uninsured and uncollateralized as defined by the GASB (securities are pledged with the pledging financial institution's trust department or agent, but not in the City's name).

2. Pooled Cash and Investments (Continued)

Total cash and investments are reported as follows:

Balance Sheet - Governmental Funds:	
Pooled cash and investments	\$ 1,125,218
Restricted cash and investments	16,160,250
Statement of Net Assets - Proprietary Funds:	
Enterprise Funds	
Pooled cash and investments	13,404,478
Restricted cash and investments	10,949,623
Internal Service Funds	
Pooled cash and investments	6,520,511
Restricted cash and investments	3,030,321
Statement Net Assets - Fiduciary Funds:	<u>676,304</u>
Total	<u><u>\$ 51,866,705</u></u>

Investments in City of Akron bonds and notes amounting to \$9,476,507 are eliminated in the government-wide statement of net assets at December 31, 2003.

Investments:

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

Under the fair value method of recording investments, the City is required to report realized and unrealized gains and losses arising from market fluctuations as well as the sale and maturity of various investments above or below their beginning-of-the-year fair value or their purchase price, when purchased during the current fiscal year. The net effect of these realized and unrealized gains and losses (\$50,261 of net gain in 2003) is reflected in the investment income on the operating statement of the appropriate fund.

As of December 31, 2003 the City had the following investments.

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Then 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Then 10</u>
Repurchase agreement	\$ 8,600,000	\$ 8,600,000	\$ -	\$ -	\$ -
STAROhio	5,180,816	5,180,816	-	-	-
Municipal Bonds	3,186,255	384,767	2,136,488	180,000	485,000
City of Akron Assessment Debt	9,476,507	250,849	9,222,658	3,000	-
Investments held by bond trustees:					
U.S. Government Securities	8,641,901	8,641,901	-	-	-
U.S. Treasuries or Agencies	6,979,892	6,979,892	-	-	-
Tax Exempt Ohio Municipals	4,070,194	4,070,194	-	-	-
External Investment Pool	1,164,614	1,164,614	-	-	-
Total	<u>\$ 47,300,179</u>	<u>\$ 35,273,033</u>	<u>\$ 11,359,146</u>	<u>\$ 183,000</u>	<u>\$ 485,000</u>

2. Pooled Cash and Investments (Continued)

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, 2003 the investments held by the bond trustees and STAROhio was rated AAAM by Standard & Poor's.

The City invests funds in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2003.

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.

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

At December 31, 2003, \$30,140,194 of cash and investments was restricted for the following purposes: \$4,070,194 was restricted for project costs for Canal Park Stadium; \$23,039,679 was restricted solely for retirement of City obligations; and the balance of \$3,030,321 represents a deposit with an escrow agent as part of a loan guarantee for a developer (see Note 10).

3. Receivables

Receivables, including water and sewer unbilled charges for services, of approximately \$3,071,000 and \$592,000, respectively, consist of the following at December 31, 2003:

	Taxes	Customer Charges, Special Assessments, and Others	Accrued Interest	Gross Receivables	Allowance for Uncollectibles	Net
Governmental Activities:						
Governmental Funds:						
General Fund	\$ 31,557,801	\$ 12,940,370	\$ 188,657	\$ 44,686,828	\$ (973,851)	\$ 43,712,977
Special Assessment Bond Payment	-	23,281,143	-	23,281,143	(2,713,227)	20,567,916
Other Governmental Funds	14,546,330	7,657,353	2,475	22,206,158	-	22,206,158
Total Governmental Funds	46,104,131	43,878,866	191,132	90,174,129	(3,687,078)	86,487,051
Internal Service Funds	-	61,109	-	61,109	-	61,109
Total Governmental Activities	46,104,131	43,939,975	191,132	90,235,238	(3,687,078)	86,548,160
Business-type Activities:						
Enterprise Funds:						
Water	-	13,772,811	-	13,772,811	(9,504,057)	4,268,754
Sewer	-	10,417,096	-	10,417,096	(5,536,166)	4,880,930
Off-Street Parking	-	23,894	-	23,894	-	23,894
Total Enterprise Funds/ Business-type Activities	-	24,213,801	-	24,213,801	(15,040,223)	9,173,578
Total Receivables	\$ 46,104,131	\$ 68,153,776	\$ 191,132	\$ 114,449,039	\$ (18,727,301)	\$ 95,721,738

Delinquent special assessment receivables amounted to \$2,713,227 at December 31, 2003 and were fully reserved for in the allowance for uncollectibles in the Special Assessment Bond Payment fund.

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

Governmental Activities:

General Fund

Property Tax Receivable	\$ 17,963,705
Shared Revenue	6,512,854
Income Tax Receivable	4,376,760
	<u>28,853,319</u>

Special Assessment Bond Payment Fund

Special Assessments Receivable	<u>18,567,916</u>
	18,567,916

Other Governmental Activities

Property Tax Receivable	9,329,991
Shared Revenue	3,253,228
Income Tax Receivable	1,618,802
JEDD Receivable	<u>358,301</u>
	14,560,322

\$ 61,981,557

4. Due From/To Other Governments

Amounts due from other governments at December 31, 2003 primarily represent amounts related to grant activity and consist of the following:

	Federal	State	Total
Governmental Activities:			
Governmental Funds:			
General Fund	\$ 10,343	\$ 17,462	\$ 27,805
Economic Development	-	552,242	552,242
Other Governmental Funds	<u>6,980,186</u>	<u>1,777,047</u>	<u>8,757,233</u>
Total Governmental Funds	6,990,529	2,346,751	9,337,280
The following amounts are also included in the government-wide statement of net assets- OPWC loan funds receivable:			
	<u>-</u>	<u>1,817,722</u>	<u>1,817,722</u>
Total Governmental Activities	<u><u>\$ 6,990,529</u></u>	<u><u>\$ 4,164,473</u></u>	<u><u>\$ 11,155,002</u></u>
Business-type Activities:			
Enterprise Funds:			
Water	\$ -	\$ 803,118	\$ 803,118
Sewer	<u>258,584</u>	<u>1,298,971</u>	<u>1,557,555</u>
Total Enterprise Funds/Business-type Activities	<u><u>\$ 258,584</u></u>	<u><u>\$ 2,102,089</u></u>	<u><u>\$ 2,360,673</u></u>

Amounts due to other governments at December 31, 2003 consist of the following:

	Federal	County	Local	Total
Governmental Activities:				
Other Governmental Funds	\$ 14,183	\$ -	\$ -	\$ 14,183
Economic Development	1,510,000	-	-	1,510,000
The following amounts are also included in the government- wide statement of net assets:				
Due to other governments	-	290,000	250,000	540,000
Liabilities due in more than one year (Note 13)	<u>-</u>	<u>4,300,000</u>	<u>3,650,000</u>	<u>7,950,000</u>
Total Governmental Activities	<u><u>\$ 1,524,183</u></u>	<u><u>\$ 4,590,000</u></u>	<u><u>\$ 3,900,000</u></u>	<u><u>\$ 10,014,183</u></u>

The amount in Other Governmental Funds is shown in the government-wide statement of net assets in the amount of \$59,183 as due to other governments and the remaining \$1,465,000 is shown as liabilities due in more than one year.

Business-type Activities:				
Enterprise Funds:				
Sewer	\$ -	\$ 29,077	\$ -	\$ 29,077
The following amounts are also included in the government- wide and proprietary statement of net assets:				
liabilities due in more than one year (Note 13)	<u>-</u>	<u>494,687</u>	<u>-</u>	<u>494,687</u>
Total Enterprise Funds/ Business-type Activities	<u><u>\$ -</u></u>	<u><u>\$ 523,764</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 523,764</u></u>

The statement of fiduciary net assets also includes \$668,138 as due to other governments.

4. Due From/To Other Governments (Continued)

The Federal amount is comprised of two 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 17).

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

5. Interfund Receivables and Payables

Interfund receivable and payable balances at December 31, 2003 consist of the following individual fund receivables and payables:

	Receivable	Payable
Governmental Funds:		
General Fund	\$ 6,743,080	\$ 718,170
Economic Development	240,883	24,862,419
Other Governmental Funds	<u>42,651,982</u>	<u>21,863,908</u>
	<u>\$ 49,635,945</u>	<u>\$ 47,444,497</u>
 Proprietary Funds:		
Enterprise Funds:		
Water	\$ 437,931	\$ 775,647
Sewer	383,252	611,569
Off-Street Parking	-	45,719
Other Enterprise Funds	<u>8,064</u>	<u>8,957</u>
	<u>\$ 829,247</u>	<u>\$ 1,441,892</u>
 Internal Service Funds	 <u>\$ 1,749,569</u>	 <u>\$ 3,328,372</u>

6. Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 138,287,186	\$ 9,930,751	\$ 185,862	\$ 148,032,075
Construction in progress	67,905,562	27,568,145	2,562,192	92,911,515
Total capital assets, not being depreciated	<u>206,192,748</u>	<u>37,498,896</u>	<u>2,748,054</u>	<u>240,943,590</u>
Capital assets, being depreciated:				
Buildings	168,875,554	6,318,613	5,933,874	169,260,293
Improvements other than buildings	81,180,227	1,237,708	145,395	82,272,540
Equipment	78,484,556	4,828,146	1,490,755	81,821,947
Infrastructure	376,990,142	19,828,654	799,354	396,019,442
Total capital assets, being depreciated	<u>705,530,479</u>	<u>32,213,121</u>	<u>8,369,378</u>	<u>729,374,222</u>
Less accumulated depreciation for:				
Buildings	46,440,797	3,335,434	381,518	49,394,713
Improvements other than buildings	14,387,301	2,081,604	9,409	16,459,496
Equipment	64,545,764	3,745,556	1,393,204	66,898,116
Infrastructure	164,385,962	9,584,802	11,144	173,959,620
Total accumulated depreciation	<u>289,759,824</u>	<u>18,747,396</u>	<u>1,795,275</u>	<u>306,711,945</u>
Total capital assets, being depreciated, net	<u>415,770,655</u>	<u>13,465,725</u>	<u>6,574,103</u>	<u>422,662,277</u>
Governmental activities capital assets, net	<u>\$ 621,963,403</u>	<u>\$ 50,964,621</u>	<u>\$ 9,322,157</u>	<u>\$ 663,605,867</u>

6. Capital Assets (Continued)

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 24,538,411	\$ 2,011,363	\$ -	\$ 26,549,774
Construction in progress	34,959,510	9,230,836	6,103,011	38,087,335
Total capital assets, not being depreciated	<u>59,497,921</u>	<u>11,242,199</u>	<u>6,103,011</u>	<u>64,637,109</u>
Capital assets, being depreciated:				
Buildings	121,270,636	13,735,545	24,000	134,982,181
Improvements other than buildings	439,464,618	879,405	-	440,344,023
Equipment	27,326,028	2,350,553	445,254	29,231,327
Infrastructure	69,456,094	2,405,811	26,315	71,835,590
Total capital assets, being depreciated	<u>657,517,376</u>	<u>19,371,314</u>	<u>495,569</u>	<u>676,393,121</u>
Less accumulated depreciation for:				
Buildings	58,472,933	1,722,476	-	60,195,409
Improvements other than buildings	194,388,690	7,503,848	-	201,892,538
Equipment	21,117,255	2,407,728	441,240	23,083,743
Infrastructure	3,456,176	1,720,333	-	5,176,509
Total accumulated depreciation	<u>277,435,054</u>	<u>13,354,385</u>	<u>441,240</u>	<u>290,348,199</u>
Total capital assets, being depreciated, net	<u>380,082,322</u>	<u>6,016,929</u>	<u>54,329</u>	<u>386,044,922</u>
Business-type activities capital assets, net	<u>\$ 439,580,243</u>	<u>\$ 17,259,128</u>	<u>\$ 6,157,340</u>	<u>\$ 450,682,031</u>

6. Capital Assets (Continued)

Depreciation expense was charged during 2003 to functions of the government as follows:

Governmental Activities:

General government	\$	2,006,676
Public service		1,145,163
Public safety		1,989,589
Community environment		2,605,028
Public health		326,222
Unallocated depreciation		9,607,943
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>908,923</u>
Total depreciation expense charged to governmental activities	\$	<u><u>18,589,544</u></u>

Business-type Activities:

Water	\$	4,594,551
Sewer		7,329,094
Off-Street Parking		1,181,943
Other Business-type activities		<u>248,797</u>
Total depreciation, deletion and amortization expense charged to business-type activities	\$	<u><u>13,354,385</u></u>

6. Capital Assets (Continued)

Construction in progress and remaining capital commitments (including capitalized interest of \$285,077, of which \$96,917 was capitalized in 2003) is comprised of the following:

	Project Authorization	Expended to December 31, 2003	Committed
Governmental Activities:			
Governmental	\$ 103,852,895	\$ 92,761,304	\$ 11,091,591
Internal Service	96,159	91,779	4,380
Business-type Activities:			
Water	19,977,320	17,959,375	2,017,945
Sewer	11,260,600	7,855,428	3,405,172
Off-Street Parking	28,888,035	12,728,979	16,159,056
	<u>\$ 164,075,009</u>	<u>\$ 131,396,865</u>	<u>\$ 32,678,144</u>

7. Accrued Vacation and Leave

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

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

Sick leave is earned by substantially all employees. Unused sick leave is accumulated up to 960 hours per employee and vests upon reaching certain age and service requirements. The vested portion of accumulated sick leave and amounts earned through December 31, 2003, 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.

7. **Accrued Vacation and Leave (Continued)**

As of December 31, 2003, the accrued vacation, paid leave, sick leave, and compensatory time is recorded as a current liability (due within one year) in the Statement of Net Assets as follows:

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Governmental Activities:				
Governmental Funds:				
General Fund	\$ 7,918,363	\$ 7,763,067	\$ (7,918,363)	\$ 7,763,067
Other Governmental Activities	2,451,570	2,557,085	(2,451,570)	2,557,085
Total Governmental Funds	10,369,933	10,320,152	(10,369,933)	10,320,152
Internal Service Funds	599,921	611,726	(599,921)	611,726
Total Governmental Activities	10,969,854	10,931,878	(10,969,854)	10,931,878
Business-type Activities:				
Enterprise Funds:				
Water	944,254	914,611	(944,254)	914,611
Sewer	539,320	523,721	(539,320)	523,721
Other Enterprise Funds	58,266	64,144	(58,266)	64,144
Total Enterprise Funds/ Business-type Activities	1,541,840	1,502,476	(1,541,840)	1,502,476
	<u>\$ 12,511,694</u>	<u>\$ 12,434,354</u>	<u>\$ (12,511,694)</u>	<u>\$ 12,434,354</u>

The following amounts are also included as long-term obligations in the government-wide statement of net assets (Note 13):

Governmental Activities:				
Other Governmental Activities	\$ 37,118,609	\$ 14,848,589	\$ (15,031,014)	\$ 36,936,184
Internal Service Funds	1,717,974	1,011,699	(995,243)	1,734,430
Total Governmental Activities	38,836,583	15,860,288	(16,026,257)	38,670,614
Business-type Activities:				
Water	2,864,969	1,453,790	(1,337,884)	2,980,875
Sewer	1,709,296	1,359,122	(1,405,026)	1,663,392
Other Business-type Activities	291,207	90,364	(78,362)	303,209
Total Business-type Activities	4,865,472	2,903,276	(2,821,272)	4,947,476
	<u>\$ 43,702,055</u>	<u>\$ 18,763,564</u>	<u>\$ (18,847,529)</u>	<u>\$ 43,618,090</u>

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

OPERS

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employees of local governments are required to contribute 8.5% of their covered payroll to OPERS. The 2003 and 2002 employer contribution rate for local government employer units was 13.55% of covered payroll including 5.0% 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, 2003, 2002, and 2001 were \$6,219,691, \$6,031,715, and \$6,159,206, 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 2003 and 2002, \$3,637,188 and \$3,527,263, respectively, of the City's total contribution to OPERS was used for post-retirement benefits.

The assumptions and calculations below were based on OPERS's latest actuarial review performed as of December 31, 2002. OPEB are advanced-funded using the entry age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. Other significant actuarial assumptions include a rate of return on investments of 8.0%, a salary increase of 4.0% for inflation and between .50% and 6.3% based on seniority and merit, and a health care cost increase of 4.0% annually.

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

At December 31, 2003, the number of active contributing participants to OPERS was approximately 364,881. 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, 2002 (latest information available) were approximately \$10.0 billion. The actuarial accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used were approximately \$18.7 billion and \$8.7 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 recipient 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 benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance towards specific medical expenses, much like a Medical Spending Account.

Ohio Police and Fire Pension Fund

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. Required employer contributions to the Police and Fire Pension Fund are equal to the amounts actually paid by the City each year. The City's total contributed amounts for Police (excluding the amount relating to post-retirement health care benefits) for the years ended December 31, 2003, 2002, and 2001 were \$3,071,237, \$2,961,838, and \$2,831,500, 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, 2003, 2002, and 2001 were \$3,390,407, \$3,392,886, and \$3,494,231, respectively.

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 7.5% in 2003 and 2002, 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

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

paid by the Police and Fire plan were \$141.0 million, which was net of member contributions of \$12.6 million, for the year ended December 31, 2002 (latest information available). The City's contributions for Police for 2003 and 2002 used to pay post-retirement health care were \$2,022,025 and \$1,949,999, respectively. The City's contributions for Fire for 2003, 2002, and 2001 used to pay post-retirement health care were \$1,617,580, \$1,949,999, and \$1,618,762, respectively. Eligible benefit recipients totaled 13,527 and 10,396 for uniformed police and fire personnel, respectively, for the year ended December 31, 2002 for the entire fund.

9. Notes Payable

The following is a summary of special assessment note transactions for the year ended December 31, 2003 reflected in governmental activities in the government-wide financial statements:

	<u>Governmental Activities Special Assessment</u>
Notes Payable at January 1, 2003	\$ 10,014,700
New notes issued	1,871,200
Notes retired	<u>(3,033,000)</u>
Notes Payable at December 31, 2003	<u><u>\$ 8,852,900</u></u>

9. Notes Payable (Continued)

Notes payable at December 31, 2003, are comprised of the following individual issues:

Issued	Rate %	Issue	Final Maturity	Amount
Special Assessment Notes:				
<u>Governmental Activities:</u>				
Paving Notes:				
October 19, 2000	6.00	4-00	October 19, 2005	\$ 617,200
March 15, 2001	6.00	2-01	March 15, 2006	626,800
June 1, 2001	6.00	5-01	June 1, 2006	1,260,900
July 25, 2001	6.00	6-01	July 25, 2006	419,900
July 25, 2001	6.00	9-01	July 25, 2006	110,000
November 20, 2001	6.00	14-01	November 20, 2006	461,300
November 20, 2001	6.00	16-01	November 20, 2006	216,700
April 15, 2002	5.00	2-02	April 15, 2007	31,100
April 15, 2002	5.00	4-02	April 15, 2007	93,700
July 8, 2002	5.00	5-02	July 8, 2007	53,000
July 8, 2002	5.00	6-02	July 8, 2007	70,100
November 18, 2002	5.00	7-02	November 18, 2007	27,500
November 18, 2002	5.00	9-02	November 18, 2007	134,600
November 18, 2002	5.00	10-02	November 18, 2007	456,100
November 18, 2002	5.00	11-02	November 18, 2007	595,100
November 18, 2002	5.00	12-02	November 18, 2007	603,700
November 18, 2002	5.00	13-02	November 18, 2007	1,036,000
February 10, 2003	5.00	2-03	February 10, 2008	307,900
November 7, 2003	4.00	3-03	November 7, 2008	20,400
November 7, 2003	4.00	4-03	November 7, 2008	73,400
November 7, 2003	4.00	5-03	November 7, 2008	111,900
November 7, 2003	4.00	7-03	November 7, 2008	258,500
November 7, 2003	4.00	8-03	November 7, 2008	418,300
November 7, 2003	4.00	9-03	November 7, 2008	452,500
Resurfacing Notes:				
November 18, 2002	5.00	8-02	November 18, 2007	117,500
Sidewalk Notes:				
April 15, 2002	5.00	3-02	April 15, 2007	50,500
February 10, 2003	5.00	1-03	February 10, 2008	15,600
November 7, 2003	4.00	6-03	November 7, 2008	212,700
Total Special Assessment Notes				\$ 8,852,900

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, 2003 was 5.24%.

9. Notes Payable (Continued)

The following is a summary of the City's future debt service requirements for notes payable as of December 31, 2003 (in thousands):

Fiscal Year Ending December 31	<u>Governmental Activities</u>		Total
	<u>Special Assessment Notes</u>		
	Notes	Interest	
2004	\$ -	\$ 464	\$ 464
2005	617	457	1,074
2006	3,096	335	3,431
2007	3,269	215	3,484
2008	1,871	55	1,926
	<u>\$ 8,853</u>	<u>\$ 1,526</u>	<u>\$ 10,379</u>

10. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended December 31, 2003:

	Governmental Activities						
	General Obligation	OPWC Loans	Ohio Department of Development Loans	Non-Tax Revenue	Income Tax Revenue	Special Revenue	Special Assessment
Long-term debt payable at January 1, 2003	\$ 173,398,605	\$ 5,201,518	\$ 517,467	\$ 30,350,000	\$ 9,185,000	\$ 51,945,000	\$ 11,473,873
New Issues:							
Various Purpose Improvements	37,640,000	-	-	-	-	-	-
Capital Projects	-	866,700	510,540	-	-	-	-
Street Improvements	-	-	-	-	-	-	2,850,000
Water System	-	-	-	-	-	-	-
Retirements	<u>(12,713,192)</u>	<u>(270,591)</u>	<u>(49,795)</u>	<u>(1,285,000)</u>	<u>(275,000)</u>	<u>(1,685,000)</u>	<u>(2,399,541)</u>
Long-term debt payable at December 31, 2003	<u>\$ 198,325,413</u>	<u>\$ 5,797,627</u>	<u>\$ 978,212</u>	<u>\$ 29,065,000</u>	<u>\$ 8,910,000</u>	<u>\$ 50,260,000</u>	<u>\$ 11,924,332</u>
	Governmental Activities		Business-type Activities				
	Internal Service General Obligation	General Obligation	Mortgage Revenue	Revenue	OWDA	OPWC	Total
Long-term debt payable at January 1, 2003	\$ 6,343,299	\$ 4,661,456	\$ 53,830,000	\$ 45,690,000	\$ 47,009,590	\$ 3,376,903	\$ 442,982,711
New Issues:							
Various Purpose Improvements	-	-	-	-	-	-	37,640,000
Capital Projects	-	-	-	-	-	-	1,377,240
Street Improvements	-	-	-	-	-	-	2,850,000
Water System	-	-	28,045,000	-	-	-	28,045,000
Retirements	<u>(2,311,265)</u>	<u>(898,260)</u>	<u>(22,830,000)</u>	<u>(2,225,000)</u>	<u>(3,917,607)</u>	<u>(147,631)</u>	<u>(51,007,882)</u>
Long-term debt payable at December 31, 2003	<u>\$ 4,032,034</u>	<u>\$ 3,763,196</u>	<u>\$ 59,045,000</u>	<u>\$ 43,465,000</u>	<u>\$ 43,091,983</u>	<u>\$ 3,229,272</u>	<u>\$ 461,887,069</u>

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

Bonds and notes issued by the City of Akron and held by the City as investments at December 31, 2003 amounting to \$9,476,507 (see Note 2) are eliminated in the government-wide statement of net assets.

10. Long-Term Debt (Continued)

Long-term debt at December 31, 2003 is comprised of the following individual issues:

Issued	Rate %	Issue	Final Maturity	Amount
<u>Governmental Activities:</u>				
<u>General Obligation Bonds:</u>				
Highway Improvement Bonds:				
June 1, 1979	6	No. 7	December 1, 2004	\$ 200,000
December 1, 1979	7.125	No. 8	December 1, 2005	800,000
Municipal Building Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	105,000
Municipal Garage Bonds:				
July 1, 1986	7.5	-	September 1, 2006	75,000
Parks Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	75,000
Pedestrian Walkway Bonds:				
July 1, 1986	7.5	-	September 1, 2006	165,000
Solid Waste Storage Facility Bonds:				
July 1, 1986	7.5	-	September 1, 2006	360,000
Street Improvement Bonds:				
June 1, 1984	10.5	-	December 1, 2004	240,000
May 1, 1985	8.75	-	November 1, 2005	400,000
July 1, 1986	7.5	-	September 1, 2006	825,000
Urban Renewal Public Improvement Bonds:				
February 21, 1991	8	Series 1990	December 1, 2020	850,368
December 10, 1991	8	Series 1991	December 1, 2021	1,476,000
Various Purpose Improvement Bonds:				
October 15, 1993	.05 to 8	-	December 1, 2013	\$ 7,080,000
August 1, 1995	4.9 to 5.5	-	December 1, 2008	980,000
November 1, 1995	4.2 to 6	-	November 1, 2016	5,865,000
August 15, 1996	4.6 to 8	-	August 15, 2021	345,000
December 1, 1996	3.95 to 6.125	-	December 1, 2017	9,290,000
December 1, 1997	4.3 to 6	-	December 1, 2018	13,287,500
December 1, 1998	4.25 to 4.75	-	December 1, 2019	9,978,310
November 1, 1999	4.4 to 6.5	-	November 1, 2020	15,985,000
November 1, 2000	5.5 to 5.75	-	November 1, 2021	15,370,000
November 1, 2001	3.0 to 5.5	-	December 1, 2022	43,338,235
December 1, 2002	2.0 to 5.25	-	December 1, 2023	33,595,000
October 1, 2003	2.0 to 5.25	-	December 1, 2024	37,640,000
				<u>\$ 198,325,413</u>

10. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<u>Governmental Activities (Continued):</u>				
<u>OPWC Loans:</u>				
July 1, 1993	6	R.E.S.	July 1, 2004	\$ 24,356
July 1, 1997	0	Boxwood Ave.	July 1, 2018	551,000
July 1, 1998	0	Lakeshore Blvd.	January 1, 2020	836,550
July 1, 1998	0	Tallmadge Ave.	July 1, 2021	666,909
July 1, 1999	0	Lakeshore Blvd.	July 1, 2022	220,317
July 1, 1999	0	Bye Street	July 1, 2022	255,938
July 1, 1999	0	Wooster/East Ave.	July 1, 2022	538,650
July 1, 2000	0	Bishop Street	July 1, 2022	112,850
July 1, 2000	0	NW Storm Outlets	July 1, 2022	421,677
July 1, 2000	0	N. Arlington Bridge	July 1, 2022	306,648
July 1, 2001	0	Darrow Road	July 1, 2023	996,032
July 1, 2003	0	US 244 Phase II	July 1, 2024	866,700
				<u>\$ 5,797,627</u>
<u>Ohio Department of Development Loans:</u>				
November 26, 1996	3	1997	February 1, 2012	\$ 467,672
March 1, 2003	1/2 Prime	-	March 1, 2018	510,540
				<u>\$ 978,212</u>
<u>Non-Tax Revenue Bonds:</u>				
November 1, 1997	4 to 6	1997	December 1, 2018	\$ 29,065,000
				<u>\$ 29,065,000</u>
<u>Income Tax Revenue:</u>				
April 15, 1999	3.3 to 5.25	1999	December 1, 2023	\$ 8,910,000
				<u>\$ 8,910,000</u>
<u>Special Revenue:</u>				
July 1, 2000	4.55 to 5.625	2000	December 1, 2020	\$ 12,735,000
August 1, 2000	4.45 to 6	2000	December 1, 2020	12,725,000
September 1, 2002	2.0 to 5.25	2002	December 1, 2022	15,135,000
November 1, 2002	2.0 to 5.25	2002	December 1, 2022	9,665,000
				<u>\$ 50,260,000</u>

10. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<u>Governmental Activities (Continued):</u>				
<u>Special Assessment Obligations:</u>				
Resurfacing Notes:				
June 1, 1997	6	1997	December 1, 2006	\$ 56,799
May 1, 1998	6	1998	December 1, 2007	34,388
April 1, 1999	6	1998	December 1, 2008	5,722
Street Improvement Bonds:				
September 1, 1978	7.25	Rosemary Blvd.	September 1, 2014	33,000
June 15, 1994	4.75 to 5.4	1994	December 1, 2004	135,000
August 1, 1995	4.9 to 5.25	1995	December 1, 2005	160,000
August 15, 1996	4.6 to 8	1996	December 1, 2021	750,000
August 15, 1997	4.65 to 5.15	1997	December 1, 2007	760,000
August 15, 1998	4.25 to 4.55	1998	December 1, 2008	1,475,000
August 15, 1999	4.1 to 5.5	1999	December 1, 2009	415,000
April 1, 2000	6	1999	December 1, 2009	116,044
August 15, 2000	4.375 to 4.875	2000	December 1, 2010	2,375,000
November 1, 2001	3.0 to 5.5	2001	December 1, 2022	515,725
December 1, 2001	6	2000	December 1, 2006	377,654
September 1, 2002	1.5 to 3.375	2002	December 1, 2012	1,865,000
September 1, 2003	2 to 4	2003	December 1, 2013	2,850,000
				<u>\$ 11,924,332</u>
<u>Internal Service General Obligation Bonds:</u>				
Computer Equipment Bonds:				
December 1, 1998	4.25 to 4.75	-	December 1, 2019	\$ 1,173,198
Final Judgment Bonds:				
August 15, 1996	4.5 to 8	-	December 1, 2021	2,565,000
Municipal Facility Bonds:				
December 1, 1998	4.25 to 4.75	-	December 1, 2019	173,492
Radio Communications System Bonds:				
November 1, 2001	3.0 to 5.5	-	December 1, 2022	120,344
				<u>\$ 4,032,034</u>

10. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<u>Business-type Activities:</u>				
<u>Enterprise General Obligation Bonds:</u>				
Golf Course Clubhouse Bonds:				
December 1, 1997	4.3 to 6	-	December 1, 2018	\$ 637,500
Off-Street Parking Facility Bonds:				
June 1, 1984	10.5	Morley	December 1, 2004	165,000
May 1, 1985	8.75	-	November 1, 2005	320,000
December 1, 1997	4.3 to 6	-	December 1, 2018	375,000
November 1, 2001	3.0 to 5.5	Canal/Tell	December 1, 2022	828,608
November 1, 2001	3.0 to 5.5	-	December 1, 2022	106,376
Radio Communications System Bonds:				
November 1, 2001	3.0 to 5.5	-	December 1, 2022	430,712
Sewer System Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	150,000
Water System Improvement Bonds:				
July 1, 1986	7.5	-	September 1, 2006	<u>750,000</u>
				<u>\$ 3,763,196</u>
<u>Enterprise Mortgage Revenue Bonds:</u>				
Waterworks System Bonds:				
May 15, 1994	3.6 to 6	1994	March 1, 2014	\$ 1,395,000
January 15, 1996	3.5 to 4.875	1996	March 1, 2012	17,045,000
February 1, 1998	3.65 to 5	1998	March 1, 2018	12,560,000
July 1, 2003	2 to 5	2003	September 1, 2014	<u>28,045,000</u>
				<u>\$ 59,045,000</u>
<u>Enterprise Revenue Bonds:</u>				
Sewer System Improvement Bonds:				
June 1, 1996	4.3 to 6.2	1996	December 1, 2016	\$ 16,995,000
January 1, 1997	3.75 to 5.55	1997	December 1, 2016	11,890,000
April 1, 1998	3.7 to 5.5	1998	December 1, 2017	<u>14,580,000</u>
				<u>\$ 43,465,000</u>

10. Long-Term Debt (Continued)

Issued	Rate %	Issue	Final Maturity	Amount
<u>Business-type Activities (Continued):</u>				
<u>Enterprise OWDA Loans:</u>				
May 28, 1981	10.71	Water	July 1, 2006	\$ 856,450
December 31, 1981	10.71	Sewer	July 1, 2006	2,854,832
May 6, 1982	12	Sewer	January 1, 2010	4,172,316
June 4, 1984	10.54	Sewer	July 1, 2004	521,721
March 30, 1995	4.56	Sewer	July 1, 2015	10,780,860
April 27, 1995	4.56	Sewer	July 1, 2015	12,570,706
September 30, 1999	2.01	Water	July 1, 2019	1,024,788
May 25, 2000	4.64	Water	July 1, 2021	7,312,243
April 26, 2001	3.9	Water	July 1, 2011	421,021
July 26, 2002	3.89	Water	July 1, 2013	<u>2,577,046</u>
				<u>\$ 43,091,983</u>
 <u>Enterprise OPWC Loans:</u>				
July 1, 1995	0	Water	July 1, 2016	\$ 793,721
December 1, 1995	0	Sewer	January 1, 2017	308,989
July 1, 1996	0	Sewer	July 1, 2017	725,812
July 1, 1997	0	Sewer	July 1, 2018	505,750
July 1, 2000	0	Water	July 1, 2021	<u>895,000</u>
				<u>\$ 3,229,272</u>

10. Long-Term Debt (Continued)

The following is a summary of the City's future debt service requirements as of December 31, 2003 (in thousands):

Fiscal Year Ending December 31	Governmental Activities					
	General Obligation Bonds		OPWC Loan		Ohio Department of Development Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 14,090	\$ 9,709	\$ 300	\$ 1	\$ 51	\$ 15
2005	13,035	8,803	319	-	53	14
2006	12,387	8,203	318	-	54	12
2007	11,396	7,710	318	-	56	10
2008	11,647	7,200	318	-	89	15
2009-2013	53,239	28,775	1,593	-	441	52
2014-2018	45,884	16,775	1,574	-	234	16
2019-2023	34,048	5,328	1,014	-	-	-
2024-2028	2,600	120	43	-	-	-
	<u>\$ 198,326</u>	<u>\$ 92,623</u>	<u>\$ 5,797</u>	<u>\$ 1</u>	<u>\$ 978</u>	<u>\$ 134</u>

Fiscal Year Ending December 31	Non-Tax Revenue Bonds		Income Tax Revenue		Special Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 1,340	\$ 1,494	\$ 285	\$ 423	\$ 1,935
2005	1,400	1,435	295	412	2,010	2,300
2006	1,465	1,372	305	400	2,075	2,232
2007	1,530	1,304	320	388	2,150	2,156
2008	1,605	1,232	335	374	2,235	2,077
2009-2013	9,450	4,725	1,885	1,640	12,695	8,847
2014-2018	12,275	1,901	2,405	1,123	15,960	5,499
2019-2023	-	-	3,080	453	11,200	1,204
2024-2028	-	-	-	-	-	-
	<u>\$ 29,065</u>	<u>\$ 13,463</u>	<u>\$ 8,910</u>	<u>\$ 5,213</u>	<u>\$ 50,260</u>	<u>\$ 26,680</u>

Fiscal Year Ending December 31	Special Assessment Bonds		Internal Service General Obligation Bonds		Governmental Activities Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 1,990	\$ 512	\$ 1,293	\$ 201	\$ 21,284
2005	1,833	405	126	146	19,071	13,515
2006	1,806	328	132	140	18,542	12,687
2007	1,458	252	138	133	17,366	11,953
2008	1,298	191	145	126	17,672	11,215
2009-2013	3,537	351	697	526	83,537	44,916
2014-2018	3	-	886	318	79,221	25,632
2019-2023	-	-	615	68	49,957	7,053
2024-2028	-	-	-	-	2,643	120
	<u>\$ 11,925</u>	<u>\$ 2,039</u>	<u>\$ 4,032</u>	<u>\$ 1,658</u>	<u>\$ 309,293</u>	<u>\$ 141,811</u>

10. Long-Term Debt (Continued)

Fiscal Year Ending December 31	Business-type Activities					
	General Obligation Bonds		Mortgage Revenue		Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 906	\$ 228	\$ 5,010	\$ 3,670	\$ 2,330	\$ 2,344
2005	640	162	4,830	2,186	2,440	2,231
2006	485	117	4,980	2,034	2,565	2,105
2007	189	87	5,310	1,840	2,710	1,960
2008	194	78	5,540	1,624	2,855	1,817
2009-2013	530	295	26,815	4,370	16,750	6,619
2014-2018	577	155	6,560	565	13,815	1,676
2019-2023	242	31	-	-	-	-
2024-2028	-	-	-	-	-	-
	<u>\$ 3,763</u>	<u>\$ 1,153</u>	<u>\$ 59,045</u>	<u>\$ 16,289</u>	<u>\$ 43,465</u>	<u>\$ 18,752</u>

Fiscal Year Ending December 31	Business-type Activities Total					
	OWDA Loans		OPWC Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 4,218	\$ 2,124	\$ 192	\$ -	\$ 12,656	\$ 8,366
2005	3,967	1,882	192	-	12,069	6,461
2006	4,261	1,659	192	-	12,483	5,915
2007	3,070	1,418	193	-	11,472	5,305
2008	3,258	1,263	193	-	12,040	4,782
2009-2013	15,283	3,923	962	-	60,340	15,207
2014-2018	7,691	943	951	-	29,594	3,339
2019-2023	1,344	72	354	-	1,940	103
2024-2028	-	-	-	-	-	-
	<u>\$ 43,092</u>	<u>\$ 13,284</u>	<u>\$ 3,229</u>	<u>\$ -</u>	<u>\$ 152,594</u>	<u>\$ 49,478</u>

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 \$140,897,000 at December 31, 2003. 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.

10. Long-Term Debt (Continued)

Bond Indenture Agreements for the Waterworks System Mortgage Revenue Bond dated May 15, 1994, the Waterworks System Mortgage Revenue Improvement Bond dated January 15, 1996, the Sanitary Sewer System Revenue Bonds dated June 1, 1996, the Sanitary Sewer System Revenue Bonds dated January 1, 1997, the Sanitary Sewer System Improvement and Refunding Revenue Bond dated April 1, 1998, the Waterworks System Mortgage Revenue Improvement Bonds dated February 1, 1998, and the Waterworks System Mortgage Revenue Improvement and Refunding Bonds dated July 1, 2003, require deposits to a Debt Service Fund based on a calculation of net operating revenues. The Sewer System Revenue Bond Indenture Agreement dated April 1, 1998 requires that a Debt Service Reserve Fund be created and maintained at a minimum of \$4,682,187 for the Series 1996 Bonds, the Series 1997 Bonds, and the Series 1998 Bonds. The balances in the Debt Service Reserve Fund and the Debt Service Fund at December 31, 2003 were as follows:

	Waterworks System 1994 Issue	Waterworks System 1996 Issue	Waterworks System 1998 Issue	Waterworks System 2003 Issue	Sewer System 1996, 1997, and 1998 Issues
Minimum balance of debt service reserve fund	\$ -	\$ -	\$ -	\$ -	\$ 4,682,187
Actual balance of debt service reserve fund	<u>1,164,614</u>	<u>811,415</u>	<u>1,191,163</u>	<u>1,386,100</u>	<u>4,684,314</u>
Excess	<u>\$ 1,164,614</u>	<u>\$ 811,415</u>	<u>\$ 1,191,163</u>	<u>\$ 1,386,100</u>	<u>\$ 2,127</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, 2003, the City's total net debt amounted to 4.1% of the total assessed value of all property within the City and unvoted net debt amounted to 4.0% of the total assessed value of all property within the City.

In July, 2003, the City issued \$28,045,000 in Waterworks System Mortgage Revenue Improvement Refunding Bonds, Series 2003 maturing on March 1, 2004 through 2014 with interest rates ranging from 2% to 5%. Out of the net proceeds of \$29,080,504 (after payment of \$412,360 in underwriting fees, insurance and other issuance costs, and including a premium of \$1,384,928), \$20,820,490 was used to purchase U.S. Treasury securities. These securities were deposited in an irrevocable escrow account to provide for all future debt service payment of the Waterworks System Mortgage Revenue Improvement Bonds, Series 1994 (only those bonds maturing on and after March 1, 2005).

As a result, the Waterworks System Mortgage Revenue Improvement Bonds, Series 1994 are considered to be defeased and the liability for these bonds has been removed from the financial statements with the exception of the 2004 maturity of \$1,395,000. The City advance refunded these bonds to reduce its total debt service payments for the refunding portion of the transaction over the next eleven years by approximately \$2,202,000 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of approximately \$1,974,000. The net difference between the reacquisition price and the carrying amount of the old debt has been recorded as a component of deferred bond issuance costs and is being amortized over the previous remaining life of the old debt. The Waterworks System Mortgage Revenue Improvement

10. Long-Term Debt (Continued)

Refunding Bonds, Series 2003 also provided \$8,000,000 to be used for system improvements, and the debt service on this portion of the bonds over the eight years until maturity amounts to \$9,215,550.

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, 2003:

Issue	Defeasance Date	Original Amount		Principal Outstanding at 12/31/03
		Defeased	Escrowed	
Waterworks System First Mortgage Revenue Bonds Series 1991	1996	\$ 19,090,000	\$ 20,726,104	\$ 15,720,000
Sewer System Improvement General Obligation Bonds	1998	7,800,000	8,317,677	4,200,000
Various Purpose Improvement Bonds, Series 1991	2001	1,265,000	1,330,320	920,000
Various Purpose Improvement Bonds, Series 1992	2001	10,785,000	11,869,971	7,905,000
Street Improvement Bonds, Series 1992	2001	1,940,000	2,135,164	500,000
Various Purpose Improvement Bonds, Series 1994	2001	15,825,000	18,761,930	11,355,000
Waterworks System Mortgage Revenue Bonds Series 1994	2003	19,405,000	20,820,490	<u>19,405,000</u>
				<u><u>\$ 60,005,000</u></u>

In July, 1995, the City entered into an agreement to guarantee \$3 million of bank loan financing for a developer. The total amount of financing obtained by such developer is \$15.5 million. As a part of this guarantee, the City must deposit in escrow \$3 million with the banks involved with the financing. As of December 31, 2003, the entire \$3 million has been placed in escrow and is reflected as restricted cash and investments in the statement of net assets.

In August, 2003, the City entered into a contract for loan guarantee assistance with the U.S. Department of Housing and Urban Development (HUD). The aggregate principal amount of \$2 million was paid to the City and, pursuant to the agreement, the City disbursed the funds to Middlebury Centre, L.L.C. Middlebury Centre, L.L.C. will make payments directly to HUD. The City has pledged its present and future Community Development Block Grants under Section 109 of Title I of the Housing and Community Development Act of 1974, as amended ("CDBGs"), so that if payments derived are not sufficient to pay the amounts owed to HUD, HUD may withhold CDBGs from the City and apply CDBG funds to the repayment of the obligation.

10. 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, 2003, the principal amount outstanding was \$14,646,070. 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, 2003.

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, 2003, there was one industrial revenue bond outstanding. The aggregate principal amount payable for the issue was \$810,000.

11. Obligations Under Capitalized Leases

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

Future COPs payments are as follows as of December 31, 2003:

<u>Year</u>	<u>Payments</u>
2004	\$ 3,940,620
2005	3,941,097
2006	3,943,010
2007	3,940,770
2008	3,938,820
2009-2013	19,700,805
2014-2018	11,821,423
Total lease payments	51,226,545
Less amount representing interest	27,559,580
Present value of lease payments	<u>\$ 23,666,965</u>
Net book value of leased assets	<u>\$ 25,554,783</u> *

Unspent funds of approximately \$4 million provided from the COPs are recorded as restricted assets in the governmental activities in the accompanying government-wide statement of net assets as of December 31, 2003. In the unlikely event the lease is terminated, the restricted funds are available for payment of the certificates.

11. Obligations Under Capitalized Leases (Continued)

The City also has a capital lease for computer hardware, software and licenses. The cost of this lease agreement is \$928,919 and is included in the City's capital assets in the Management Information Systems Fund. The following is a schedule of future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments as of December 31, 2003.

<u>Year</u>	<u>Payments</u>
2004	201,006
2005	201,006
2006	201,006
2007	184,255
Total lease payments	787,273
Less amount representing interest	76,110
Present value of lease payments	<u>\$ 711,163</u>
Net book value of leased assets	<u>\$ 650,243 *</u>

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

12. 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 1,203 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.

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.

12. Self-Insurance Funds (Continued)

The claims liabilities of \$2,411,658, \$7,967,992 and \$753,937 reported in the Medical, Workers' Compensation, and Self-Insurance Settlement funds, respectively, at December 31, 2003, 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 2002 and 2003 were:

	Beginning of Year Liability	Current Period Claims	Claim Payments	Balance at End of Year
<u>Medical Self-Insurance Fund</u>				
2002	\$ 2,821,648	\$ 17,121,747	\$ (17,713,775)	\$ 2,229,620
2003	2,229,620	18,256,229	(18,074,191)	2,411,658
<u>Workers' Compensation Reserve Fund</u>				
2002	7,165,905	1,069,486	(453,640)	7,781,751
2003	7,781,751	1,065,171	(878,930)	7,967,992
<u>Self-Insurance Settlement Fund</u>				
2002	743,705	293,302	(450,158)	586,849
2003	586,849	419,168	(252,080)	753,937

13. Long-term Liabilities

The City reports the following amounts relating to the government's long-term liabilities for the year ended December 31, 2003:

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Governmental Activities:				
Governmental Funds:				
Accrued vacation and leave (Note 7)	\$ 37,118,609	\$ 14,848,589	\$ (15,031,014)	\$ 36,936,184
Due to other governments (Note 4)	9,514,183	500,000	(599,183)	9,415,000
Due to others	2,706,000	-	-	2,706,000
Total Governmental Funds	49,338,792	15,348,589	(15,630,197)	49,057,184
Internal Service Funds:				
Accrued vacation and leave (Note 7)	1,717,974	1,011,699	(995,243)	1,734,430
Estimated liability for unpaid claims	7,092,431	1,065,171	(1,820,321)	6,337,281
Total Internal Service Funds	8,810,405	2,076,870	(2,815,564)	8,071,711
Total Governmental Activities	58,149,197	17,425,459	(18,445,761)	57,128,895
Business-type Activities:				
Enterprise Funds:				
Water				
Accrued vacation and leave (Note 7)	2,864,969	1,453,790	(1,337,884)	2,980,875
Sewer				
Accrued vacation and leave (Note 7)	1,709,296	1,359,122	(1,405,026)	1,663,392
Due to other governments (Note 4)	523,764	-	(29,077)	494,687
Other Business-type Activities				
Accrued vacation and leave (Note 7)	291,207	90,364	(78,362)	303,209
Total Enterprise Funds/ Business-type Activities	5,389,236	2,903,276	(2,850,349)	5,442,163
Total	\$ 63,538,433	\$ 20,328,735	\$ (21,296,110)	\$ 62,571,058

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.

14. Compliance and Accountability

A. *Legal compliance*

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

14. Compliance and Accountability (Continued)

B. Deficit fund balances

The following funds have fund balance deficits or net assets deficits at December 31, 2003:

Special Revenue Funds:

Street and Highway Maintenance	493,723
Equipment Replacement	821,881
Litter Control	1,523
Building Code Enforcement	23,535
Community Development	771,736
Akron Metropolitan Area Transportation Study	659
Summer Lunch	7,175
Section 108 Loans	4,674
Industrial Incubator	86,917
Police Grants	137,403
Various Domestic Violence	94,635
Safety Programs	167,682
Health Grants	351,528
Various Purpose Funding	694,548

Capital Project Funds:

Non-appropriated Capital Projects	714,161
Road and Bridge Improvements	720,240
Streets	5,856,899
Capital Projects with Private Funding	1,065,464
Information Technology and Improvements	224,651
Transportation	841,419
Economic Development	22,216,890

Internal Service Funds:

Medical Self-Insurance	2,757,102
Self-Insurance Settlement	3,872,010
Engineering Bureau	1,308,612
Management Information Systems	1,862,981

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 Equipment Replacement Fund will receive a transfer from the Income Tax Capital Improvement Fund as a reimbursement for expenditures. The Community Development Grant requested draws are based on actual cash basis expenditures and the Various Purpose Funding Fund receives revenue from a variety of sources on a reimbursement basis.

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

The internal service funds that have deficit net assets balances at year-end have incurred expenses above charges for services. User charges will be assessed to eliminate the deficits. The Medical Self-Insurance Fund has increased charges for services effective January 2003 and again in January 2004. The majority of the deficit in the Self-Insurance Settlement Fund is the lawsuit settlement with Ohio Water Development Authority (OWDA) regarding the Recycle Energy System (RES) in 1996. The remaining deficit is the estimated accrued liability for claims. The City's policy is to transfer funds from the pertinent division's operating budget for actual claim settlements to reimburse the Self-Insurance Settlement Fund. The Engineering Bureau will review its applied overhead rate charged to

14. Compliance and Accountability (Continued)

capital projects to address its deficit which has decreased slightly from the prior year. The deficit in the Management Information Systems Fund has decreased more than 1.5M from the prior year, and the remaining deficit is the result of issuing bonds to cover the costs of implementing new and updated technology, including the network infrastructure, mainframe, accounting system, and payroll and personnel systems. The bonds are being repaid with user fees charged to each division's operating budget.

15. Income Taxes

The City levies a tax at the rate of 2% 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.

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.

On May 6, 2003, Akron voters increased the City's income tax rate from 2% to 2.25% to take 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.

16. Property Taxes

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

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

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

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

The assessed value upon which the 2003 property tax was based aggregated \$3,261,505,000. The assessed value for 2003 (upon which the 2004 property tax will be based) is approximately \$3,175,389,000.

16. Property Taxes (Continued)

Under the current allocation method, the City's share was .909% (9.09 mills) of assessed value in 2003 for collection in 2004. 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, 2003, including delinquencies from prior years, were 97.3% and 101.5%, respectively, of the current year tax levy.

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

17. JEDD Revenues

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

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

18. Transfers

For the year ended December 31, 2003, operating transfers presented in conformity with generally accepted accounting principles (GAAP) consisted in the following table. Interfund transfers are made to cover operating expenses in various funds.

18. Transfers (continued)

	Transfers In				
	Transfers Out	Other Governmental Funds	Sewer Fund	Other Enterprise Funds	Internal Service Funds
General Fund:					
Other Governmental Funds	\$ 2,788,007	\$ 2,788,007	\$ -	\$ -	\$ -
Sewer	3,569	-	3,569	-	-
Other Enterprise Funds	590,775	-	-	590,775	-
Internal Service Funds	206,055	-	-	-	206,055
Total General Fund	\$ 3,588,406	\$ 2,788,007	\$ 3,569	\$ 590,775	\$ 206,055
Nonmajor Funds:					
Other Governmental Funds	\$ 18,861	\$ 18,861	\$ -	\$ -	\$ -
Total Nonmajor Funds	\$ 18,861	\$ 18,861	\$ -	\$ -	\$ -
Total	\$ 3,607,267	\$ 2,806,868	\$ 3,569	\$ 590,775	\$ 206,055

19. 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.

20. Closure and Post-Closure Care Costs

On November 9, 1998, the City entered into an agreement to transfer control and operating responsibility of its Hardy Road Landfill (Landfill) to Akron Regional Landfill, Inc. (ARLI), a subsidiary of Waste Management of Ohio, Inc. Under the agreement, ARLI assumed full responsibility for all future costs for operation, permitting, groundwater monitoring, closure, and post-closure costs of the Landfill, which are currently expected to approximate \$10,000,000. No liability has been recorded in the accompanying financial statements for these estimated future costs because the responsibility for such costs has been transferred to ARLI.

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 the 1998 agreement, the City agreed to use ARLI-controlled landfill facilities for disposal of ninety percent of the refuse collected by the City's sanitation division.

20. Closure and Post-Closure Care Costs (Continued)

During 2003, the City requested a proposed \$1.20 per ton increase in the waste generation fee by the Summit/Akron Solid Waste Management Authority (Authority). The Authority and the Ohio EPA approved the increase. The final agreement is in the process of being negotiated. The proceeds of the additional generation fee will be used to fund the solid waste management operations of the City.

21. Organization and Significant Accounting Policies

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.

22. Subsequent Event

On December 8, 2003, City Council passed Ordinance No. 653-2003 authorizing the issuance and sale of Community Learning Centers Income Tax Revenue Bonds. The \$215,000,000 in proceeds will be used for the purpose of acquiring, constructing, renovating, repairing, enlarging, adding to, reconstructing, maintaining, equipping, furnishing, acquiring interest in real property in connection therewith, improving the sites thereof, and otherwise improving Community Learning Centers. The Series 2004A bonds were dated January 1, 2004 and issued for \$165,000,000. The Series 2004B bonds were also dated January 1, 2004 and issued for \$50,000,000.

On February 9, 2004, City Council passed Ordinances No. 70-2004, 71-2004, 72-2004, and 73-2004 authorizing the issuance and sale of \$23,755,000 in Various Purpose Improvement Notes. The proceeds will be used to pay costs of improving the municipal public parking system, improving the Municipal Complex, improving the municipal parks and recreational system, and improving West Market Street, S. Hawkins Avenue, Cuyahoga Street, Sand Run Road, Hilbish Avenue, High Street Viaduct, Bettis Corners Bridge, Carnegie Avenue Bridge, US 224 and certain other streets and properties in the City.

City of Akron, Ohio

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

For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues and other sources			
Revenues:			
Property taxes	\$ 17,639,135	\$ 17,639,135	\$ 16,586,393
Investment earnings	2,100,000	2,100,000	1,050,000
Local government	15,558,832	14,617,326	14,545,453
State taxes	3,945,958	4,887,890	6,384,332
Other revenue	33,949,861	32,959,429	30,772,017
	<u>73,193,786</u>	<u>72,203,780</u>	<u>69,338,195</u>
Other sources:			
Income tax transfers in	68,780,600	68,780,600	69,275,800
Other transfers in	1,116,500	1,165,000	1,169,700
Previous year's encumbrances	2,833,320	2,833,320	2,833,320
	<u>72,730,420</u>	<u>72,778,920</u>	<u>73,278,820</u>
Total revenues and other sources	145,924,206	144,982,700	142,617,015
Expenditures and other uses			
Expenditures:			
General Governmental:			
Civil Service Commission:			
Wages/benefits	1,476,230	1,403,730	1,357,677
Other	183,825	273,825	206,282
	<u>1,660,055</u>	<u>1,677,555</u>	<u>1,563,959</u>
Finance:			
Administration:			
Wages/benefits	2,158,790	2,068,790	2,017,147
Other	3,521,641	4,856,641	4,184,681
	<u>5,680,431</u>	<u>6,925,431</u>	<u>6,201,828</u>
Law:			
Wages/benefits	2,960,750	2,850,750	2,730,904
Other	1,047,398	1,117,398	1,091,600
	<u>4,008,148</u>	<u>3,968,148</u>	<u>3,822,504</u>
Legislative:			
Wages/benefits	802,070	802,070	789,919
Other	285,664	285,664	269,776
	<u>1,087,734</u>	<u>1,087,734</u>	<u>1,059,695</u>

City of Akron, Ohio

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

For the Year Ended December 31, 2003
(continued)

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Municipal Court - Clerk:			
Wages/benefits	\$ 2,565,750	\$ 2,515,750	\$ 2,448,394
Other	349,231	399,231	345,965
	<u>2,914,981</u>	<u>2,914,981</u>	<u>2,794,359</u>
Municipal Court - Judges:			
Wages/benefits	2,903,740	2,903,740	2,905,999
Other	273,569	273,569	208,882
	<u>3,177,309</u>	<u>3,177,309</u>	<u>3,114,881</u>
Office of the Mayor:			
Wages/benefits	2,477,370	2,327,370	2,213,592
Other	449,334	459,334	427,096
	<u>2,926,704</u>	<u>2,786,704</u>	<u>2,640,688</u>
Planning Administration:			
Wages/benefits	1,291,390	1,271,390	1,231,751
Other	142,313	187,313	160,151
	13,000	13,000	11,920
	<u>1,446,703</u>	<u>1,471,703</u>	<u>1,403,822</u>
Public Health:			
Wages/benefits	6,414,780	6,384,780	6,301,439
Other	1,063,246	1,350,246	1,185,376
Capital outlay	-	6,960	6,381
	<u>7,478,026</u>	<u>7,741,986</u>	<u>7,493,196</u>
Public Safety:			
Wages/benefits	7,831,210	7,671,210	7,483,372
Other	10,468,643	10,908,643	10,586,107
Capital outlay	20,000	20,000	13,161
	<u>18,319,853</u>	<u>18,599,853</u>	<u>18,082,640</u>
Public Service:			
Wages/benefits	12,665,010	12,405,010	12,195,204
Other	11,370,190	11,687,110	11,491,132
	<u>24,035,200</u>	<u>24,092,120</u>	<u>23,686,336</u>
Fire:			
Wages/benefits	24,561,850	24,461,850	24,101,600
Other	1,871,995	1,871,995	1,777,558
Capital outlay	49,000	49,000	48,890
	<u>26,482,845</u>	<u>26,382,845</u>	<u>25,928,048</u>

City of Akron, Ohio

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

For the Year Ended December 31, 2003
(continued)

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Police:			
Wages/benefits	\$ 38,981,070	\$ 38,697,110	\$ 38,458,728
Other	4,020,256	4,420,256	4,397,681
Capital outlay	39,734	39,734	26,837
	<u>43,041,060</u>	<u>43,157,100</u>	<u>42,883,246</u>
Total expenditures	142,259,049	143,983,469	140,675,202
Other uses:			
Transfer to Airport	260,780	260,780	260,775
Transfer to Mud Run Golf Course	125,000	330,000	330,000
Transfer to Highway Maintenance	1,800,000	2,088,080	1,800,000
	<u>2,185,780</u>	<u>2,678,860</u>	<u>2,390,775</u>
Total expenditures and other uses	<u>144,444,829</u>	<u>146,662,329</u>	<u>143,065,977</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,479,377	(1,679,629)	(448,962)
Fund balance, January 1, 2003	<u>3,720,639</u>	<u>3,720,639</u>	<u>3,720,639</u>
Fund balance, December 31, 2003	<u>\$ 5,200,016</u>	<u>\$ 2,041,010</u>	<u>\$ 3,271,677</u>

City of Akron, Ohio

Notes to the Budgetary Comparison Schedule – General Fund

For the Year Ended December 31, 2003

Budgetary Data

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

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

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

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

	General Fund
Deficiency of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ (448,962)
Adjustments:	
To adjust revenues for accruals	(9,963,675)
To adjust expenditures for accruals	10,056,182
To adjust for encumbrances	<u>2,980,556</u>
Net change in fund balance	<u><u>\$ 2,624,101</u></u>

**SUPPLEMENTARY
INFORMATION**

NON-MAJOR GOVERNMENTAL FUNDS

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

To Account for Special Purposes:

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

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

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

To Account for Grant Revenue and Other Funding Sources:

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

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2003

	Special Revenue Funds						
	Income Tax Collection	Emergency Medical Service	Special Assessment	Income Tax Capital Improvement	C.I.P. Operating	Street and Highway Maintenance	Street Assessment Fund
Assets							
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 163,209	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	10,086,104	-	-	4,562,078	3,156,209	-
Loans receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	156	-	1,212	-
Due from other funds	1,115,602	669,005	424,993	5,488,999	-	-	6,592,869
Due from others	-	-	-	-	-	-	-
Total assets	\$ 1,115,602	\$ 10,755,109	\$ 424,993	\$ 5,489,155	\$ 4,725,287	\$ 3,157,421	\$ 6,592,869
Liabilities							
Accounts payable	\$ 199,231	\$ 42,128	\$ 379,250	\$ 47,980	\$ 21,818	\$ 223,311	\$ 398,555
Customer deposits	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Due to other funds	248,450	8,945	1,014	5,142	7,107	895,649	542,274
Due to others	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-
Deferred revenue	-	8,453,510	-	-	1,618,802	2,274,883	-
Matured bonds payable	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	168,134	-	-	-
Accrued wages	66,168	305,927	11,262	110	34,745	257,301	106,197
Accrued vacation and leave	-	45,847	-	-	-	-	-
Total liabilities	513,849	8,856,357	391,526	221,366	1,682,472	3,651,144	1,047,026
Fund balances							
Fund balance:							
Reserved for encumbrances	53,512	203,381	1,607	658,295	10,839	324,170	1,349,249
Reserved for loans receivable	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	13,880	24,786	249	180,781	786	56,065	21,916
Unreserved reported in special revenue funds	534,361	1,670,585	31,611	4,428,713	3,031,190	(873,958)	4,174,678
Unreserved reported in debt service funds	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-
Total fund balances	601,753	1,898,752	33,467	5,267,789	3,042,815	(493,723)	5,545,843
Total liabilities and fund balances	\$ 1,115,602	\$ 10,755,109	\$ 424,993	\$ 5,489,155	\$ 4,725,287	\$ 3,157,421	\$ 6,592,869

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2003
(continued)

	Special Revenue Funds						
	Equipment Replacement	Convention and Exhibition Hall	Weed Control	Litter Control	Building Code Enforcement	Community Development	Air Pollution Control
Assets							
Pooled cash and investments	\$ -	\$ -	\$ 18,552	\$ 658	\$ 177	\$ -	\$ -
Restricted cash and investments	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	9,656	-	-	-	238,750	46,025
Loans receivable	-	-	-	-	-	321,615	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	134,386	-	-	-	-	1,843,039
Due from others	-	-	-	-	-	-	-
Total assets	\$ -	\$ 144,042	\$ 18,552	\$ 658	\$ 177	\$ 560,365	\$ 1,889,064
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,181	\$ 23,712	\$ 603,482	\$ 1,776
Customer deposits	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Due to other funds	821,881	-	1,085	-	-	634,632	2,742
Due to others	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Accrued wages	-	-	3,281	-	-	93,987	37,641
Accrued vacation and leave	-	-	-	-	-	-	-
Total liabilities	\$ 821,881	\$ -	\$ 4,366	\$ 2,181	\$ 23,712	\$ 1,332,101	\$ 42,159
Fund balances							
Fund balance:							
Reserved for encumbrances	566,725	-	9,457	30,400	9,632	709,294	12,480
Reserved for loans receivable	-	-	-	-	-	238,750	-
Unreserved designated for pre-encumbrances	223,459	-	9,000	-	2,000	63,687	5,532
Unreserved reported in special revenue funds	(1,612,065)	144,042	(4,271)	(31,923)	(35,167)	(1,783,467)	1,828,893
Unreserved reported in debt service funds	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-
Total fund balances	\$ (821,881)	\$ 144,042	\$ 14,186	\$ (1,523)	\$ (23,535)	\$ (771,736)	\$ 1,846,905
Total liabilities and fund balances	\$ -	\$ 144,042	\$ 18,552	\$ 658	\$ 177	\$ 560,365	\$ 1,889,064

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

December 31, 2003
 (continued)

	Special Revenue Funds							E.D.A. Revolving Loans
	Community Environment Grants	Akron Metro. Area Transportation Study	Summer Lunch Program	H.O.M.E. Program	K.A.B. Litter Control	Tax Equivalency		
Assets								
Pooled cash and investments	\$ -	\$ -	\$ 5,573	\$ -	\$ 739	\$ -	\$ -	\$ 55,641
Restricted cash and investments	-	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	94,581	-	5,000	-	-	-	-
Loans receivable	814,111	-	-	1,471,885	-	-	-	37,521
Due from other governments	91,111	-	-	-	4,905	-	-	-
Due from other funds	476,814	-	-	1,231,068	-	-	332,516	-
Due from others	-	-	-	-	-	-	-	-
Total assets	\$ 1,382,036	\$ 94,581	\$ 5,573	\$ 2,707,953	\$ 5,644	\$ 332,516	\$ -	\$ 93,162
Liabilities								
Accounts payable	\$ 54,278	\$ 6,721	\$ -	\$ 85,926	\$ 133	\$ 26,953	\$ -	\$ -
Customer deposits	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	-	51,693	172	-	1,400	140	-	-
Due to others	-	-	-	-	-	-	-	-
Deferred grant revenue	-	-	12,576	487,437	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-
Accrued wages	-	36,826	-	-	-	-	-	-
Accrued vacation and leave	-	-	-	-	-	-	-	-
Total liabilities	\$ 54,278	\$ 95,240	\$ 12,748	\$ 573,363	\$ 1,533	\$ 27,093	\$ -	\$ -
Fund balances								
Fund balance:								
Reserved for encumbrances	117,496	36,795	1,500	743,434	-	11,756	-	-
Reserved for loans receivable	814,111	-	-	1,471,885	-	-	-	37,521
Unreserved designated for pre-encumbrances	-	347	-	-	2,366	11,000	-	-
Unreserved reported in special revenue funds	396,151	(37,801)	(8,675)	(80,729)	1,745	282,667	-	55,641
Unreserved reported in debt service funds	-	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-	-
Total fund balances	\$ 1,327,758	\$ (659)	\$ (7,175)	\$ 2,134,590	\$ 4,111	\$ 305,423	\$ -	\$ 93,162
Total liabilities and fund balances	\$ 1,382,036	\$ 94,581	\$ 5,573	\$ 2,707,953	\$ 5,644	\$ 332,516	\$ -	\$ 93,162

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2003
(continued)

Special Revenue Funds									
	Various Domestic Violence	Safety Programs	Health Grants	City Facilities Operating	Various Purpose Funding	Recreation Special Purpose	Deposits		
Assets									
Pooled cash and investments	\$ -	\$ -	\$ 151,988	\$ 249,573	\$ -	\$ -	\$ 61,937	\$ -	\$ 390,038
Restricted cash and investments	-	-	-	-	-	-	-	-	-
Receivables, net of allowances for uncollectibles	-	37,007	57,639	25,296	-	-	-	-	8,000
Loans receivable	-	-	-	-	-	-	-	-	-
Due from other governments	15,776	98,223	19,238	-	-	-	-	-	-
Due from other funds	85,720	9,006	14,077	334,458	13,232	115,187	-	-	1,097,979
Due from others	-	-	-	-	-	-	-	-	-
Total assets	\$ 101,496	\$ 144,236	\$ 242,942	\$ 609,327	\$ 13,232	\$ 177,124	\$ -	\$ -	\$ 1,496,017
Liabilities									
Accounts payable	\$ 17,818	\$ 46,547	\$ 349,439	\$ 176,430	\$ 26,205	\$ 140	\$ -	\$ -	\$ 175,780
Customer deposits	-	-	-	-	-	-	-	-	600,360
Due to other governments	-	-	-	-	-	-	-	-	-
Due to other funds	177,303	125,126	7,261	21,618	681,575	10,000	-	-	277,440
Due to others	-	-	-	-	-	-	-	-	-
Deferred grant revenue	-	137,603	144,061	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	20,248	-	-	-	-	460,079
Accrued wages	1,010	2,642	93,709	1,779	-	475	-	-	-
Accrued vacation and leave	-	-	-	-	-	-	-	-	-
Total liabilities	196,131	311,918	594,470	220,075	707,780	10,615	-	-	1,513,659
Fund balances									
Fund balance:									
Reserved for encumbrances	104,702	123,228	1,561,554	160,542	330,458	74,352	-	-	-
Reserved for loans receivable	-	-	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	-	62,609	71,262	6,180	-	13,392	-	-	-
Unreserved reported in special revenue funds	(199,337)	(353,519)	(1,984,344)	222,530	(1,025,006)	78,765	-	-	(17,642)
Unreserved reported in debt service funds	-	-	-	-	-	-	-	-	-
Unreserved reported in capital project funds	-	-	-	-	-	-	-	-	-
Total fund balances	(94,635)	(167,682)	(351,528)	389,252	(694,548)	166,509	-	-	(17,642)
Total liabilities and fund balances	\$ 101,496	\$ 144,236	\$ 242,942	\$ 609,327	\$ 13,232	\$ 177,124	\$ -	\$ -	\$ 1,496,017

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2003

(continued)

	Special Revenue Funds					Debt Service Funds				
	Payroll	Investment Earnings	Community Learning Centers	General Bond Payment	Debt Service Bond Payment	Main Place Bond Payment	Market Valley Urban Renewal Bond Payment			
\$	-	\$ 17,624	-	\$ -	\$ -	\$ -	\$ -			
Pooled cash and investments	-	-	-	-	3,928,020	296,773	3,009			
Restricted cash and investments	-	-	-	-	2,475	-	-			
Receivables, net of allowances for uncollectibles	-	-	-	988,759	-	-	-			
Loans receivable	-	-	-	-	-	-	-			
Due from other governments	-	-	-	-	-	-	-			
Due from other funds	-	-	-	363,498	-	-	-			
Due from others	2,618,118	-	-	-	-	-	-			
Total assets	\$ 2,618,118	\$ 17,624	\$ -	\$ 1,352,257	\$ 3,930,495	\$ 296,773	\$ 3,009			

\$	1,448,475	\$ -	\$ 148,361	\$ 25,449	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-
Due to other governments	-	-	-	456	-	-	-
Due to other funds	1,129,307	39,815	203,405	-	-	-	-
Due to others	-	-	-	-	-	-	-
Deferred grant revenue	-	-	-	876,481	-	-	-
Deferred revenue	-	-	-	-	230,000	-	-
Matured bonds payable	-	-	-	-	52,200	-	-
Matured interest payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	11,297	-	-	-
Accrued wages	-	-	-	-	-	-	-
Accrued vacation and leave	-	-	-	-	-	-	-
Total liabilities	2,577,782	39,815	351,766	913,683	282,200	-	-

\$	40,336	(22,191)	(351,766)	432,376	3,648,295	296,773	3,009
Fund balances:	-	-	-	-	-	-	-
Reserved for encumbrances	-	-	-	5,733	-	-	-
Reserved for loans receivable	-	-	-	-	-	-	-
Unreserved designated for pre-encumbrances	-	-	-	465	-	-	-
Unreserved reported in special revenue funds	40,336	(22,191)	(351,766)	-	-	-	-
Unreserved reported in debt service funds	-	-	-	432,376	3,648,295	296,773	3,009
Unreserved reported in capital project funds	-	-	-	-	-	-	-
Total fund balances	40,336	(22,191)	(351,766)	438,574	3,648,295	296,773	3,009

\$	2,618,118	\$ 17,624	\$ -	\$ 1,352,257	\$ 3,930,495	\$ 296,773	\$ 3,009
Total liabilities and fund balances							

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2003
(continued)

	Debt Service Funds				Capital Project Funds			
	Downtown Hotel Bond Payment	Non-Tax Revenue Bond Payment	Pension Obligation Refunding	JEDD Bond Payment	Non-appropriated Capital Projects	Road and Bridge Improvements	Streets	
Assets								
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted cash and investments	4	3,096,424	51,346	4,404,020	-	1,153,877	394,239	
Receivables, net of allowances for uncollectibles	-	-	-	-	-	-	-	
Loans receivable	-	-	-	-	277,191	131,476	5,163,721	
Due from other governments	-	-	-	-	-	-	717,457	
Due from other funds	-	-	-	-	-	-	-	
Due from others	-	-	-	-	-	-	-	
Total assets	4	3,096,424	51,346	4,404,020	277,191	1,285,353	6,275,417	
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	14,650	6,561	
Customer deposits	-	-	-	-	-	-	-	
Due to other governments	-	-	-	-	967,156	891,121	9,995,602	
Due to other funds	-	-	-	-	-	-	-	
Due to others	-	-	-	-	-	978,345	-	
Deferred grant revenue	-	-	-	-	-	-	-	
Deferred revenue	-	-	-	-	-	-	-	
Matured bonds payable	-	-	-	-	-	-	-	
Matured interest payable	-	-	-	-	24,086	121,477	2,129,047	
Accrued liabilities	-	-	-	-	110	-	1,106	
Accrued wages	-	-	-	-	-	-	-	
Accrued vacation and leave	-	-	-	-	-	-	-	
Total liabilities	-	-	-	-	991,352	2,005,593	12,132,316	
Fund balances								
Fund balance:								
Reserved for encumbrances	-	-	-	-	175,429	749,060	7,443,581	
Reserved for loans receivable	-	-	-	-	-	-	-	
Unreserved designated for pre-encumbrances	-	-	-	-	-	-	34,179	
Unreserved reported in special revenue funds	-	-	-	-	-	-	-	
Unreserved reported in debt service funds	4	3,096,424	51,346	4,404,020	-	-	-	
Unreserved reported in capital project funds	-	-	-	-	(889,590)	(1,469,300)	(13,334,659)	
Total fund balances	4	3,096,424	51,346	4,404,020	(714,161)	(720,240)	(5,856,899)	
Total liabilities and fund balances	4	3,096,424	51,346	4,404,020	277,191	1,285,353	6,275,417	

City of Akron, Ohio

Combining Balance Sheet - Non-Major Governmental Funds

December 31, 2003
(continued)

	Capital Project Funds					Total
	Capital Projects with Private Funding	Information Technology and Improvements	Transportation	Parks and Recreation	Public Facilities and Improvements	
Assets						
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,125,218
Restricted cash and investments	-	-	-	-	-	15,849,790
Receivables, net of allowances for uncollectibles	-	-	-	-	-	22,206,158
Loans receivable	-	-	-	-	-	2,562,267
Due from other governments	-	1,701,003	-	-	-	8,757,233
Due from other funds	-	-	-	936,780	420,003	42,651,982
Due from others	-	-	-	-	-	2,618,118
Total assets	\$ -	\$ 1,701,003	\$ 936,780	\$ 420,003	\$ 4,944,101	\$ 95,770,766
Liabilities						
Accounts payable	\$ -	45,703	\$ -	2,989	21,750	\$ 4,957,012
Customer deposits	-	-	-	-	-	600,360
Due to other governments	-	-	-	-	-	14,183
Due to other funds	1,044,015	158,760	1,956,768	153,583	2,241	21,863,908
Due to others	-	-	-	-	-	277,440
Deferred grant revenue	-	-	-	-	-	781,677
Deferred revenue	-	-	-	-	-	14,560,322
Matured bonds payable	-	-	-	-	-	230,000
Matured interest payable	-	-	-	-	-	52,200
Accrued liabilities	21,449	20,188	585,570	414,621	349,055	5,704,207
Accrued wages	-	-	84	177	-	1,130,333
Accrued vacation and leave	-	-	-	-	-	45,847
Total liabilities	1,065,464	224,651	2,542,422	571,370	373,046	50,217,489
Fund balances						
Fund balance:						
Reserved for encumbrances	172,364	216,770	1,715,353	2,043,971	1,253,577	31,631,089
Reserved for loans receivable	-	-	-	-	-	2,562,267
Unreserved designated for pre-encumbrances	10,000	-	-	-	362,610	1,392,533
Unreserved reported in special revenue funds	-	-	-	-	-	22,252,947
Unreserved reported in debt service funds	-	-	-	-	-	11,932,247
Unreserved reported in capital project funds	(1,247,828)	(441,421)	(2,556,772)	(1,678,561)	(1,569,230)	(24,217,806)
Total fund balances	(1,065,464)	(224,651)	(841,419)	365,410	46,957	45,553,277
Total liabilities and fund balances	\$ -	\$ -	\$ 1,701,003	\$ 936,780	\$ 420,003	\$ 95,770,766

City of Akron, Ohio

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

Year Ended December 31, 2003

	Special Revenue Funds						
	Income Tax Collection	Emergency Medical Service	Special Assessment	Income Tax Capital Improvement	C.I.P. Operating	Street and Highway Maintenance	Street Assessment Fund
Revenues							
Income taxes	\$ 5,040,532	\$ -	\$ -	\$ 320,304	\$ 1,457,993	\$ -	\$ -
Property taxes	-	8,199,252	-	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-
Special assessments	-	-	1,792,883	-	-	-	7,448,761
Grants and subsidies:							
Community development	-	-	-	-	-	-	-
Other	-	-	-	92,712	-	8,479	-
Investment earnings	-	-	-	-	-	-	-
Shared revenues	-	973,990	-	-	-	5,487,257	-
Licenses, fees and fines	-	-	-	-	-	38,150	-
Charges for services	136,192	1,007,285	1,168	13,057	-	1,739,098	58,989
Miscellaneous	17,139	-	20	483,935	40	101,022	21,530
	5,193,863	10,180,527	1,794,071	910,008	1,458,033	7,374,006	7,529,280
Expenditures							
Current:							
General government	4,977,670	-	1,787,490	-	92	-	-
Public service	-	-	-	1,475,219	-	8,570,082	6,447,293
Public safety	-	9,647,184	-	64,058	-	1,211,691	-
Community environment	-	-	-	27,651	1,239,028	-	-
Public health	-	-	-	-	-	-	-
Recreation and parks	-	-	-	120,105	-	-	-
Capital outlay	-	-	-	2,565,285	-	-	-
Debt service:							
Principal Retirement	-	-	-	24,898	-	52,508	20,727
Interest	-	-	-	-	-	-	-
Bond issuance expenditures	-	-	-	-	-	-	-
	4,977,670	9,647,184	1,787,490	4,277,216	1,239,120	9,834,281	6,468,020
	216,193	533,343	6,581	(3,367,208)	218,913	(2,460,275)	1,061,260
Excess (deficiency) of revenues over expenditures							
Other financing sources (uses)							
Proceeds of general obligation bonds	-	-	-	1,660,000	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	1,800,000	-
Transfers-out	-	-	-	1,660,000	-	1,800,000	-
	216,193	533,343	6,581	(1,707,208)	218,913	(660,275)	1,061,260
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	385,560	1,365,409	26,886	6,974,997	2,823,902	166,552	4,484,583
Fund balances (deficits), January 1, 2003	601,753	1,898,752	33,467	5,267,789	3,042,815	(493,723)	5,545,843
Fund balances (deficits), December 31, 2003							

City of Akron, Ohio

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

Year Ended December 31, 2003
(continued)

	Special Revenue Funds							
	Equipment Replacement	Convention and Exhibition Hall	Weed Control	Litter Control	Building Code Enforcement	Community Development	Air Pollution Control	
Revenues								
Income taxes	\$ 324,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-	-
Special assessments	-	-	121,537	28,816	76,113	-	-	-
Grants and subsidies:								
Community development	-	-	-	-	-	8,067,097	-	-
Other	-	-	-	-	-	-	1,156,223	-
Investment earnings	-	-	-	-	-	-	-	-
Shared revenues	-	205,183	-	-	-	-	-	-
Licenses, fees and fines	-	-	-	-	-	94,576	-	168,211
Charges for services	-	-	-	92,067	-	-	-	1,610
Miscellaneous	49,620	-	-	47	-	392,600	-	359
	374,292	205,183	121,537	120,930	76,113	8,554,273	-	1,326,403
Expenditures								
Current:								
General government	11,999	275,000	160	-	-	78,109	-	-
Public service	2,439,321	-	138,454	-	-	-	-	-
Public safety	791,549	-	-	-	-	-	-	-
Community environment	23,400	-	-	-	204,678	7,635,874	-	-
Public health	-	-	-	152,774	-	270,748	-	1,409,739
Recreation and parks	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal Retirement	-	-	-	-	-	52,532	-	-
Interest	-	-	-	-	-	-	-	-
Bond issuance expenditures	-	-	-	-	-	-	-	-
	3,266,269	275,000	138,614	152,774	204,678	8,037,263	-	1,409,739
Excess (deficiency) of revenues over expenditures	(2,891,977)	(69,817)	(17,077)	(31,844)	(128,565)	517,010	-	(83,336)
Other financing sources (uses)								
Proceeds of general obligation bonds	-	-	-	-	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-	-
Transfers-in	-	-	41,000	28,000	105,000	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
	-	-	41,000	28,000	105,000	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,891,977)	(69,817)	23,923	(3,844)	(23,565)	517,010	-	(83,336)
Fund balances (deficits), January 1, 2003	2,070,096	213,859	(9,737)	2,321	30	(1,288,746)	-	1,930,241
Fund balances (deficits), December 31, 2003	\$(821,881)	\$ 144,042	\$ 14,186	\$(1,523)	\$(23,535)	\$(771,736)	\$ -	\$ 1,846,905

City of Akron, Ohio

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

Year Ended December 31, 2003
(continued)

	Akron							E.D.A. Revolving Loans
	Community Environment Grants	Metro. Area Transportation Study	Summer Lunch Program	H.O.M.E. Program	K.A.B. Litter Control	Tax Equivalency		
Revenues								
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,635	\$ -
Property taxes	-	-	-	-	-	-	261,703	-
JEDD revenues	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Grants and subsidies:								
Community development	225,688	-	-	998,738	-	-	-	-
Other	-	1,222,838	127,824	-	78,925	-	-	668
Investment earnings	12,865	-	-	-	-	-	-	-
Shared revenues	-	-	-	-	-	-	45,997	-
Licenses, fees and fines	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	6,326	98,784	-	556,669	5,982	-	228,135	-
	244,879	1,321,622	127,824	1,555,407	84,907	-	689,470	668
Expenditures								
Current:								
General government	-	-	-	-	-	-	138,808	-
Public service	-	-	4,414	-	-	-	285,465	-
Public safety	-	-	-	-	-	-	-	-
Community environment	270,279	1,241,667	-	1,509,916	124,251	-	25,840	-
Public health	-	-	-	-	-	-	-	-
Recreation and parks	-	-	123,496	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal Retirement	-	-	-	-	-	-	184,408	-
Interest	-	-	-	-	-	-	-	-
Bond issuance expenditures	-	-	-	-	-	-	-	-
	270,279	1,241,667	127,910	1,509,916	124,251	-	634,521	-
Excess (deficiency) of revenues over expenditures	(25,400)	79,955	(86)	45,491	(39,344)	-	54,949	668
Other financing sources (uses)								
Proceeds of general obligation bonds	-	-	-	-	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	28,000	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
	-	-	-	-	28,000	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(25,400)	79,955	(86)	45,491	(11,344)	-	54,949	668
Fund balances (deficits), January 1, 2003	1,353,158	(80,614)	(7,089)	2,089,099	15,455	-	250,474	92,494
Fund balances (deficits), December 31, 2003	\$ 1,327,758	\$ (659)	\$ (7,175)	\$ 2,134,590	\$ 4,111	\$ -	\$ 305,423	\$ 93,162

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
 Year Ended December 31, 2003
 (continued)

Special Revenue Funds		Joint Economic Development Districts	Joint Muni. Court Information System	Canal Park Stadium COPS	Public Health	Police Grants
Section 108 Loans	Industrial Incubator					
\$	\$	\$	\$	\$	\$	\$
Revenues						
Income taxes	190,000	-	-	3,938,774	-	-
Property taxes	-	-	-	-	-	-
JEDD revenues	-	12,532,059	-	-	-	-
Special assessments	-	-	-	-	-	-
Grants and subsidies:						
Community development	-	-	-	-	-	1,310,778
Other	-	-	-	26,636	-	-
Investment earnings	-	-	-	-	-	41,980
Shared revenues	-	-	-	-	-	-
Licenses, fees and fines	-	-	221,625	-	553,623	-
Charges for services	128,686	1,179,854	-	-	1,224,555	110,214
Miscellaneous	190,160	1,003,929	-	-	168,420	1,014
	41,246	14,715,842	221,625	3,965,410	1,946,598	1,463,986
	508,846					
Expenditures						
Current:						
General government	-	4,059,207	74,871	10,315	182,714	-
Public service	-	2,288,782	-	-	-	1,934,699
Public safety	-	-	-	-	-	-
Community environment	-	61,186	-	-	-	-
Public health	-	-	-	-	1,869,306	-
Recreation and parks	-	-	-	-	-	-
Capital outlay	-	565,873	-	-	1,693	-
Debt service:						
Principal Retirement	24,897	1,752,936	-	1,142,624	-	-
Interest	7,682	2,519,846	-	2,795,696	-	-
Bond issuance expenditures	-	-	-	-	-	-
	7,682	16,334,544	74,871	3,948,635	2,053,713	1,934,699
	(81,924)	(1,618,702)	146,754	16,775	(107,115)	(470,713)
Excess (deficiency) of revenues over expenditures						
Other financing sources (uses)						
Proceeds of general obligation bonds	-	3,000,000	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-
Transfers-in	-	-	-	-	4,737	362,777
Transfers-out	-	3,000,000	-	-	4,737	362,777
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	33,564	1,381,298	146,754	16,775	(102,378)	(107,936)
Fund balances (deficits), January 1, 2003	(38,238)	(4,993)	376,006	4,053,419	822,204	(29,467)
Fund balances (deficits), December 31, 2003	(4,674)	(86,917)	14,628,069	4,070,194	719,826	(137,403)

City of Akron, Ohio

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

Year Ended December 31, 2003
(continued)

Special Revenue Funds									
	Various Domestic Violence	Safety Programs	Health Grants	City Facilities Operating	Various Purpose Funding	Recreation Special Purpose	Deposits		
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	150,000
JEDD revenues	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Grants and subsidies:									
Community development	-	-	354,653	-	54,977	-	-	-	-
Other	15,776	538,939	4,191,617	-	-	-	-	-	-
Investment earnings	-	8,881	3,524	-	20,068	-	-	-	-
Shared revenues	-	206,585	-	-	-	-	-	-	-
Licenses, fees and fines	-	77,039	59,764	-	-	-	-	-	91,180
Charges for services	-	29,522	2,349,076	107,081	-	377,400	-	-	-
Miscellaneous	601	253,852	82,332	1,334,883	218,852	106,471	-	-	540,059
	16,377	1,114,818	7,040,966	1,441,964	293,897	483,871	-	-	781,239
Expenditures									
Current:									
General government	115,348	9,000	-	18,457	172,067	-	-	-	949,426
Public service	-	-	-	1,035,488	691,248	-	-	-	-
Public safety	-	907,048	-	-	-	-	-	-	-
Community environment	-	-	-	-	284,427	-	-	-	-
Public health	-	-	6,754,876	-	-	-	-	-	-
Recreation and parks	-	-	-	400,731	-	379,682	-	-	-
Capital outlay	-	-	-	-	-	2,684	-	-	-
Debt service:									
Principal Retirement	-	276,324	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Bond issuance expenditures	-	-	-	-	-	-	-	-	-
	115,348	1,192,372	6,754,876	1,454,676	1,147,742	382,366	-	-	949,426
Excess (deficiency) of revenues over expenditures	(98,971)	(77,554)	286,090	(12,712)	(853,845)	101,505	-	-	(168,187)
Other financing sources (uses)									
Proceeds of general obligation bonds	-	-	-	-	-	-	-	-	-
Proceeds of general obligation notes	-	-	-	-	-	-	-	-	-
Premium on G.O. Debt	-	-	-	-	-	-	-	-	-
Transfers-in	80,000	341	14,124	227,175	-	-	-	-	-
Transfers-out	-	-	(3,460)	-	-	-	-	-	(15,401)
	80,000	341	10,664	227,175	-	-	-	-	(15,401)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(18,971)	(77,213)	296,754	214,463	(853,845)	101,505	-	-	(183,588)
Fund balances (deficits), January 1, 2003	(75,664)	(90,469)	(648,282)	174,789	159,297	65,004	-	-	165,946
Fund balances (deficits), December 31, 2003	\$ (94,635)	\$ (167,682)	\$ (351,528)	\$ 389,252	\$ (694,548)	\$ 166,509	\$ -	\$ -	\$ (17,642)

City of Akron, Ohio

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

Year Ended December 31, 2003
(continued)

	Special Revenue Funds			Debt Service Funds				
	Payroll	Investment Earnings	Community Learning Centers	General Bond Payment	Debt Service Bond Payment	Main Place Bond Payment	Market Valley Urban Renewal Bond Payment	
Revenues								
Income taxes	\$ -	\$ -	\$ -	\$ -	\$ 16,800,321	\$ -	\$ -	
Property taxes	-	-	-	328,731	1,350,461	228,322	-	
JEDD revenues	-	-	-	-	-	-	-	
Special assessments	-	-	-	-	-	-	-	
Grants and subsidies:								
Community development	-	-	-	-	-	-	-	
Other	-	-	-	-	56,873	2,426	-	
Investment earnings	-	-	-	-	-	-	-	
Shared revenues	-	-	-	118,270	-	-	-	
Licenses, fees and fines	-	-	-	-	-	-	-	
Charges for services	-	-	-	-	-	-	-	
Miscellaneous	-	-	-	-	447,639	-	-	
				447,001	18,655,294	230,748	-	
Expenditures								
Current:								
General government	-	34,329	351,766	395,356	446,299	-	-	
Public service	-	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	-	
Community environment	-	-	-	-	-	-	-	
Public health	-	-	-	-	-	-	-	
Recreation and parks	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	-	-	-	
Debt service:								
Principal Retirement	-	-	-	-	10,775,214	244,027	-	
Interest	-	-	-	-	8,545,594	-	-	
Bond issuance expenditures	-	-	-	-	399,142	-	-	
	-	34,329	351,766	395,356	20,166,249	244,027	-	
	-	(34,329)	(351,766)	51,645	(1,510,955)	(13,279)	-	
Other financing sources (uses)								
Proceeds of general obligation bonds	-	-	-	-	-	-	-	
Proceeds of general obligation notes	-	-	-	-	-	-	-	
Premium on G.O. Debt	-	-	-	-	957,200	-	-	
Transfers-in	-	-	-	-	115,714	-	-	
Transfers-out	-	-	-	-	-	-	-	
	-	-	-	-	1,072,914	-	-	
Excess (deficiency) of revenues over expenditures	-	(34,329)	(351,766)	51,645	(438,041)	(13,279)	-	
Other financing sources over expenditures and other financing uses								
Fund balances (deficits), January 1, 2003	40,336	12,138	-	386,929	4,086,336	310,052	3,009	
Fund balances (deficits), December 31, 2003	\$ 40,336	\$ (22,191)	\$ (351,766)	\$ 438,574	\$ 3,648,295	\$ 296,773	\$ 3,009	

City of Akron, Ohio

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

Year Ended December 31, 2003

(continued)

	Debt Service Funds					Capital Project Funds			
	Downtown	Hotel	Non-Tax	Pension	JEDD	Non-appropriated	Road	and	Streets
	Payment	Bond	Revenue	Obligation	Bond	Capital	Improvements	Bridge	
		Payment	Payment	Refunding	Payment	Projects			
Revenues	\$ -	\$ -	\$ 2,835,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	708,665	-	-	-	-	-
JEDD revenues	-	-	-	-	-	-	-	-	975,965
Special assessments	-	-	-	-	-	-	-	-	-
Grants and subsidies:	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	1,887,867
Other	-	-	-	-	-	579,569	-	-	7,092,123
Investment earnings	4	2,052	-	294	55,714	-	2,276,829	-	-
Shared revenues	-	-	-	-	-	-	-	-	-
Licenses, fees and fines	-	-	-	-	-	-	-	-	341,620
Charges for services	-	-	-	-	-	139,306	-	-	601,408
Miscellaneous	-	-	-	-	-	718,875	2,297,637	-	10,898,983
	4	2,837,292	708,959	55,714	55,714	597,179	4,734,460	16,154,817	
Expenditures									
Current:									
General government	-	4,632	-	380	-	256	1,727,255	-	395
Public service	-	-	-	-	-	-	-	-	3,168,496
Public safety	-	-	-	-	-	-	-	-	-
Community environment	-	-	-	-	-	80,758	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Recreation and parks	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	516,165	3,007,205	-	12,340,071
Debt service:									
Principal Retirement	-	1,285,000	-	275,000	-	-	-	-	645,855
Interest	-	1,550,240	-	433,665	93,490	-	-	-	-
Bond issuance expenditures	-	2,839,872	-	709,045	93,490	597,179	4,734,460	16,154,817	-
	4	(2,580)	(86)	(86)	(37,776)	121,696	(2,436,823)	(5,255,834)	
Excess (deficiency) of revenues over expenditures									
Other financing sources (uses)									
Proceeds of general obligation bonds	-	-	-	-	-	-	675,000	-	4,545,000
Proceeds of general obligation notes	-	-	-	-	-	-	-	-	1,871,200
Premium on G.O. Debt	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-	-
	4	(2,580)	(86)	(86)	(37,776)	121,696	(1,761,823)	1,160,366	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses									
Fund balances (deficits), January 1, 2003	-	3,099,004	51,432	4,441,796	(835,857)	1,041,583	(7,017,265)		
Fund balances (deficits), December 31, 2003	4	\$ 3,096,424	\$ 51,346	\$ 4,404,020	\$ (714,161)	\$ (720,240)	\$ (5,856,899)		

City of Akron, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
 Year Ended December 31, 2003
 (continued)

	Capital Project Funds					Total
	Capital Projects with Private Funding	Information Technology and Improvements	Transportation	Parks and Recreation	Public Facilities and Improvements	
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,061,471
Income taxes	-	-	-	-	-	11,227,134
Property taxes	-	-	-	-	-	12,532,059
JEDD revenues	-	-	-	-	-	10,444,075
Special assessments	-	-	-	-	-	11,589,020
Grants and subsidies:	-	-	-	-	-	21,031,787
Community development	-	-	-	-	-	190,005
Other	-	4,610,187	-	-	5,797	9,356,091
Investment earnings	-	-	-	-	-	1,317,209
Shared revenues	13,041	-	-	-	-	8,897,474
Licenses, fees and fines	-	-	-	-	-	7,785,930
Charges for services	10,059	-	-	282,103	380,483	125,432,255
Miscellaneous	23,100	-	4,610,187	282,103	386,280	
						97
Expenditures						
Current:						
General government	-	333,594	-	-	1,981	14,429,465
Public service	238,396	74,051	5,051,468	1,603,965	4,388,710	48,113,708
Public safety	-	-	-	-	-	14,556,229
Community environment	-	-	-	-	-	12,648,197
Public health	-	-	-	-	-	10,538,201
Recreation and parks	-	-	-	541,990	-	1,566,004
Capital outlay	107,194	286,608	647,493	3,003,447	510,699	29,926,528
Debt service:						
Principal Retirement	-	-	-	-	345,588	17,102,538
Interest	-	-	-	-	-	15,946,213
Bond issuance expenditures	-	-	-	-	-	399,142
	345,590	694,253	5,698,961	5,149,402	5,246,978	165,226,225
	(322,490)	(694,253)	(1,088,774)	(4,867,299)	(4,860,698)	(39,793,970)
Excess (deficiency) of revenues over expenditures						
Other financing sources (uses)						
Proceeds of general obligation bonds	-	765,000	2,575,000	7,625,000	4,390,000	33,635,000
Proceeds of general obligation notes	-	-	-	-	-	1,871,200
Premium on G.O. Debt	-	-	-	-	-	957,200
Transfers-in	-	-	-	-	-	2,806,868
Transfers-out	-	765,000	2,575,000	7,625,000	4,390,000	(18,861)
						39,251,407
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(322,490)	70,747	1,486,226	2,757,701	(470,698)	(542,563)
Fund balances (deficits), January 1, 2003	(742,974)	(295,398)	(2,327,645)	(2,392,291)	517,655	46,095,840
Fund balances (deficits), December 31, 2003	(1,065,464)	(224,651)	(841,419)	365,410	46,957	45,553,277

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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Income taxes	\$ 100,585,480	\$ 100,585,480	\$ 99,938,891
Miscellaneous	272,120	272,120	155,015
	<u>100,857,600</u>	<u>100,857,600</u>	<u>100,093,906</u>
Other sources:			
Previous year's encumbrances	69,808	69,808	69,808
	<u>100,927,408</u>	<u>100,927,408</u>	<u>100,163,714</u>
Expenditures and other uses			
Expenditures:			
General Governmental:			
Taxation:			
Wages/benefits	2,087,000	2,087,000	1,951,306
Other	1,992,058	3,727,258	3,586,271
	<u>4,079,058</u>	<u>5,814,258</u>	<u>5,537,577</u>
Total expenditures			
Other uses:			
Transfer out	94,470,270	96,797,460	94,898,360
	<u>98,549,328</u>	<u>102,611,718</u>	<u>100,435,937</u>
Total expenditures and other uses			
Deficiency of revenues and other sources over expenditures and other uses	2,378,080	(1,684,310)	(272,223)
Fund balance, January 1, 2003	1,243,616	1,243,616	1,243,616
Fund balance (deficit), December 31, 2003	<u>\$ 3,621,696</u>	<u>\$ (440,694)</u>	<u>\$ 971,393</u>

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

For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Property taxes	\$ 9,231,697	\$ 9,231,697	\$ 8,773,559
Miscellaneous	10,000	10,000	3,648
	<u>9,241,697</u>	<u>9,241,697</u>	<u>8,777,207</u>
Other sources:			
Previous year's encumbrances	<u>146,790</u>	<u>146,790</u>	<u>146,790</u>
Total revenues and other sources	9,388,487	9,388,487	8,923,997
Expenditures and other uses			
Expenditures:			
Public Safety:			
Emergency Medical Services:			
Wages/benefits	8,819,940	8,819,940	8,726,240
Other	1,376,390	1,376,390	1,279,612
Capital outlay	<u>151,000</u>	<u>151,000</u>	<u>150,750</u>
Total expenditures	10,347,330	10,347,330	10,156,602
Deficiency of revenues and other sources over expenditures and other uses	(958,843)	(958,843)	(1,232,605)
Fund balance, January 1, 2003	<u>1,177,374</u>	<u>1,177,374</u>	<u>1,177,374</u>
Fund balance, December 31, 2003	<u>\$ 218,531</u>	<u>\$ 218,531</u>	<u>\$ (55,231)</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues and other sources			
Revenues:			
Special assessments	\$ 14,000,000	\$ 14,000,000	\$ 12,035,881
Other sources:			
Previous year's encumbrances	839	839	839
Total revenues and other sources	14,000,839	14,000,839	12,036,720
Expenditures and other uses			
Expenditures:			
General Governmental:			
Treasury:			
Wages/benefits	325,320	325,320	299,110
Other	182,989	664,059	613,539
Total expenditures	508,309	989,379	912,649
Other uses:			
Transfer out	12,000,000	11,518,930	10,762,471
Total expenditures and other uses	12,508,309	12,508,309	11,675,120
Deficiency of revenues and other sources over expenditures and other uses	1,492,530	1,492,530	361,600
Fund balance, January 1, 2003	61,535	61,535	61,535
Fund balance, December 31, 2003	\$ 1,554,065	\$ 1,554,065	\$ 423,135

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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Property taxes	\$ 989,110	\$ 989,110	\$ 940,024
Total revenues	989,110	989,110	940,024
Expenditures and other uses			
Expenditures:			
Public Safety:			
Police:			
Other	354,340	354,340	354,332
Total expenditures	354,340	354,340	354,332
Other uses:			
Transfer out	658,250	658,250	584,850
Total expenditures and other uses	1,012,590	1,012,590	939,182
Excess (deficiency) of revenues and other sources over expenditures and other uses	(23,480)	(23,480)	842
Fund balance, January 1, 2003	8,575	8,575	8,575
Fund balance, December 31, 2003	\$ (14,905)	\$ (14,905)	\$ 9,417

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, 2003

Budgeted Amounts

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Property taxes	\$ 989,110	\$ 989,110	\$ 940,024
Total revenues	989,110	989,110	940,024
Expenditures and other uses			
Expenditures:			
Public Safety:			
Fire:			
Other	354,340	354,350	354,332
Total expenditures	354,340	354,350	354,332
Other uses:			
Transfer out	658,250	658,250	584,850
Total expenditures and other uses	1,012,590	1,012,600	939,182
Excess (deficiency) of revenues and other sources over expenditures and other uses	(23,480)	(23,490)	842
Fund balance, January 1, 2003	8,575	8,575	8,575
Fund balance, December 31, 2003	\$ (14,905)	\$ (14,915)	\$ 9,417

Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
Capital Investments Program (C.I.P.) Operating Fund, Non-GAAP Budget Basis
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Miscellaneous	\$ 800	\$ 800	\$ 40
Other sources:			
Income tax transfers in	26,703,780	26,703,780	25,622,560
Previous year's encumbrances	40,248	40,248	40,248
Total other sources	26,744,028	26,744,028	25,662,808
Total revenues and other sources	26,744,828	26,744,828	25,662,848
Expenditures and other uses			
Expenditures:			
Community Environment:			
Planning and Urban Development:			
Wages/benefits	1,129,810	1,109,810	1,024,594
Other	186,228	306,228	256,950
Total expenditures	1,316,038	1,416,038	1,281,544
Other uses:			
Transfer out	24,441,000	24,341,000	24,313,420
Total expenditures and other uses	25,757,038	25,757,038	25,594,964
Excess (deficiency) of revenues and other sources over expenditures and other uses	987,790	987,790	67,884
Fund balance, January 1, 2003	83,699	83,699	83,699
Fund balance (deficit), December 31, 2003	\$ 1,071,489	\$ 1,071,489	\$ 151,583

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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Gasoline tax	\$ 3,860,760	\$ 3,860,760	\$ 3,906,669
Motor vehicle license tax	1,810,220	1,810,220	1,438,641
Sales and service revenue	956,050	956,050	749,137
Transfer from State of Ohio	2,154,350	2,154,350	1,137,666
	<u>8,781,380</u>	<u>8,781,380</u>	<u>7,232,113</u>
Other sources:			
Other transfer in	1,800,000	1,800,000	1,800,000
Previous year's encumbrances	545,680	545,680	545,680
	<u>2,345,680</u>	<u>2,345,680</u>	<u>2,345,680</u>
Total other sources	2,345,680	2,345,680	2,345,680
Total revenues and other sources	11,127,060	11,127,060	9,577,793
Expenditures and other uses			
Expenditures:			
Public Service:			
Wages/benefits	5,359,410	5,459,410	5,365,044
Other	3,890,195	4,290,194	4,019,709
	<u>9,249,605</u>	<u>9,749,604</u>	<u>9,384,753</u>
Public Safety:			
Wages/benefits	891,700	881,700	853,457
Other	275,826	335,826	309,469
Capital outlay	2,500	7,925	2,127
	<u>1,170,026</u>	<u>1,225,451</u>	<u>1,165,053</u>
Total expenditures	10,419,631	10,975,055	10,549,806
Excess (deficiency) of revenues and other sources over expenditures and other uses	707,429	152,005	(972,013)
Fund deficit, January 1, 2003	<u>(241,288)</u>	<u>(241,288)</u>	<u>(241,288)</u>
Fund deficit, December 31, 2003	<u>\$ 466,141</u>	<u>\$ (89,283)</u>	<u>\$ (1,213,301)</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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Special assessments	\$ 8,378,180	\$ 8,378,180	\$ 7,448,061
Miscellaneous	106,820	106,820	81,218
	<u>8,485,000</u>	<u>8,485,000</u>	<u>7,529,279</u>
Other sources:			
Previous year's encumbrances	<u>272,350</u>	<u>272,350</u>	<u>272,350</u>
Total revenues and other sources	8,757,350	8,757,350	7,801,629
Expenditures and other uses			
Expenditures:			
Public Service:			
Street Lighting:			
Wages/benefits	135,900	135,900	136,027
Other	3,492,144	3,492,144	2,883,351
	<u>3,628,044</u>	<u>3,628,044</u>	<u>3,019,378</u>
Street Cleaning:			
Wages/benefits	2,645,350	2,745,350	2,730,929
Other	2,012,115	2,708,115	2,585,106
	<u>4,657,465</u>	<u>5,453,465</u>	<u>5,316,035</u>
Total expenditures	8,285,509	9,081,509	8,335,413
Excess of revenues and other sources over expenditures and other uses	471,841	(324,159)	(533,784)
Fund balance, January 1, 2003	<u>4,704,327</u>	<u>4,704,327</u>	<u>4,704,327</u>
Fund balance, December 31, 2003	<u>\$ 5,176,168</u>	<u>\$ 4,380,168</u>	<u>\$ 4,170,543</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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Grants and subsidies	\$ 3,656,500	\$ 3,656,500	\$ 3,088,353
Other sources:			
Previous year's encumbrances	29,987	29,987	29,987
Total revenues and other sources	3,686,487	3,686,487	3,118,340
Expenditures and other uses			
Expenditures:			
General Government:			
Economic Development:			
Wages/benefits	79,380	79,380	75,672
Other	2,250	2,250	1,841
	81,630	81,630	77,513
Community Environment:			
Planning and Urban Development:			
Wages/benefits	2,487,690	2,472,690	2,316,399
Other	687,497	687,497	624,105
Capital Outlay	15,000	30,000	19,990
	3,190,187	3,190,187	2,960,494
Public Health:			
Environmental Services:			
Wages/benefits	281,450	274,450	266,662
Other	16,150	23,150	14,854
	297,600	297,600	281,516
Total expenditures	3,569,417	3,569,417	3,319,523
Excess (deficiency) of revenues and other sources over expenditures and other uses	117,070	117,070	(201,183)
Fund balance, January 1, 2003	(38,390)	(38,390)	(38,390)
Fund balance (deficit), December 31, 2003	\$ 78,680	\$ 78,680	\$ (239,573)

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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Local emmisison/asbestos fees	\$ 141,370	\$ 141,370	\$ 135,140
Federal grant	686,810	686,810	387,564
State general revenues	145,770	145,770	46,008
State permit fees	593,500	593,500	722,651
Other revenue	3,640	3,640	1,970
	<u>1,571,090</u>	<u>1,571,090</u>	<u>1,293,333</u>
Other sources:			
Previous year's encumbrances	30,402	30,402	30,402
	<u>30,402</u>	<u>30,402</u>	<u>30,402</u>
Total revenues and other sources	1,601,492	1,601,492	1,323,735
Expenditures and other uses			
Expenditures:			
Public Health:			
Wages/benefits	1,200,480	1,200,480	1,074,425
Other	429,562	429,562	360,525
	<u>1,630,042</u>	<u>1,630,042</u>	<u>1,434,950</u>
Total expenditures	1,630,042	1,630,042	1,434,950
Excess (deficiency) of revenues and other sources over expenditures and other uses	(28,550)	(28,550)	(111,215)
Fund balance, January 1, 2003	<u>1,936,239</u>	<u>1,936,239</u>	<u>1,936,239</u>
Fund balance, December 31, 2003	<u>\$ 1,907,689</u>	<u>\$ 1,907,689</u>	<u>\$ 1,825,024</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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Grants and subsidies	\$ 1,483,660	\$ 1,483,660	\$ 1,218,317
Miscellaneous	16,340	16,340	8,724
	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,227,041</u>
Other sources:			
Previous year's encumbrances	21,159	21,159	21,159
	<u>1,521,159</u>	<u>1,521,159</u>	<u>1,248,200</u>
Expenditures and other uses			
Expenditures:			
Community Environment:			
AMATS:			
Wages/benefits	1,029,470	1,093,470	1,014,265
Other	294,189	295,789	240,163
Capital outlay	-	24,400	23,231
	<u>1,323,659</u>	<u>1,413,659</u>	<u>1,277,659</u>
Total expenditures	1,323,659	1,413,659	1,277,659
Excess (deficiency) of revenues and other sources over expenditures and other uses	197,500	107,500	(29,459)
Fund deficit, January 1, 2003	<u>(63,586)</u>	<u>(63,586)</u>	<u>(63,586)</u>
Fund deficit, December 31, 2003	<u>\$ 133,914</u>	<u>\$ 43,914</u>	<u>\$ (93,045)</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, 2003

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>
Revenues and other sources			
Revenues:			
Property taxes	\$ 945,837	\$ 945,837	\$ 1,053,281
Other sources:			
Previous year's encumbrances	2,447	2,447	2,447
Total revenues and other sources	948,284	948,284	1,055,728
Expenditures and other uses			
Expenditures:			
General Government:			
Treasury:			
Wages/benefits	309,780	309,780	302,142
Other	87,957	87,957	83,520
Total expenditures	397,737	397,737	385,662
Other uses:			
Transfer out	655,500	655,500	655,500
Total expenditures and other uses	1,053,237	1,053,237	1,041,162
Excess (deficiency) of revenues and other sources over expenditures and other uses	(104,953)	(104,953)	14,566
Fund balance, January 1, 2003	342,736	342,736	342,736
Fund balance, December 31, 2003	\$ 237,783	\$ 237,783	\$ 357,302

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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, 2003

	Oil and Gas	Golf Course	Airport	Total
Assets				
Pooled cash and investments	\$ 206,492	\$ 84,731	\$ 242,336	\$ 533,559
Receivables, net of allowances for uncollectibles	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	8,064	-	-	8,064
Inventories, at cost	-	33,904	15,936	49,840
Property, plant and equipment, net of accumulated depreciation	420,262	1,497,412	8,527,754	10,445,428
Total assets	634,818	1,616,047	8,786,026	11,036,891
Liabilities				
Accounts payable	155	13,682	7,845	21,682
Due to other funds	2,074	686	6,197	8,957
Deferred grant revenue	-	-	1,755	1,755
Accrued interest payable	-	2,718	-	2,718
Accrued liabilities	2,771	19,889	10,200	32,860
Accrued wages	3,618	13,752	14,449	31,819
Accrued vacation and leave	9,516	25,494	29,134	64,144
Debt:				
General obligation bonds	-	42,500	-	42,500
Noncurrent liabilities				
Due in more than one year	48,314	145,013	109,882	303,209
Bonds, notes, loans	-	595,000	-	595,000
Total liabilities	66,448	858,734	179,462	1,104,644
Net assets				
Invested in capital assets net of related debt	420,262	859,912	8,527,754	9,807,928
Restricted for debt service	-	-	-	-
Unrestricted (deficit)	148,108	(102,599)	78,810	124,319
Total net assets	\$ 568,370	\$ 757,313	\$ 8,606,564	\$ 9,932,247

City of Akron, Ohio

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

For the Year Ended December 31, 2003

	Oil and Gas	Golf Course	Airport	Total
Operating revenues				
Charges for services	\$ 3,938	\$ 866,188	\$ 144,498	\$ 1,014,624
Other	277,494	123,528	175,828	576,850
	<u>281,432</u>	<u>989,716</u>	<u>320,326</u>	<u>1,591,474</u>
Operating expenses				
Personal services	110,019	697,827	367,813	1,175,659
Direct expenses	70,460	298,339	1,469	370,268
Rentals and lease	4,000	56,150	-	60,150
Utilities	5,237	150,706	12,263	168,206
Insurance	1,985	3,524	20,569	26,078
Depreciation, depletion and amortization	28,144	50,467	170,186	248,797
Other	1,592	-	-	1,592
	<u>221,437</u>	<u>1,257,013</u>	<u>572,300</u>	<u>2,050,750</u>
Operating income (loss)	59,995	(267,297)	(251,974)	(459,276)
Non-operating revenues (expenses)				
Interest income	2,060	-	-	2,060
Interest expense	-	(34,293)	-	(34,293)
Capital contributions	-	-	342,690	342,690
	<u>2,060</u>	<u>(34,293)</u>	<u>342,690</u>	<u>310,457</u>
Loss before operating transfers	62,055	(301,590)	90,716	(148,819)
Transfers-in	-	330,000	260,775	590,775
Transfers-out	-	-	-	-
	<u>-</u>	<u>330,000</u>	<u>260,775</u>	<u>590,775</u>
Changes in net assets	62,055	28,410	351,491	441,956
Net assets, January 1, 2003	506,315	728,903	8,255,073	9,490,291
Net assets, December 31, 2003	<u>\$ 568,370</u>	<u>\$ 757,313</u>	<u>\$ 8,606,564</u>	<u>\$ 9,932,247</u>

City of Akron, Ohio
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2003

	<u>Oil and Gas</u>	<u>Golf</u>	<u>Airport</u>	<u>Total Non-Major Enterprise Funds</u>
Operating activities				
Cash received from customers	\$ 6,836	\$ 866,188	\$ 144,498	\$1,017,522
Cash payments to suppliers for goods and services	(79,722)	(515,668)	(79,721)	(675,111)
Cash paid for salaries and employee benefits	(109,313)	(676,658)	(360,510)	(1,146,481)
Other revenues	277,494	123,528	175,828	576,850
Other expenses	(1,592)	-	-	(1,592)
Net cash provided by (used for) operating activities	93,703	(202,610)	(119,905)	(228,812)
Non-capital financing activities				
Operating transfers from other funds	-	330,000	260,775	590,775
Net cash provided by non-capital financing activities	-	330,000	260,775	590,775
Capital and related financing activities				
Principal paid on bonds and loans	-	(42,500)	-	(42,500)
Interest paid on bonds and loans	-	(34,446)	-	(34,446)
Acquisition and construction of capital assets	-	-	(298,072)	(298,072)
Capital Contributions	-	-	342,690	342,690
Net cash provided by (used for) capital and related financing activities	-	(76,946)	44,618	(32,328)
Investing activities				
Interest on investments	2,060	-	-	2,060
Net cash provided by investing activities	2,060	-	-	2,060
Net increase in cash and cash equivalents	95,763	50,444	185,488	331,695
Cash and cash equivalents, January 1, 2003	110,729	34,287	56,848	201,864
Cash and cash equivalents, December 31, 2003	<u>\$ 206,492</u>	<u>\$ 84,731</u>	<u>\$ 242,336</u>	<u>\$ 533,559</u>

City of Akron, Ohio
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2003
(continued)

	<u>Oil and Gas</u>	<u>Golf</u>	<u>Airport</u>	<u>Total Non-Major Enterprise Funds</u>
Operating income (loss)	\$ 59,995	\$ (267,297)	\$ (251,974)	\$ (459,276)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	28,144	50,467	170,186	248,797
(Increase) decrease in operating assets:				
Receivables	6,836	-	-	6,836
Due from other funds	(3,938)	-	-	(3,938)
Inventories	-	(12,574)	443	(12,131)
Increase (decrease) in operating liabilities:				
Accounts payable	(50)	6,156	(46,192)	(40,086)
Due to other funds	2,010	(531)	329	1,808
Accrued liabilities	(1,250)	6,648	1,043	6,441
Accrued wages	(1,234)	3,704	2,387	4,857
Accrued vacation and leave	3,190	10,817	3,873	17,880
Net cash provided by (used for) operating activities	<u>\$ 93,703</u>	<u>\$ (202,610)</u>	<u>\$ (119,905)</u>	<u>\$ (228,812)</u>

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INTERNAL SERVICE FUNDS

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

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

Combining Statement of Net Assets - Internal Service Funds

December 31, 2003

	Motor Equipment	Medical Self- Insurance	Workers' Compensation Reserve	Self- Insurance Settlement
Assets				
Pooled cash and investments	\$ -	\$ -	\$ 6,452,718	\$ -
Restricted cash and investments	-	-	3,030,321	-
Receivables, net of allowances for uncollectibles	28,325	23,972	8,812	-
Due from other funds	965,942	-	-	-
Inventories, at cost	868,198	-	-	-
Property, plant and equipment, net of accumulated depreciation	1,571,014	-	-	-
Total assets	3,433,479	23,972	9,491,851	-
Liabilities				
Accounts payable	231,822	1,324	3,598	4,291
Due to other funds	500,026	368,092	-	537,260
Accrued interest payable	753	-	-	11,522
Accrued liabilities	66,575	-	1,506,288	-
Accrued wages	98,370	-	-	-
Accrued vacation and leave	148,944	-	-	-
Obligations under capital lease	-	-	-	-
Liability for unpaid claims	-	2,411,658	1,630,711	753,937
Debt:				
General obligation bonds	12,266	-	-	90,000
Noncurrent liabilities				
Obligations under capital lease	-	-	-	-
Due in more than one year	380,641	-	6,337,281	-
Bonds, notes, loans	188,673	-	-	2,475,000
Total liabilities	1,628,070	2,781,074	9,477,878	3,872,010
Net assets				
Invested in capital assets net of related debt	1,370,075	-	-	-
Restricted for debt service	-	-	-	-
Unrestricted (deficit)	435,334	(2,757,102)	13,973	(3,872,010)
Total net assets	\$ 1,805,409	\$ (2,757,102)	\$ 13,973	\$ (3,872,010)

Combining Statement of Net Assets - Internal Service Funds

December 31, 2003

Storeroom	Telephone System	Graphics	Engineering Bureau	Mangement Information Systems	Reserve for Accumulated Leave	Total
\$ 53,119	\$ -	\$ 14,674	\$ -	\$ -	\$ -	\$ 6,520,511
-	-	-	-	-	-	3,030,321
-	-	-	-	-	-	61,109
152,493	213,607	3,792	413,735	-	-	1,749,569
74,352	-	-	-	-	-	942,550
46,741	236,196	-	272,686	2,420,522	-	4,547,159
326,705	449,803	18,466	686,421	2,420,522	-	16,851,219
126,058	17,963	87	32,055	160,391	-	577,589
4	-	304	99,558	1,823,128	-	3,328,372
-	-	-	330	4,155	-	16,760
4,858	-	-	144,306	29,090	-	1,751,117
6,712	-	-	199,870	39,814	-	344,766
11,812	-	-	348,992	101,978	-	611,726
-	-	-	-	174,492	-	174,492
-	-	-	-	-	-	4,796,306
-	-	-	17,048	1,173,198	-	1,292,512
-	-	-	-	536,671	-	536,671
36,178	-	-	1,077,025	240,586	-	8,071,711
-	-	-	75,849	-	-	2,739,522
185,622	17,963	391	1,995,033	4,283,503	-	24,241,544
46,741	236,196	-	179,789	536,161	-	2,368,962
-	-	-	-	-	-	-
94,342	195,644	18,075	(1,488,401)	(2,399,142)	-	(9,759,287)
\$ 141,083	\$ 431,840	\$ 18,075	\$ (1,308,612)	\$ (1,862,981)	\$ -	\$ (7,390,325)

City of Akron, Ohio

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

For the Year Ended December 31, 2003

	Motor Equipment	Medical Self- Insurance	Workers' Compensation Reserve	Self- Insurance Settlement	Storeroom
Operating revenues					
Charges for services	\$ 7,147,608	\$ 18,827,250	\$ 1,649,440	\$ -	\$ 1,225,541
Other	17,966	586,466	8,953	373,339	428
	<u>7,165,574</u>	<u>19,413,716</u>	<u>1,658,393</u>	<u>373,339</u>	<u>1,225,969</u>
Operating expenses					
Personal services	2,618,987	-	-	-	150,390
Direct expenses	4,042,976	2,574,269	3,863,487	4,291	1,227,951
Claims	-	18,256,229	1,065,171	419,168	-
Rentals and lease	-	-	-	-	68,906
Utilities	95,724	-	-	-	918
Insurance	13,190	-	-	-	-
Depreciation, depletion and amortization	59,737	-	-	-	11,078
	<u>6,830,614</u>	<u>20,830,498</u>	<u>4,928,658</u>	<u>423,459</u>	<u>1,459,243</u>
Operating income (loss)	334,960	(1,416,782)	(3,270,265)	(50,120)	(233,274)
Non-operating revenues (expenses)					
Interest income	-	-	94,694	-	-
Interest expense	(9,525)	-	-	(145,550)	-
Capital contributions	-	-	-	-	57,819
Loss on disposal of capital assets	4,601	-	-	-	-
	<u>(4,924)</u>	<u>-</u>	<u>94,694</u>	<u>(145,550)</u>	<u>57,819</u>
Income (loss) before operating transfers	330,036	(1,416,782)	(3,175,571)	(195,670)	(175,455)
Transfers-in	-	-	-	206,055	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,055</u>	<u>-</u>
Net income (loss)	330,036	(1,416,782)	(3,175,571)	10,385	(175,455)
Net assets, January 1, 2003	1,475,373	(1,340,320)	3,189,544	(3,882,395)	316,538
Net assets, December 31, 2003	<u>\$ 1,805,409</u>	<u>\$ (2,757,102)</u>	<u>\$ 13,973</u>	<u>\$ (3,872,010)</u>	<u>\$ 141,083</u>

City of Akron, Ohio

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

For the Year Ended December 31, 2003

Telephone System	Graphics	Engineering Bureau	Mangement Information Systems	Reserve for Accumulated Leave	Total
\$ 409,113	\$ 73,773	\$ 6,671,947	\$ 4,282,122	\$ -	\$ 40,286,794
42,283	-	466	2,096	-	1,031,997
451,396	73,773	6,672,413	4,284,218	-	41,318,791
-	70,849	5,599,105	1,139,457	-	9,578,788
335,915	45,887	729,398	744,198	1,000,000	14,568,372
-	-	-	-	-	19,740,568
-	-	-	56,318	-	125,224
122,059	5,428	18,205	1,598	-	243,932
-	794	13,496	794	-	28,274
32,651	-	161,085	644,372	-	908,923
490,625	122,958	6,521,289	2,586,737	1,000,000	45,194,081
(39,229)	(49,185)	151,124	1,697,481	(1,000,000)	(3,875,290)
-	-	-	-	-	94,694
-	-	(4,673)	(132,354)	-	(292,102)
-	-	-	-	-	57,819
-	(49,892)	-	-	-	(45,291)
-	(49,892)	(4,673)	(132,354)	-	(184,880)
(39,229)	(99,077)	146,451	1,565,127	(1,000,000)	(4,060,170)
-	-	-	-	-	206,055
-	-	-	-	-	206,055
(39,229)	(99,077)	146,451	1,565,127	(1,000,000)	(3,854,115)
471,069	117,152	(1,455,063)	(3,428,108)	1,000,000	(3,536,210)
\$ 431,840	\$ 18,075	\$ (1,308,612)	\$ (1,862,981)	\$ -	\$ (7,390,325)

City of Akron, Ohio
Combining Statement of Cash Flows-Internal Service Funds
For the Year Ended December 31, 2003

	Motor Equipment	Medical Self - Insurance	Workers' Compensation Reserve	Self - Insurance Settlement	Storeroom
Operating activities					
Cash received from customers	\$ 6,738,486	\$ 18,826,501	\$ 1,649,440	\$ -	\$ 1,138,031
Cash payments to suppliers for goods and services	(4,158,876)	-	-	(792,555)	(1,180,115)
Cash paid for salaries and employee benefits	(2,654,900)	(20,648,449)	(4,194,408)	-	(140,707)
Other revenues	17,966	586,466	141	373,339	428
Net cash provided by (used for) operating activities	(57,324)	(1,235,482)	(2,544,827)	(419,216)	(182,363)
Non-capital financing activities					
Operating transfers from other funds	-	-	-	418,976	-
Transfers in for negative cash balances	496,763	368,092	-	-	-
Advances for negative cash balances	-	-	-	-	-
Net cash provided by (used for) non-capital financing activities	496,763	368,092	-	418,976	-
Capital and related financing activities					
Principal paid on bonds and loans	(11,817)	-	-	-	-
Interest paid on bonds and loans	(9,569)	-	-	-	-
Acquisition and construction of capital assets	(523,187)	-	-	-	(57,819)
Capital contributions	-	-	-	-	57,819
Net cash provided by (used for) capital and related financing activities	(544,573)	-	-	-	-
Investing activities					
Interest on investments	-	-	94,694	-	-
Net cash provided by investing activities	-	-	94,694	-	-
Net increase (decrease) in cash and cash equivalents	(105,134)	(867,390)	(2,450,133)	(240)	(182,363)
Cash and cash equivalents, January 1, 2003	105,134	867,390	11,933,172	240	235,482
Cash and cash equivalents, December 31, 2003	\$ -	\$ -	\$ 9,483,039	\$ -	\$ 53,119

City of Akron, Ohio
Combining Statement of Cash Flows-Internal Service Funds
For the Year Ended December 31, 2003

Telephone System	Graphics	Engineering Bureau	Management Information Systems	Reserve For Accumulated Leave	Total
\$ 480,561	\$ 82,993	\$ 6,656,951	\$ 4,282,122	\$ -	\$ 39,855,085
(469,185)	(53,015)	(735,841)	(865,575)	(1,000,000)	(9,255,162)
-	(107,815)	(5,482,339)	(1,138,174)	-	(34,366,792)
42,283	-	466	2,096	-	1,023,185
53,659	(77,837)	439,237	2,280,469	(1,000,000)	(2,743,684)
-	-	-	-	-	418,976
-	-	-	1,788,406	-	2,653,261
(207,037)	-	(418,971)	(976,526)	-	(1,602,534)
(207,037)	-	(418,971)	811,880	-	1,469,703
-	-	(15,528)	(2,105,793)	-	(2,133,138)
-	-	(4,738)	(139,853)	-	(154,160)
-	-	-	(846,703)	-	(1,427,709)
-	-	-	-	-	57,819
-	-	(20,266)	(3,092,349)	-	(3,657,188)
-	-	-	-	-	94,694
-	-	-	-	-	94,694
(153,378)	(77,837)	-	-	(1,000,000)	(4,836,475)
153,378	92,511	-	-	1,000,000	14,387,307
\$ -	\$ 14,674	\$ -	\$ -	\$ -	\$ 9,550,832

City of Akron, Ohio
Combining Statement of Cash Flows-Internal Service Funds
For the Year Ended December 31, 2003
(continued)

	Motor Equipment	Medical Self - Insurance	Workers' Compensation	Self - Insurance Settlement	Storeroom
Operating income (loss)	\$ 334,960	\$ (1,416,782)	\$ (3,270,265)	\$ (50,120)	\$ (233,274)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	59,737	-	-	-	11,078
(Increase) decrease in operating assets:					
Receivables	(14,379)	(749)	(8,812)	-	-
Due from other funds	(394,743)	-	-	-	(87,510)
Inventories	(48,152)	-	-	-	11,880
Increase (decrease) in operating liabilities:					
Accounts payable	41,746	11	1,844	(536,184)	105,896
Due to other funds	(580)	-	-	-	(116)
Accrued liabilities	(1,388)	-	-	-	1,608
Accrued wages	5,871	-	-	-	3,030
Accrued vacation and leave	(40,396)	-	-	-	5,045
Estimated liability for unpaid claims	-	182,038	732,406	167,088	-
Net cash provided by (used for) operating activities	<u>\$ (57,324)</u>	<u>\$ (1,235,482)</u>	<u>\$ (2,544,827)</u>	<u>\$ (419,216)</u>	<u>\$ (182,363)</u>

City of Akron, Ohio
Combining Statement of Cash Flows-Internal Service Funds
For the Year Ended December 31, 2003
(continued)

Telephone System	Graphics	Engineering Bureau	Management Information Systems	Reserve For Accumulated Leave	Total
\$ (39,229)	\$ (49,185)	\$ 151,124	\$ 1,697,481	\$ (1,000,000)	\$ (3,875,290)
32,651	-	161,085	644,372	-	908,923
-	-	-	-	-	(23,940)
71,448	9,220	(14,996)	-	-	(416,581)
-	-	-	-	-	(36,272)
(11,211)	(589)	16,872	(95,252)	-	(476,867)
-	(317)	8,386	32,585	-	39,958
-	(3,388)	5,828	(1,254)	-	1,406
-	(4,504)	19,861	928	-	25,186
-	(29,074)	91,077	1,609	-	28,261
-	-	-	-	-	1,081,532
<u>\$ 53,659</u>	<u>\$ (77,837)</u>	<u>\$ 439,237</u>	<u>\$ 2,280,469</u>	<u>\$ (1,000,000)</u>	<u>\$ (2,743,684)</u>

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FIDUCIARY FUNDS

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

Claire Merrix Trust
Holocaust Memorial Trust
Police/Fire Beneficiary Trust

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

City of Akron, Ohio

Combining Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2003

	Agency				Total
	Private Purpose Trust	Holocaust Memorial Trust	Police/Fire Beneficiary Trust	Municipal Court	
Assets					
Cash and investments	\$ 810	\$ 6,056	\$ 1,300	\$ 668,138	\$ 676,304
Total assets	810	6,056	1,300	668,138	676,304
Liabilities					
Due to other governments	-	-	-	668,138	668,138
Total liabilities	-	-	-	668,138	668,138
Net assets	\$ 810	\$ 6,056	\$ 1,300	\$ -	\$ 8,166

City of Akron, Ohio

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

For the Year Ended December 31, 2003

	Claire Merrix Trust	Holocaust Memorial Trust	Police/Fire Beneficiary Trust	Total
Additions				
Contributions	\$ -	\$ 21,753	\$ 300	\$ 22,053
	-	21,753	300	22,053
Deductions				
Education and awareness	-	19,552	-	19,552
	-	19,552	-	19,552
Excess of revenues over expenditures	-	2,201	300	2,501
Net assets, January 1, 2003	810	3,855	1,000	5,665
Net assets, December 31, 2003	\$ 810	\$ 6,056	\$ 1,300	\$ 8,166

City of Akron, Ohio

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended December 31, 2003

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
Municipal Court				
Assets				
Cash	\$ 682,802	\$ -	\$ 14,664	\$ 668,138
Liabilities				
Due to other governments	\$ 682,802	\$ -	\$ 14,664	\$ 668,138
 Total All Agency Funds				
Assets				
Cash	\$ 682,802	\$ -	\$ 14,664	\$ 668,138
Liabilities				
Due to other governments	\$ 682,802	\$ -	\$ 14,664	\$ 668,138

Statistical Section

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

Fiscal Year	General Government	Public Service	Public Safety	Community Environment	Public Health	Recreation & Parks	Capital Outlay	Debt Service	Total
1994	\$ 31,883	\$20,279	\$76,192	\$ 32,087	\$10,061	\$ 5,282	\$ 32,741	\$ 19,756	\$ 228,281
1995	28,181	18,430	80,285	22,615	12,596	5,839	39,363	20,552	227,861
1996	24,083	20,962	82,980	19,141	10,499	7,014	61,691	22,329	248,699
1997	20,937	32,971	86,614	14,919	11,823	3,620	49,764	22,372	243,020
1998	23,757	28,844	89,467	18,007	12,589	3,580	74,294	25,717	276,255
1999	27,744	32,460	87,926	17,552	13,680	3,816	50,235	25,773	259,186
2000	32,063	33,316	95,100	14,929	13,516	3,712	52,013	30,624	275,273
2001	32,930	49,245	95,299	15,131	14,860	4,893	57,249	33,914	303,521
2002	30,884	63,233	99,841	14,283	15,579	5,523	43,234	38,350	310,927
2003	34,654	75,365	96,926	14,249	17,088	4,908	41,239	40,380	324,809

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

Source: City of Akron, Ohio Finance Department

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

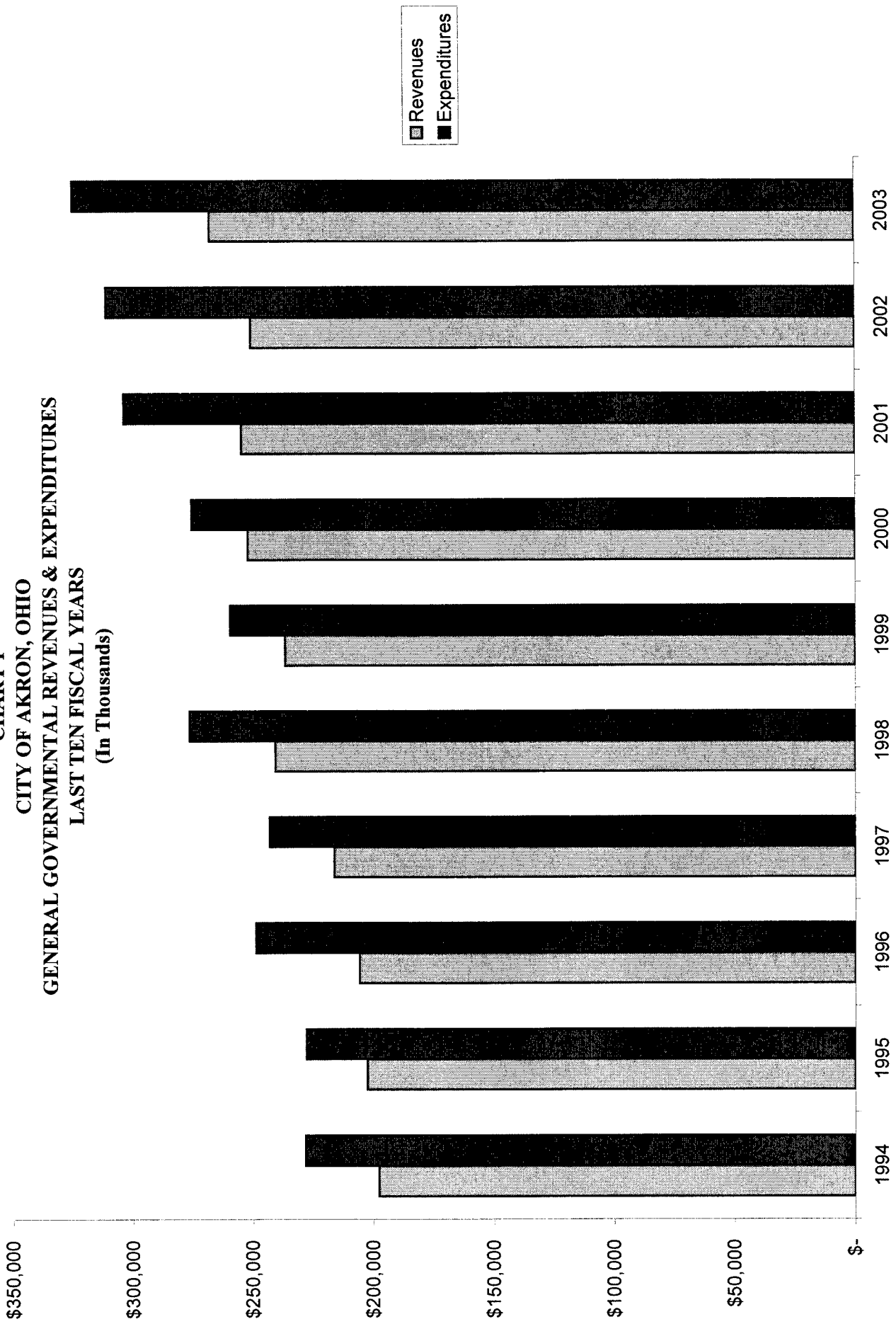
Fiscal Year	Income Taxes	Property Taxes	JEDD Revenues (2)	Grants & Subsidies	Investment Earnings	Shared Revenues	Licenses, Fees & Fines	Special Assessments & Charges For Services	Miscellaneous	Total
1994	\$ 79,028	\$ 20,716	\$ -	\$ 20,897	\$ 4,290	\$ 31,357	\$ 10,103	\$ 27,845	\$ 3,518	\$ 197,754
1995	85,227	22,491	-	25,769	5,000	25,699	8,725	26,105	3,406	202,422
1996	94,507	22,530	-	19,394	3,247	26,552	7,818	26,710	4,931	205,689
1997	92,189	25,109	-	21,838	3,721	24,224	8,837	33,612	6,737	216,267
1998	89,495	27,236	-	22,728	5,658	30,693	8,406	32,504	23,808	240,528
1999	93,105	26,074	11,978	20,555	4,632	32,123	8,220	33,165	6,577	236,429
2000	93,689	27,272	16,183	28,147	6,157	30,357	8,520	33,905	7,634	251,864
2001	95,961	26,511	14,683	28,221	4,051	30,606	8,833	36,816	8,701	254,383
2002	97,067	31,443	13,781	29,162	1,934	26,812	8,592	31,915	8,731	249,437
2003	100,774	30,374	12,532	34,156	1,385	33,095	8,473	34,701	11,904	267,394

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

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

Source: City of Akron, Ohio Finance Department

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



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

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

Tax Collection Year	Total Tax Levy	Amount of		Percent of		Amount of		Percent of Delinquent Taxes to Tax Levy
		Total Tax Collection	Total Tax Collection	Total Tax Collection	to Tax Levy	Outstanding Delinquent Taxes		
1994	\$ 16,554,078	\$ 16,391,654	\$ 1,665,869	99.0 %	\$ 1,665,869	10.1 %		
1995	16,799,605	16,441,285	1,704,235	97.9	1,704,235	10.1		
1996	17,367,148	17,262,372	1,497,785	99.4	1,497,785	8.6		
1997	20,449,613	20,257,358	1,838,513	99.1	1,838,513	9.0		
1998	20,499,377	20,396,338	2,054,099	99.5	2,054,099	10.0		
1999	20,779,354	21,037,337	1,696,834	101.2	1,696,834	8.2		
2000	22,505,782	22,238,102	2,034,172	98.8	2,034,172	9.0		
2001	22,651,092	22,220,183	2,194,962	98.1	2,194,962	9.7		
2002	22,638,225	22,471,793	2,088,045	99.3	2,088,045	9.2		
2003	26,092,082	25,393,968	3,008,437	97.3	3,008,437	11.5		

Source: City of Akron, Ohio Finance Department

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

<u>Fiscal Year</u>	<u>Taxes Collected</u>	<u>Tax Rate</u>
1994	\$ 78,467,138	2.0 %
1995	80,509,971	2.0
1996	84,048,750	2.0
1997	85,270,894	2.0
1998	88,324,829	2.0
1999	92,681,503	2.0
2000	94,006,773	2.0
2001	96,173,451	2.0
2002	97,052,694	2.0
2003	99,938,891	2.0

Source: City of Akron, Ohio Finance Department

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

Tax Collection Year	Real Property		Personal Property		Public Utilities		Total		Percent of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1995	\$ 1,769,160	\$ 5,054,743	\$ 390,600	\$ 1,562,400	\$ 188,894	\$ 188,894	\$2,348,654	\$6,806,037	34.51 %
1996	1,769,745	5,056,414	389,230	1,556,922	174,080	197,818	2,333,055	6,811,154	34.25
1997	2,102,773	6,007,925	395,098	1,580,392	167,796	190,677	2,665,667	7,778,994	34.27
1998	2,110,844	6,030,983	386,865	1,547,460	166,939	189,702	2,664,648	7,768,145	34.30
1999	2,124,127	6,068,934	396,770	1,587,083	167,948	190,849	2,688,845	7,846,866	34.27
2000	2,324,149	6,640,426	405,265	1,621,060	166,661	189,387	2,896,075	8,450,873	34.27
2001	2,339,016	6,682,903	403,913	1,615,652	153,577	174,518	2,896,506	8,473,073	34.18
2002	2,368,179	6,766,226	438,484	1,753,936	122,332	139,013	2,928,995	8,659,176	33.83
2003	2,743,691	7,839,117	391,104	1,564,416	126,710	506,100	3,261,505	9,909,633	32.91
2004	2,725,682	7,787,663	323,378	1,293,512	126,329	504,569	3,175,389	9,585,744	33.13

Source: Summit County Fiscal Officer

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

Tax Collection Year	City of Akron										Total
	Operating	Police Pension	Fire Pension	Debt Retirement	Total City Rate	Akron City School District	Summit County	Akron Metro Parks			
1995	7.75	0.30	0.30	0.25	8.60	54.86	14.20	0.85			78.51
1996	8.15	0.30	0.30	0.25	9.00	54.86	14.03	0.85			78.74
1997	8.15	0.30	0.30	0.25	9.00	54.86	11.43	0.85			76.14
1998	8.15	0.30	0.30	0.29	9.04	54.86	12.67	0.85			77.42
1999	8.15	0.30	0.30	0.30	9.05	54.86	13.21	0.85			77.97
2000	8.15	0.30	0.30	0.29	9.04	54.86	12.81	0.85			77.56
2001	8.15	0.30	0.30	0.29	9.04	54.86	13.61	0.85			78.36
2002	8.15	0.30	0.30	0.34	9.09	63.76	13.57	0.85			87.27
2003	8.15	0.30	0.30	0.34	9.09	63.76	13.81	0.85			87.51
2004	8.15	0.30	0.30	0.34	9.09	63.76	13.00	0.85			86.70

Source: Summit County Fiscal Officer

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

Fiscal Year	Certified for Collection	Amount Collected	Percent Collected	Accumulated Delinquent
1994	\$9,161,805	\$9,276,910	101.3 %	\$ 2,673,441
1995	10,266,611	10,071,528	98.1	2,956,502
1996	10,360,551	10,126,330	97.7	3,295,272
1997	11,176,255	10,824,913	96.9	3,675,389
1998	11,011,677	10,846,347	98.5	3,909,322
1999	10,676,569	11,585,883	108.5 (1)	3,280,568
2000	10,628,747	10,661,383	100.3	3,256,734
2001	11,331,061	11,191,162	98.8	2,418,777
2002	11,030,263	11,009,546	99.8	3,690,459
2003	11,262,716	11,283,129	100.2	2,713,227

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

Source: Summit County Fiscal Officer

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

Fiscal Year	Population (1)	Assessed Value (000's)	Gross Bonded Debt (2)	Debt Service Monies Available	Debt Payable From Enterprise Funds (3)	Net Bonded Debt	Percent of Net	
							Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	\$ 223,019	\$2,348,654	\$ 130,871,555	\$2,249,058	\$ 17,288,000	\$111,334,497	4.74 %	\$ 499
1995	223,019	2,333,055	135,339,080	2,414,094	16,160,000	116,764,986	5.00	524
1996	223,019	2,665,667	143,239,000	2,393,577	14,655,000	126,190,423	4.73	566
1997	223,019	2,664,648	157,999,624	2,548,662	13,665,000	141,785,962	5.32	636
1998	223,019	2,688,845	160,286,248	2,718,371	4,910,000	152,657,877	5.68	685
1999	223,019	2,896,075	164,747,872	3,406,072	3,885,000	157,456,800	5.44	706
2000	217,074	2,896,506	168,491,626	3,160,356	3,260,000	162,071,270	5.60	747
2001	217,074	2,928,995	178,233,239	3,536,134	2,635,000	172,062,105	5.87	793
2002	217,074	3,261,505	195,624,027	4,426,694	2,010,000	189,187,333	5.80	872
2003	217,074	3,175,389	217,948,066	3,067,087	5,585,000	209,295,979	6.59	964

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

(2) Includes all bonded general obligation debt

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

Source: City of Akron, Ohio Finance Department

TABLE 9
CITY OF AKRON, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
UNVOTED DEBT LIMIT (5 1/2%)
AS OF DECEMBER 31, 2002 AND 2003

	2002	2003
Total assessed property value	\$ 3,261,505,000	\$ 3,175,389,000
Total unvoted bonds outstanding	\$ 194,024,027	\$ 216,948,066
Total unvoted notes outstanding	10,267,906	8,949,809
Total unvoted debt	204,291,933	225,897,875
Less exemptions:		
Funds available for debt		
service requirements	3,415,930	2,816,431
Water Bonds	1,000,000	750,000
Sewer Bonds	200,000	150,000
Final Judgment Bonds	2,743,127	2,565,000
Off-Street Parking Bonds	810,000	4,685,000
Public Improvement Bonds	3,156,744	3,031,368
Special Assessment Bonds	11,220,667	11,827,423
Special Assessment Notes	10,267,906	8,949,809
Inventors' Hall of Fame Bonds	1,800,000	1,325,000
G.O. Bonds Pledged with Income Tax	65,335,465	62,002,397
Total exemptions	99,949,839	98,102,428
Net debt subject to 5 1/2% limit	\$ 104,342,094	\$ 127,795,447
Total debt limit - 5 1/2% of assessed value	179,382,775	174,646,395
Less net debt subject to 5 1/2% limitation	104,342,094	127,795,447
Total legal unvoted debt margin	\$ 75,040,681	\$ 46,850,948

Source: City of Akron, Ohio
Finance Department

TABLE 10
CITY OF AKRON, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
TOTAL DEBT LIMIT (10 1/2%)
AS OF DECEMBER 31, 2002 AND 2003

	2002	2003
Total assessed property value	\$ 3,261,505,000	\$ 3,175,389,000
Total bonds outstanding	\$ 295,144,027	\$ 320,458,066
Total notes outstanding	10,267,906	8,949,809
Total OWDA loans outstanding	47,009,590	43,091,983
Total OPWC loans outstanding	8,578,421	9,026,899
Total Certificates of Participation	24,809,589	23,666,965
Total ODOD loans outstanding	517,467	978,212
Total Non-Tax Revenue Bonds	30,350,000	29,065,000
Total Special Revenue (JEDD) Bonds	51,945,000	50,260,000
Total Income Tax Revenue Bonds	9,185,000	8,910,000
Total debt	477,807,000	494,406,934
Less exemptions:		
Funds available for debt		
service retirement	3,415,930	2,816,431
Water Bonds	1,000,000	750,000
Sewer Bonds	200,000	150,000
Final Judgment Bonds	2,743,127	2,565,000
Inventors' Hall of Fame Bonds	1,800,000	1,325,000
Off-Street Parking Bonds	810,000	4,685,000
Public Improvement Bonds	3,156,744	3,031,368
Special Assessment Bonds	11,220,667	11,827,423
Special Assessment Notes	10,267,906	8,949,809
Water Mortgage Revenue Bonds	53,830,000	59,045,000
Sewer Revenue Bonds	45,690,000	43,465,000
Special Assessment Improvement		
Notes (One Year)		
Water OWDA Loans	13,017,426	12,191,548
Sewer OWDA Loans	33,992,164	30,900,435
Water OPWC Loan	1,739,929	1,688,721
Sewer OPWC Loan	1,636,974	1,540,551
RES OPWC Loan	70,959	24,356
Certificates of Participation	24,809,589	23,666,965
Non-Tax Revenue Bonds	30,350,000	29,065,000
Income Tax Revenue Bonds	9,185,000	8,910,000
JEDD Revenue Bonds	51,945,000	50,260,000
Capital Projects OPWC Loan	5,130,559	5,773,271
Industrial Incubator - ODOD	517,467	467,672
University Technology Park - ODOD	-	510,540
G.O. Bonds Pledged with Income Tax	65,335,465	62,002,397
Total exemptions	371,864,906	365,611,487
Net debt subject to 10 1/2% limit	\$ 105,942,094	\$ 128,795,447
Total debt limit - 10 1/2% of assessed value	342,458,025	333,415,845
Less net debt subject to 10 1/2% limitation	105,942,094	128,795,447
Total legal debt margin	\$ 236,515,931	\$ 204,620,398

Source: City of Akron, Ohio
Finance Department

TABLE 11
CITY OF AKRON, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2003

Political Subdivision	Amount of Debt	Percent Applicable to City	City's Share
City of Akron	\$226,897,875 *	100.00 %	\$226,897,875
Summit County	128,218,514	27.26	34,952,367
Copley-Fairlawn City School District	6,429,990	4.42	284,206
Revere Local School District	13,198,547	2.66	351,081
Akron Metro Regional Transit Authority	1,250,000	27.26	340,750
Woodridge Local School District	15,480,216	30.60	4,736,946
Summit County Library District	64,089,269	40.37	25,872,838
	<u>\$455,564,411</u>		<u>\$293,436,063</u>

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

General Obligation Bonds	\$217,948,066
General Obligation Notes	8,949,809
	<u>\$226,897,875</u>

Source: City of Akron, Ohio Finance Department

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

Fiscal Year	Principal	Interest (1)	Total Debt Service (2)	Total General Governmental Expenditures (3)	Percent of Debt Service to Total General Governmental Expenditures
1994	\$ 12,141,614	\$ 7,613,480	\$ 19,755,094	\$ 228,279,235	8.65 %
1995	12,972,245	7,579,543	20,551,788	227,860,939	9.02
1996	14,366,769	7,962,202	22,328,971	249,353,650	8.95
1997	14,253,463	8,118,199	22,371,662	243,020,360	9.21
1998	15,483,845	10,232,741	25,716,586	276,254,720	9.31
1999	15,356,417	10,416,671	25,773,088	259,186,004	9.94
2000	19,163,480	11,460,262	30,623,742	275,273,002	11.12
2001	19,164,096	14,749,669	33,913,765	303,521,001	11.17
2002	21,823,043	16,526,911	38,349,954	310,927,937	12.33
2003	22,808,733	17,570,520	40,379,253	324,808,587	12.43

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

(2) Includes all debt service other than Proprietary Funds

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

Source: City of Akron, Ohio Finance Department

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

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements		GAAP Basis		
				Mtg. Principal	Mtg. Interest	Revenue Bond Coverage	Bond (2) Coverage Per Indenture	
1994	\$ 27,965,195	\$ 23,175,691	\$ 4,789,504	\$ 805,000	\$ 2,519,966	\$ 3,324,966	1.44	1.67
1995	29,072,979	25,771,036	3,301,943	1,760,000	3,643,963	5,403,963	0.61	1.80
1996	33,465,609	28,501,848	4,963,761	1,845,000	3,552,475	5,397,475	0.92	1.88
1997	35,341,049	26,531,539	8,809,510	2,035,000	3,215,798	5,250,798	1.68	2.35
1998	33,297,429	27,168,776	6,128,653	2,125,000	3,308,992	5,433,992	1.13	1.77
1999	33,504,853	23,485,953	10,018,900	2,740,000	3,257,578	5,997,578	1.67	1.86
2000	32,452,297	22,767,300	9,684,997	2,850,000	3,138,595	5,988,595	1.62	2.00
2001	33,115,084	22,906,974	10,208,110	2,970,000	3,010,803	5,980,803	1.71	2.06
2002	34,191,880	23,469,901	10,721,979	3,265,000	2,870,681	6,135,681	1.75	1.73
2003	29,444,360	27,616,438	1,827,922	3,425,000	2,140,974	5,565,974	0.33	1.25

(1) Direct operating expenses do not include depreciation

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

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

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

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements		GAAP Basis		Bond (2) Coverage Per Indenture
				Mtg./Rev Principal	Mtg./Rev Interest	Revenue Bond Coverage	Total	
1994	\$ 29,547,338	\$ 27,521,348	\$ 2,025,990	\$ -	\$ 213,695	\$ 213,695	9.48	24.36
1995	27,763,489	26,358,312	1,405,177	-	899,802	899,802	1.56	13.70
1996	35,090,761	24,861,166	10,229,595	-	1,102,797	1,102,797	9.28	7.55
1997	36,342,889	21,750,388	14,592,501	1,145,000	1,989,506	3,134,506	4.66	4.96
1998	33,862,063	21,550,161	12,311,902	2,120,000	2,598,058	4,718,058	2.61	2.68
1999	36,653,760	22,257,657	14,396,103	2,005,000	2,816,110	4,821,110	2.99	2.73
2000	30,960,810	19,927,901	11,032,909	2,045,000	2,731,065	4,776,065	2.31	3.10
2001	32,400,006	19,348,093	13,051,913	2,095,000	2,642,193	4,737,193	2.76	2.90
2002	35,295,797	22,458,357	12,837,440	2,150,000	2,549,018	4,699,018	2.73	2.59
2003	32,773,941	22,497,137	10,276,804	2,225,000	2,449,718	4,674,718	2.20	2.51

(1) Direct operating expenses do not include depreciation

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

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

**TABLE 15
CITY OF AKRON, OHIO
DEMOGRAPHIC STATISTICS
DECEMBER 31, 2003**

POPULATION

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

* PMSA - Primary Metropolitan Statistical Area

Source: U.S. Bureau of Census

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

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

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

PER CAPITA MONEY INCOME AND MEDIAN FAMILY INCOME

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

Source: U. S. Bureau of Census

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

Fiscal Year	Assessed Value (Real & Personal Property) (1)	Building Permits Issued (2)	
		Number	Estimated Valuation
1994	\$ 2,348,654,000	3,528	\$151,609,184
1995	2,333,055,000	3,495	158,145,162
1996	2,665,667,000	3,550	134,444,703
1997	2,664,648,000	3,376	139,613,241
1998	2,688,845,000	3,853	117,675,504
1999	2,896,075,000	3,662	155,200,543
2000	2,896,506,000	3,201	113,657,295
2001	2,928,995,000	2,852	140,481,950
2002	3,261,505,000	2,533	207,275,180
2003	3,175,389,000	2,570	150,927,282

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

TABLE 17
CITY OF AKRON, OHIO
TEN LARGEST PROPERTY TAXPAYERS
DECEMBER 31, 2003

<u>Name</u>	<u>Type of Business</u>	<u>Valuation (in thousands)</u>	<u>Percent of Total Assessed Valuation</u>
First Energy	Public Utility	\$ 73,158	2.30 %
SBC	Public Utility	42,177	1.33
Goodyear Tire & Rubber Co.	Rubber Industry	29,925	0.94
Bridgestone/Firestone	Rubber Industry	24,813	0.78
Aircraft Braking Systems	Aeronautics Equipment	23,783	0.75
F.W. Albrecht Co.	Grocery	16,537	0.52
Dominion East Ohio	Public Utility	13,536	0.43
Chapel Hill Mall, Ltd.	Shopping Malls	12,448	0.39
Lockheed Martin Tactical Systems	Electronics	11,248	0.35
Beacon Journal Publishing	Newspaper	9,402	0.30
	Totals:	<u>\$ 257,027</u>	<u>8.09 %</u>

Source: Summit County Fiscal Officer

TABLE 18
CITY OF AKRON, OHIO
MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2003

Date of Incorporation	March 12, 1836
Adoption of City Charter	1918
Form of Government	Mayor - Council
Council Members	13
Area of City	Approximately 62 square Miles
Population (2000 census)	217,074
Police Protection:	
Number of Stations	1
Number of Uniformed Police and Officers	485
Fire Protection:	
Number of Stations	13
Number of Firefighters and Officers	361
Education:	
University of Akron Students	22,493
Akron City School District:	
Number of Schools	58
Number of Students	28,798
Number of Teachers	1,971
2003 Water System:	
Average Daily Consumption	40.74 MGD
Annual Pumpage	14,871 MG
Maximum Capacity	67 MGD
Communities Served	12
Number of Customers	83,134
Miles of Water Lines	1,213
2003 Sewer System:	
Average Daily Demand	78.35 MGD
Annual Wastewater Flow	28,597 MG
Plant Capacity	90 MGD
Communities Served	13
Number of Customers	81,895
Miles of Sewer Lines	1,212
Medical Facilities:	
Number of Hospitals	5
Number of Beds	2,349
Transportation:	
Motor Freight Carriers:	
Akron	36
SMSA	43
Railroad Systems	3
Airports	3
Bus Lines:	
Local	1 (Metro Regional Transit Authority)
National	2 (Greyhound & Continental Trailways)
Interstate Highways	6
State Highways	9
Recreation and Culture:	
City Park System	Over 2,100 Acres
Metro Park District	Over 6,000 Acres
Cuyahoga Valley National	
Recreation Area	33,000 Acres
Private and Public Golf Courses	66

Source: City of Akron, Ohio Finance Department



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

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
AUGUST 19, 2004**