

# **CITY OF AKRON, OHIO**

## **2016**

### **ANNUAL INFORMATIONAL STATEMENT**



The City of Akron intends that this Annual Informational Statement will be used (1) together with information to be specifically provided by the City for that purpose, in connection with the original offering and issuance by the City of its bonds, notes and other obligations and (2) to provide information concerning the City on a continuing annual basis.

Questions regarding information contained in this Annual Informational Statement should be directed to Diane L. Miller-Dawson, Director of Finance, City of Akron, Municipal Building, 166 South High Street, Akron, Ohio 44308; telephone 330-375-2316; facsimile 330-375-2291; email [DMiller-Dawson@akronohio.gov](mailto:DMiller-Dawson@akronohio.gov).

**The date of this Annual Informational Statement is September 01, 2016**

## REGARDING THIS ANNUAL INFORMATIONAL STATEMENT

The information and expressions of opinion in this Annual Information Statement are subject to change without notice. Neither the delivery of this Annual Informational Statement nor any sale made in connection with the delivery should, under any circumstances, give rise to any inference that there has been no change in the affairs of the City since the date of this Annual Informational Statement.

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## INTRODUCTORY STATEMENT

This Annual Informational Statement (the Annual Statement) has been prepared by the City of Akron, Ohio (the City) to provide, as of its date, financial and other information relating to the City. The City intends that this Annual Statement be used in conjunction with specific offering information to be provided by the City in connection with the original offering and issuance by the City of specific issues of bonds, notes, or other obligations. Such specific offering information, taken together with this Annual Statement, will serve as the Official Statement for each of those issues. Following the distribution of this Annual Statement and concurrently with the original offering by the City of a particular issue of its bonds, notes, or other obligations, the City may distribute or make available the specific offering information relating to that issue along with information updating or revising information contained in this Annual Statement.

The City has prepared and circulated to interested persons an annual informational statement such as this Annual Statement in each year since 1978 and intends to continue that practice. Since 1996, the City has entered into continuing disclosure agreements (the Agreements) pursuant to SEC Rule 15c2-12 in connection with the primary offering by the City of each of its issues of bonds and other obligations subject to that rule. The Agreements require the City to provide annually financial information and operating data for its immediately preceding fiscal year of the type included in the final official statement for each of the respective issues. This Annual Statement is provided in order to satisfy the obligation of the City under the Agreements. It will be filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. The list of bonds, notes and other obligations of the City to which this Annual Statement applies is set forth in **Appendix C** and includes the applicable CUSIP numbers for those issues. The City's audited financial statements for fiscal year 2015 will be filed with the State Auditor, the Single Audit Clearing House, the MSRB through its EMMA system, and various grant and other appropriate agencies and will be mailed upon written request.

Questions regarding information contained in this Annual Statement should be sent to Diane L. Miller-Dawson, Director of Finance, City of Akron, Municipal Building, 166 South High Street, Akron, Ohio 44308. The Director of Finance is the officer designated by the City to respond to questions concerning the Annual Statement and the financial matters of the City in general. She may be contacted at the above address or by telephone 330-375-2316, facsimile 330-375-2291 or email [DMiller-Dawson@akronohio.gov](mailto:DMiller-Dawson@akronohio.gov).

All financial and other information in this Annual Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Annual Statement should be considered in its entirety and no one subject considered less important than another by reason of location in the text. Reference should be made to laws, reports, or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law, the Ohio Constitution, or the Charter of the City (the Charter) are references to those current provisions. Those provisions may be amended, repealed, or supplemented.

As used in this Annual Statement, "debt service" means principal of and interest on the obligations referred to, "County" means the County of Summit, "State" or "Ohio" means the State of Ohio, and "JEDD" means a Joint Economic Development District.

## **THE CITY**

### **GENERAL**

The City is located in the County of Summit in northeast Ohio, approximately 35 miles south of Cleveland. The City, which is the county seat, was incorporated in 1836.

In the 2000 Census classifications, the City was in the Akron Primary Metropolitan Statistical Area (PMSA), comprised of Summit and Portage Counties. It was also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area (CMSA). Effective in 2003, the PMSA was renamed the Akron Metropolitan Statistical Area (MSA). The CMSA was reclassified as the Cleveland-Akron-Elyria Combined Statistical Area (CSA). After new delineation standards were announced in 2013, Akron remains an MSA, defined as Summit and Portage Counties, and is part of the larger Cleveland-Akron-Canton Combined Statistical Area.

### **CITY GOVERNMENT**

The City operates under and is governed by its Charter, which was first adopted by the voters in 1918 and which has been and may be amended by City voters from time to time. The City is also subject to certain general laws applicable to all cities in the State. Under the Ohio Constitution, the City may exercise all powers of local self-government, and may enact police, sanitary, and similar regulations to the extent not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government.

Legislative authority of the City is vested in a 13-member Council. Currently, three members are elected at-large for four-year terms; ten members are elected from wards for four-year terms. All elected officials, except the Mayor, serve part-time. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is elected by the Council to serve until a new President is elected. The Charter establishes certain administrative departments and authorizes the Council, by a two-thirds vote, to establish additional departments and divisions within the departments.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters to that office for a four-year term. The Mayor appoints the directors of the City departments. The major appointed officials are the Directors of Finance, Law, Planning, Public Service, and Neighborhood Assistance and the Deputy Mayors. The Mayor also appoints members to a number of boards and commissions and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, with a few exceptions, such as Council officers and employees and personnel directors.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

## FACILITIES

The City's buildings and facilities are briefly described in the following table.

Facility	Date Built or Purchased	Size (sq. ft.)	Use
Municipal Building	Built 1925	99,000	Administrative Offices (Mayor's Office, Council, Finance, Public Service, Planning)
CitiCenter Building and Parking Deck	Purchased 1993	200,000	Administrative Offices (Fire, Personnel, Public Utilities, Neighborhood Assistance, AMATS)
H. K. Stubbs Justice Center	Built 1968	160,220	Police Department, Municipal Courts, and Prosecutor's Office
Morley Health Center & Parking Deck	Built 1969	90,000	Government Offices Public Parking
Cascade Parking Deck & Plaza; Main St. Tunnel & Transition Building/Walk	Built 1970	630,000	Public Parking; Pedestrian Access
Opportunity Park Parking Deck & Skywalk	Built 1973 Rebuilt 2002	318,100	Public Parking; Pedestrian Access
Broadway Parking Deck & Skywalk	Built 1996	166,150	Public Parking;
Akron Centre Parking Deck	Built 1971 Expanded 2007	590,740	Public Parking
State Street Parking Deck	Built 1998	151,000	Public Parking
Municipal Service Center Complex (3 office buildings, Misc Garage &, Warehouse)	Built 1976 to 2013	230,860 (total)	Administrative Offices (Public Works, Motor Equipment, Traffic Engineering, Communications); Fueling and repair of City vehicles
Motor Equipment Garage	Purchased 1985	43,600	Fueling and repair of City vehicles
Westside Depot Garage	Built 1965	12,660	Fueling and repair of City vehicles
Fire Stations (13)	Built 1920 to 1995	126,790 (total)	Fire-fighting personnel and equipment
Fire Maintenance Facility	Built 1963	21,190	Equipment maintenance storeroom; hydrant repair and maintenance
Fire Training Facility	Purchased 2007	20,904	Fire training
High-Market Parking Deck	Built 2004	265,090	Public Parking

## ECONOMIC DEVELOPMENT HIGHLIGHTS

For historic economic development information and project descriptions, please refer to previous AIS documents posted on EMMA, or call the City of Akron Treasury Department at (330) 375-2330 to get historical Annual Informational Statement publications.

### Economic Development Program

#### Mayor's Office of Economic Development

##### 2015 Accomplishments

2015 Projects	Investment Amount	Number of New Jobs
<b>Retention</b>		
Acme No. 1 - West Akron	\$9,000,000	
AAA Ground Breaking	\$3,000,000	
Quest Medical Imaging		
<b>Expansion</b>		
Ultra-Tech (Ascot)	\$2,250,000	35
Involta	\$10,000,000	10
<b>Attraction</b>		
Mondall	\$100,000	3
Berran Industrial	\$912,000	29
Total Quality Logistics (TQL)		70
Thomas Kintz	\$700,000	10
KS Properties (Ascot)*	\$1,395,000	21
Qbunch - Sav-A-Lot*	\$800,000	11
Restaurant Depot	\$171,250	26
Timocco	\$250,000	2
<b>Creation</b>		
Small Business Development Center	\$9,489,262	241
Akron Global Business Accelerator	\$19,300,000	97
<b>TOTAL</b>	<b>\$57,367,512</b>	<b>555</b>

\*TIF Revenue  
collected: \$12.6m



***Bridgestone/Firestone Technical Center.*** Bridgestone/Firestone has completed its new 246,500 square-foot technical center at the corner of South Main Street and Firestone Boulevard. In addition, a new 400-space parking deck has been constructed on land currently owned by the City near the Firestone Stadium, with a skywalk over South Main Street connecting the two structures. The total project has resulted in retention of 1,000 jobs and an approximate \$100 million investment, including \$10 million budgeted by the City for the implementation of the Firestone Park Redevelopment Plan and South Main-Wilbeth Urban Renewal Area Plan. The development agreement was approved by the parties in 2009, and the \$70 million first phase of financing closed on March 2010. The city continues to carry out several additional projects and provide oversight to development within the area, including: significant property acquisition for new mixed-use redevelopment of the blocks south of the Bridgestone/Firestone complex, transportation enhancements to South Main, Wilbeth, Firestone Parkway and Firestone Boulevard, and creation of the Confluence Park.

***Goodyear Tire & Rubber Company Project.*** In December 2007, Goodyear Tire & Rubber Company affirmed its long-term commitment to the City and announced plans to establish new facilities for its global and North American headquarters adjacent to its Akron Technical Center. Plans called for the developer, Industrial Real Estate Group (IRG), to construct new state-of-the-art facilities and enter into a long-term lease with the company. A total of 2,900 jobs were retained. The existing Goodyear buildings, totaling approximately 800,000 usable square feet, would be converted to a mixed-use complex of office, commercial, and retail space by IRG. Additional industrial, retail, commercial, and possible residential development is planned. The City, the County, the State, and other governmental entities have provided approximately \$200 million towards the \$900 million redevelopment cost. The largest part of the City's contribution will come from tax increment financing. In May 2009, in support of the project, the DFA issued \$17.2 million of bonds for land acquisition by IRG, which is to be leased to the company, initially for five years (10 years for the Tech Building). This public financing required Goodyear's agreement to remain in Akron for 25 years, leasing space through 2038 with potential options through 2093. The company broke ground in spring of 2011 and construction was completed in December, 2012. Employees have relocated to the new building and a dedication was held May 9<sup>th</sup> 2013. The company currently employs 3,100 people at this location.

In 2009, IRG the developer, was able to complete the acquisition of a majority of the Goodyear properties and began the redevelopment of those buildings. The infrastructure improvements are complete : the City reconstructed a major sewer line in the project area at a cost of \$2.8 million. The city had four consultants under contract and has completed ~~started~~ design on the roadway improvements. The design of Martha Avenue was completed in 2008 and construction completed. Funding applications were awarded for Archwood chemical assessment and for the removal of Building # 116 and this work has been completed.

In 2015, the majority of the "East End" project was launched. This district is a 1.4 million square foot, mixed use redevelopment initiative in a portion of the former Goodyear Headquarters complex. Mid-Year, newly built apartments in the Residences at East End starting welcoming new tenants, the Goodyear Theater renovations were complete and concerts and events are being presented at the theater, and the Hilton Garden Hotel is open and so successful, expansion is being considered. Plans are continuing to evolve for the gymnasium/events community space as well as retail and office space. In addition, renovations have begun across the street for additional mixed use in the former headquarters building.

## **City-Wide Programs**

***Akron Community Learning Centers.*** With joint funding through the City, Akron Public Schools, and the State more than \$800 million is being invested to transform the Akron public school facilities into Community Learning Centers (CLCs). Under the City's leadership, City voters approved a .25% income tax increase to rebuild and remodel Akron's schools. The new Community Learning Centers are providing modern school facilities for Akron City School District students and are available to the community during evenings, weekends, and summers for recreation, civic meetings, adult education, and training, and a wide variety of City programs and other community activities. The City and APS formed a partnership with the Akron Urban League and constructed a joint facility – the Helen Arnold CLC and Urban League. Currently under construction are; Harris Elementary CLC, and the Litchfield Middle School/ Firestone HS CLC. The STEM (Science Technology Mathematics and Engineering) High School opened in the fall of 2012 in a renovated section of Central High School on the University of Akron Campus. The total project cost has been \$ 3.2 million. There are approximately 380 ninth, tenth, eleventh and twelfth graders, most from the STEM Middle School, and the balance from other APS Schools and outside the districts. In design are Ellet and Case schools. The project has completed 29 buildings and represents the largest construction project in the history of the City, the State of Ohio funding being \$339M, local voter-approved funding \$236M, and Locally Funded Initiatives \$133M for a total of \$708M.

## **JOINT ECONOMIC DEVELOPMENT DISTRICTS**

A Joint Economic Development District (JEDD or District) is created by a contract entered into between a city and a township. The City has joined with four of the surrounding townships to create the Copley-Akron Joint Economic Development District, the Coventry-Akron Joint Economic Development District, the Springfield-Akron Joint Economic Development District, and the Bath-Akron-Fairlawn Joint Economic Development District. Each JEDD is made up of several areas within the respective township. These are almost exclusively commercial and industrial areas of the townships.

Each JEDD is a distinct, separate political subdivision. It has powers granted to it by State law and the JEDD contract. The purpose of the JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the City, the township, and the District. Each of the JEDD contracts became effective after approval by the voters in the respective townships in 1994 (1998 for the Bath-Akron-Fairlawn JEDD), and each has a term that extends to December 31, 2093 (2097 for the Bath-Akron-Fairlawn JEDD) and may be extended by any party to the JEDD contract for two additional 50-year terms. The JEDD Contract may be terminated by mutual consent of the parties.

Each JEDD is governed by a Board of Directors in accordance with the JEDD contract. Each JEDD Board is made up of the Mayor and two City Council members and the three township trustees. The Bath-Akron-Fairlawn JEDD Board also includes the mayor and two council members from the City of Fairlawn.

Certain taxpayers in the original three JEDDs (Copley, Coventry, and Springfield) filed suit in 1995 against the JEDD Boards of Directors, the townships, and the City challenging the constitutionality of the statute authorizing the JEDDs. In March 1999, the Supreme Court, in a unanimous decision, resolved the issue in favor of the City and the JEDDs by ruling that the JEDD

statute is constitutional. In May 2007, the Ohio Supreme Court declined to hear an appeal from a developer involving the Bath-Akron-Fairlawn JEDD. The trial court and appellate court had dismissed the developer's lawsuit for lack of standing to sue.

The JEDD Contracts generally provide that the City will extend water and sewer services to the JEDDs and, in some cases, to other areas within the townships. Each JEDD Contract describes the water and sewer facilities that are to be constructed and installed, as well as the extent of the City's obligations to fund those projects. The City has been and is continuing to extend water and sewer facilities to the JEDDs under the JEDD contracts as part of its contribution to the economic development of the region. Approximately 80 construction projects (both water and sewer) have been completed since this program began. The City has expended over \$65.3 million so far for these projects. To fund these facilities, the City has issued the Special Revenue Bonds as described in **Special Revenue Bonds**, which are payable solely, first from revenues received by the City from the JEDD and then, if necessary, from net available revenues from the respective municipal utility system, after payment of any debt service on revenue bonds for that system. The Special Revenue Bonds are subordinate obligations to the City's revenue bonds issued for the Water System and the Sewer System, respectively. See **City Debt and Other Long-Term Obligations – Revenue Bonds**. The City does not expect to have to use the utility revenues to pay debt service on any of these Special Revenue Bonds.

In order to provide water to Springfield, Coventry, and Copley Townships in accordance with the JEDD contracts, the City must use water from its system in the Lake Erie basin. The Townships are across the continental divide in the Ohio River watershed. The City has entered into an agreement with the Ohio Department of Natural Resources (ODNR) for a "no-net-loss" plan whereby water in the Portage Lakes is released by ODNR into the Ohio Canal and eventually Lake Erie to make up for any water from the City that is not returned to Lake Erie through the City's sanitary sewer system. The City's plan was submitted to the other Great Lakes states for review and comment and each has approved the plan. Several nearby communities challenged the plan in a lawsuit, but the plan was upheld by the Ohio Supreme Court.

The statutes authorizing the creation of JEDDs provide that JEDDS may levy an income tax at a rate up to but not exceeding the rate levied by the city participating in the creation of the JEDD. Each JEDD contract provides for, and each District has levied, an income tax at the rate of 2% on all earned income (wages and salaries of workers and net profit on businesses or professions) in the JEDD. Beginning April 1, 2005, the income tax rate increased to 2.25% in the Copley, Coventry, and Springfield JEDDs because of the contract provision providing for the rate to change so that it equals the City's municipal income tax rate. The revenues generated from this increase are allocated one-third to the respective township and two-thirds to the City. Beginning January 1, 2006, the income tax rate increased to 2.25% in the Bath-Akron-Fairlawn JEDD. As the contract stipulates, the revenues generated from the tax increase are allocated one-third to Bath Township, one-third to the City of Fairlawn, and one-third to the City.

In accordance with the JEDD contracts, each JEDD has entered into a separate agreement with the City to administer and collect the JEDD income taxes. The income tax receipts for each JEDD are collected, and are accounted for separately from each other District and the City, by the City's Tax Administrator. All taxes on property within the JEDDs continue to be levied and collected by the overlapping subdivisions: the County, school districts, and the townships.

The JEDD contracts for the Coventry, Copley, and Springfield JEDDs provide that 1% of the JEDD income tax is to be used by the District for its operation and administration. The remaining portion is allocated to the City. The Bath-Akron-Fairlawn JEDD Contract also provides for 1% of the income tax revenues to be used for operation of that JEDD. It also provides, however, for certain other payments to Bath Township. The township is to be paid \$250,000 per year for 10

years and on March 13, 2006 was paid a one-time payment of \$3,282,387, which is an amount equal to 10% of the net JEDD revenue for the years 2000 to 2005 (income tax revenues less administrative costs and costs of capital improvements in the JEDD). Under separate agreements between the City and the City of Fairlawn, the City shares one-half of the net JEDD Revenues from the Bath-Akron-Fairlawn JEDD with the City of Fairlawn.

JEDD income tax receipts increased approximately 13.87% from 2011 to 2015, inclusive (see **Historical JEDD Revenues**). In 2011, the JEDD's income tax revenue saw the first increase since 2007, increasing every year since then.

The following table sets forth the largest private and public employers within the combined JEDDS with the available information as of 2014.

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>Approximate Number of Employees</b>
InfoCision Management, Inc. (b)	Telemarketing	1,440
Fedex Corporate Services Inc.(b)	Technology services	600
Akron General Health and Wellness Center(b)	Health-care and fitness	237
Quality Mold, Inc.(c)	Tire molds, related engineering	160
Airborne Electronics, Inc (c)	Electronic Assemblies	144
Montrose Ford(a)	Automobile dealership	110
Home Depot (a) (c)	Retail Home Improvement	110

(a) Copley-Akron JEDD

(b) Bath- Akron JEDD

(c) Springfield - Akron JEDD

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The following table sets forth the receipts and expenditures of the income tax collections in the JEDDs and the resulting JEDD revenues of the City for the past five years.

**Historical JEDD Revenues**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Income Tax Revenues:</u>					
Bath JEDD	\$ 6,067,627	\$ 6,078,405	\$ 6,679,648	7,106,022	7,078,892
Copley JEDD	4,994,386	5,378,477	5,254,877	5,392,027	5,549,104
Coventry JEDD	2,387,904	2,470,971	2,469,772	3,088,196	2,331,661
Springfield JEDD	<u>2,811,168</u>	<u>2,896,242</u>	<u>2,792,489</u>	<u>2,924,586</u>	<u>3,557,081</u>
<b>Total Revenues</b>	<b>\$16,261,086</b>	<b>\$16,824,095</b>	<b>\$17,196,786</b>	<b>\$18,510,831</b>	<b>\$18,516,738</b>
<u>Expenditures:</u>					
Administrative Expenses	\$ 153,163	\$ 162,611	\$ 168,241	\$ 171,968	\$185,108
Refunds	259,824	286,728	297,472	428,162	113,023
Distribution to Bath	0	0	0	0	0
Distribution to Fairlawn	2,575,723	2,795,401	3,042,551	3,198,445	3,483,088
Distribution to Townships(a)	561,020	584,621	584,621	661,831	685,231
Distribution to Akron City School District(b)	<u>952,680</u>	<u>1,197,386</u>	<u>1,221,353</u>	<u>0</u>	<u>1,382,454</u>
<b>Total Expenditures</b>	<b>\$4,502,410</b>	<b>\$5,026,747</b>	<b>\$5,335,571</b>	<b>\$4,460,406</b>	<b>\$5,832,278</b>
Debt Service on Sanitary Sewer System Special Revenue Bonds(d)	\$1,945,338				
Debt Service on Waterworks System Special Revenue Bonds(d)	<u>2,363,616</u>	<u>1,085,415</u>	<u>1,149,262.50</u>	<u>3,069,263</u>	<u>4,287,463</u>
<b>Total Debt Service</b>	<b>\$ 4,308,954</b>	<b>\$1,085,415</b>	<b>\$1,149,262.50</b>	<b>\$3,069,263</b>	<b>\$4,287,463</b>
Debt Service Coverage(e)	2.73	10.88	10.32	4.58	2.95
<b>Balance of JEDD Revenues(f)</b>	<b>\$ 7,449,722</b>	<b>\$10,711,934</b>	<b>\$10,711,952.50</b>	<b>\$10,981,163</b>	<b>\$8,396,998</b>

(a) Sharing of income tax revenues generated by the 0.25% increase in the tax rate as described above.

(b) Payment pursuant to an agreement between the School District and the City.

(c) JEDD Revenues for previous years are as follows: 1995- \$3,452,322, 1996- \$6,771,752, 1997- \$6,569,792, 1998 - \$6,828,956, 1999- \$9,764,530, 2000- \$12,202,582, 2001- \$10,624,460, 2002- \$10,198,426, 2003 - \$9,463,937, 2004 - \$10,509,641, 2005-\$9,331,755, 2006 - \$ 9,310,444, 2007- \$ 11,905,374 , 2008- \$ 11,243,830, 2009 - \$10,680,907, 2010 - \$10,177,030

(d) These bonds were issued in 2000 and 2002, then refinanced in 2011. Debt Service for Combined Refunder. (See **Special Revenue Bonds**.)

(e) In accordance with the trust indentures for these bonds, "coverage" is calculated by (1) multiplying the JEDD Revenues by a percentage equal to the debt service on the respective bond issue divided by the total debt service on the Waterworks System Special Revenue Bonds and on the Sanitary Sewer System Special Revenue Bonds, and (2) dividing those "adjusted" JEDD Revenues by the debt service on the respective bond issue. Those trust indentures require a debt service coverage of at least 1.25. (See **Special Revenue Bonds**.)

(f) Available to pay costs of capital improvements, to meet other obligations under the JEDD Contracts, and for other municipal purposes as determined by the City.

The following table sets forth projected receipts and expenditures for the JEDD Revenues for the current year and the next five years.

	Projected JEDD Revenues					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Income Tax Revenues:</u>						
Bath JEDD	\$7,220,470	\$7,364,879	\$7,512,177	\$7,662,420	\$7,815,669	\$7,971,982
Copley JEDD	\$5,660,086	\$5,773,288	\$5,888,754	\$6,006,529	\$6,126,659	\$6,249,192
Coventry JEDD	\$2,378,294	\$2,425,860	\$2,474,377	\$2,523,865	\$2,574,342	\$2,625,829
Springfield JEDD	\$3,628,223	\$3,700,787	\$3,774,803	\$3,850,299	\$3,927,305	\$4,005,851
<b>Total Revenues</b>	<b>\$18,887,073</b>	<b>\$19,264,814</b>	<b>\$19,650,110</b>	<b>\$20,043,113</b>	<b>\$20,443,975</b>	<b>\$20,852,854</b>
<u>Expenditures:</u>						
Administrative Expenses	\$185,167	\$188,871	\$192,648	\$196,501	\$200,431	\$204,440
Refunds	279,552	273,579	\$222,051	\$258,394	\$251,342	\$243,929.14
Distribution to Bath	0	0	0	0	0	0
Distribution to Fairlawn	3,241,361	3,306,189	3,372,312	3,439,759	3,508,554	3,578,725
Distribution to Townships(a)	680,937	688,478	702,676	718,838	732,035	747,127
Distribution to Akron City School District(b)	<u>1,382,454</u>	<u>1,396,279</u>	<u>1,410,241</u>	<u>1,424,344</u>	<u>1,438,587</u>	<u>1,452,973</u>
<b>Total Expenditures</b>	<b>\$5,769,473</b>	<b>\$5,853,395</b>	<b>\$5,899,929</b>	<b>\$6,037,836</b>	<b>\$6,130,948</b>	<b>\$6,227,194</b>
<b>JEDD Revenues(c)</b>	<b>\$13,117,600</b>	<b>\$13,411,419</b>	<b>\$13,750,182</b>	<b>\$14,005,277</b>	<b>\$14,313,027</b>	<b>\$14,625,660</b>
Debt Service on JEDD Revenue Bonds(d)	\$4,268,862.50	\$4,262,612.50	\$4,268,362.50	\$4,255,112.50	\$4,268,362.50	\$1,927,262.50
<b>Total Debt Service</b>	<b>\$4,268,863</b>	<b>\$4,262,613</b>	<b>\$4,268,363</b>	<b>\$4,255,113</b>	<b>\$4,268,363</b>	<b>\$1,927,263</b>
Debt Service Coverage(e)	3.07	3.15	3.22	3.29	3.35	7.59
<b>Balance of JEDD Revenues(f)</b>	<b>\$8,848,738</b>	<b>\$9,148,807</b>	<b>\$9,481,819</b>	<b>\$9,750,164</b>	<b>\$10,044,664</b>	<b>\$12,698,398</b>

## ECONOMIC AND DEMOGRAPHIC INFORMATION

Census population since 1940 has been:

<u>Year</u>		<u>City</u>	<u>County</u>	<u>MSA</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
2010	.....	199,110	541,781	703,200

### Employment

The following table shows comparative average annual employment and unemployment statistics for the indicated years.

Year(a)	Number (000)						Unemployment Rate(%)				
	<u>Employed</u>			<u>Unemployed</u>			<u>Unemployment Rate(%)</u>				
	City	County	MSA	City	County	MSA	City	County	MSA	Ohio	U.S.
2005	99.5	273.7	358.0	6.8	16.7	21.6	6.4	5.7	5.7	5.9	5.1
2006	101.0	279.1	364.8	6.3	15.4	20.0	5.9	5.2	5.2	5.4	4.6
2007	101.2	280.7	367.8	6.4	15.9	20.8	5.9	5.4	5.4	5.6	4.6
2008	101.0	280.1	367.0	7.3	18.3	24.1	6.7	6.1	6.2	6.5	5.8
2009	94.4	262.2	344.6	11.2	28.9	37.8	10.6	9.9	9.9	10.1	9.6
2010	89.6	259.3	342.9	11.0	28.6	37.5	11.00	9.9	9.9	10	9.6
2011	87.5	260.0	344.2	9.3	24.0	31.7	9.3	8.5	8.4	8.6	8.9
2012	89.7	259.9	343.8	7.6	19.7	25.9	7.8	7.0	7.0	8.1	7.4
2013	83.4	251.1	332.2	7.9	20.6	27.3	8.6	7.6	7.6	7.5	7.4
2014	85.0	256.2	338.0	6.1	16.0	21.1	6.7	5.9	5.9	5.8	6.2
Jan 2015	84.0	253.4	334.4	6.5	17.1	22.6	7.1	6.3	6.3	6.0	6.1
Feb 2015	85.0	256.1	337.9	5.9	15.5	20.5	6.5	5.7	5.7	5.6	5.8
Mar 2015	85.5	257.7	340.0	5.6	14.6	19.3	6.2	5.4	5.4	5.2	5.6
Apr 2015	86.0	259.2	341.9	5.1	12.8	16.7	5.6	4.7	4.7	4.6	5.1
May 2015	86.5	260.9	344.2	5.1	13.1	17.1	5.6	4.8	4.7	4.8	5.3
Jun 2015	86.3	260.2	343.3	5.2	13.5	17.7	5.7	4.9	4.9	5.0	5.5
July 2015	86.2	260.0	342.9	5.2	13.5	17.7	5.7	4.9	4.9	5.0	5.6
Aug 2015	86	259.3	342.1	4.7	12.2	15.9	5.2	4.5	4.4	4.4	5.2
Sep 2015	85.9	259.0	341.6	4.5	11.7	15.4	4.9	4.3	4.3	4.3	4.9
Oct 2015	87.2	263.0	346.9	4.6	12.0	15.8	5.0	4.4	4.4	4.3	4.8
Nov 2015	87.1	262.5	346.3	4.9	12.8	16.8	5.3	4.7	4.6	4.5	4.8
Dec 2015	86.8	261.6	345.1	5.0	13.0	17.2	5.5	4.7	4.7	4.6	4.8

(a) Not seasonally adjusted.

Source: Ohio Department of Job and Family Services.

The following table sets forth the private and public employers that have the largest manufacturing and nonmanufacturing workforces within the City.

	<b><u>Nature of Activity or Business</u></b>	<b><u>Approximate Number of Full-Time Employees</u></b>
Summa Health System	Hospital/Medical	11,000
Akron General Health Systems	Hospital/Medical	3,953
Akron Children's Hospital	Hospital/Medical	3,380
Goodyear Tire & Rubber Company	Rubber Products/Research	3,000
County of Summit	Government	2,969
Signet Jewelers Inc	Jewelry Retail/Headquarters	2,900
Akron Public Schools	Education	2,780
The University of Akron	Higher Education	2,622
First Merit	Banking/Finance	2,300
FirstEnergy Corporation	Utility	2,500
Time Warner Cable NEO	Telecommunications	2,095

Source: Greater Akron Chamber of Commerce.

## **SEWER SYSTEM**

### **General**

The City owns and operates a wastewater collection and treatment system (the Sewer System) that serves the City and 12 other subdivisions in a 75 square mile service area. The estimated replacement value of the Sewer System exceeds \$2.2 billion. The existing collection system consists of 649 miles of sanitary sewers, which includes local, combined, and trunk sewers. Over 70% by length of these sewers carry only sanitary sewage, while the remaining 30% carry both sanitary sewage and storm water in periods of wet weather. Approximately 60% of the sewers are over 40 years in age. The City, however, conducts a regular maintenance and replacement program to maintain operational efficiency of the collection system. The collection system also includes 33 pump stations and one retention tanks. In addition, the City has 382 miles of storm sewers and 309 miles of storm and combined sewer inlet lead connections. The sewer collection system carries sewage to the Water Pollution Control Station- the City's wastewater treatment plant- which was constructed in 1928. Over the years, the treatment plant has been continuously expanded and upgraded to meet increasing demands on the Sewer System based on increased volume and regulatory requirements. The existing wastewater treatment plant provides primary and advanced secondary treatment of wastewater, followed by disinfection prior to discharge into the Cuyahoga River.

The Sewer System is operated as a self-supporting enterprise. Rates are set so as to provide sufficient funds for operation, for an adequate level of maintenance, and for debt service requirements on revenue bonds, on certain general obligation bonds or notes issued for Sewer System purposes, and on obligations to the Ohio Water Development Authority and the Ohio Public Works Commission (see **Revenue Bonds** and **City Debt and Other Long-Term Obligations**). The U.S. EPA has approved the City's user charge system for Sewer System customers, both inside and outside the City.

The City agreed to a consent decree with the United States Environmental Protection Agency and the Ohio Environmental Protection Agency in order to avoid complicated, protracted, and expensive litigation with those agencies. As part of the consent decree, the City upgraded the Water Pollution Control Station to a minimum secondary treatment capacity of 130 million gallons



a day, will separate a number of combined sewer overflow outfalls, will develop and implement a Final Long Term Control Plan. Implementation measures are underway to eliminate overflows from the Mud Run Pump Station, and the City is in the process of implementing the fifth year of a five-year Capacity, Management, Operation and Maintenance Program, and will pay a civil penalty and fund a portion of a supplemental environmental project.

### **Capital Improvements**

Over the past six years, the City has constructed approximately \$180 million worth of capital improvements to the Sewer System. This extensive capital improvements program has had a major positive impact on the operating efficiency of the Sewer System and its compliance with environmental regulations. The table below sets forth the Sewer System's capital improvement expenditures for the years 2011 through 2015, and includes expenditures from Sewer System revenues and the proceeds of bonds and other obligations.

#### **Capital Improvement Expenditures (000)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
Water Pollution						
Control Station	\$2,021	\$5,989	\$4,480	\$2,618	\$6,107	\$21,215
Sewer						
Reconstruction	3,828	5,511	3,741	7,464	3,639	24,183
Combined Sewer						
Overflow	7,571	18,126	29,862	24,317	39,428	119,304
New Sewers:						
City	0	0	0	0		0
JEDDs	15	9	2,589	2,044	1,920	6,577
<b>Total</b>						
<b>Sewer System</b>	<b>\$13,435</b>	<b>\$29,635</b>	<b>\$40,672</b>	<b>\$36,443</b>	<b>\$51,094</b>	<b>\$171,279</b>

The following table sets forth the projected capital improvement expenditures planned for the years 2016 through 2020, including expenditures from bond proceeds and Sewer System revenues, subject to availability of those revenues. As discussed under **The City – Joint Economic Development Districts**, the City is extending the Sewer System's collection system into the neighboring townships in which Joint Economic Development Districts have been established. A portion of the revenues received by the City pursuant to the JEDD contracts will be used to pay costs of extending these facilities (see **Special Revenue Bonds**).

### **Projected Capital Improvement Expenditures (000's)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Water Pollution Control Station	\$11,405	\$59,725	\$10,825	\$275	\$275	\$ 82,505
Sewer Reconstruction	13,173	7,855	4,755	4,255	4,255	\$ 34,293
Combined Sewer Overflow	131,007	220,860	98,907	14,510	14,510	\$ 479,794
New Sewers: City	-	-	-	-	-	\$ -
JEDDs	330	100	100	100	100	\$ 730
<b>Total Sewer System</b>	<b>\$155,915</b>	<b>\$288,540</b>	<b>\$114,587</b>	<b>\$19,140</b>	<b>\$19,140</b>	<b>\$ 597,322</b>

In 2005, the City and the facility operator, KB Compost Services, Inc., entered into an agreement to design, build, and operate a 5,000 dry-ton-per-year anaerobic-digestion system with a combined heat and power unit capable of generating up to 335 kW of electricity. The initial phase is sized to process about one-third of the wastewater treatment plant sludge production; it went into operation in late 2007. In 2010, the electricity produced reduced the plant's cost for electricity by 28%. In 2013, the City eliminated composting, and KB BioEnergy (formerly KB Compost Services) handles all former City composting in this manner.

### **Employees**

As of December 31, 2015, the City had 104 permanent employees involved in the operation and maintenance of the Sewer System. The Sewer Bureau, which includes all functions of the Sewer System as well as the Water Supply Bureau is under the supervision of the Director of Public Service except the Finance Department's Akron Utilities Business Office (See **Water System - Employees**).

### **Service Area and Users**

The Sewer System supplies the only sanitary sewage collection and treatment service in the City and also serves users located outside the City in the Cities of Stow, Cuyahoga Falls, Tallmadge, and Fairlawn; the Villages of Silver Lake, Munroe Falls, Lakemore, and Mogadore; and the Townships of Bath, Copley, Coventry, and Springfield. The City acquired the water and sewer lines of the Copley Square Water Company on June 4, 2010. This utility provided water and sewer service to approximately 700 accounts in Copley Township. This utility connected its water and sewer lines to Akron's water and sewer system as a condition of the purchase. The city serves these accounts on a retail basis. The numbers of users served by the Sewer System for the last five years are set forth in the following table.

# SEWER SYSTEM

## NUMBER OF USERS (Excluding Master Meter Communities)

		2011	2012	2013	2014	2015
Within City						
	Residential	66,222	65,803	65,481	65,189	65,308
	Commercial	3,033	3,050	3,032	3,004	3,007
	Industrial	1,464	1,461	484	477	476
	Other	61	69	73	77	76
	Subtotal	70,780	70,383	69,070	68,746	68,867
		90.00%	89.92%	89.71%	89.63%	89.94%
Outside City						
	Residential	7,330	7,346	7,363	7,387	7,139
	Commercial	438	444	456	462	474
	Industrial	95	98	100	102	87
	Other	4	5	5	4	4
	Subtotal	7,868	7,893	7,924	7,955	7,703
		10.00%	10.08%	10.29%	10.37%	10.06%
Total Users						
	Residential	73,552	73,148	72,844	72,576	72,447
	Commercial	3,472	3,494	3,488	3,466	3,481
	Industrial	1,558	1,559	584	578	563
	Other	65	74	78	81	80
	Total	78,648	78,276	76,994	76,701	76,570
		100.00%	100.00%	100.00%	100.00%	100.00%

The Sewer System serves five master-metered areas under separate sewer-service agreements. The flow from each of these areas is metered and sampled for biochemical oxygen demand (B.O.D.) and suspended solids (S.S.). Each community is then billed based on the flow and strength of sewage delivered to the Sewer System. Each master-meter customer is billed for flow at a designated rate per million gallons, and then receives a debit or credit for over-or-under-assigned strength sewage. Finally, a monthly billing charge is added to recover costs associated with Accounting Department services rendered. Master-meter customers account for approximately 17% of the total flow treated at the City's wastewater treatment plant. Master-meter customers handle billing to individual users.

The Sewer System's total billings and user wastewater discharge volume for the years 2011 through 2015 are detailed, in terms of account type, in the following tables.

## SEWER SYSTEM

## BILLED DISCHARGE REVENUE

	2011	2012	2013	2014	2015
<b>Within City</b>					
<b>Residential</b>	\$26,178,540	\$31,642,464	\$33,229,593	\$42,529,570	\$ 53,559,434
<b>Commercial</b>	6,849,396	7,688,633	8,161,376	10,983,174	14,072,232
<b>Industrial</b>	4,662,298	4,334,583	3,928,895	4,322,259	5,070,911
<b>Other</b>	0	0	0	0	0
<b>Subtotal</b>	<u>37,690,235</u>	<u>43,665,680</u>	<u>45,319,864</u>	<u>57,835,002</u>	<u>72,702,577</u>
	73.40%	75.18%	75.39%	76.62%	79.39%
<b>Outside City</b>					
<b>Residential</b>	3,656,037	4,251,804	4,439,090	5,596,758	5,597,654
<b>Commercial</b>	1,054,113	1,213,222	1,188,692	1,531,010	1,995,483
<b>Industrial</b>	328,957	444,989	413,556	484,786	485,152
<b>Other</b>	99	0	0	0	0
<b>Subtotal</b>	<u>5,039,205</u>	<u>5,910,015</u>	<u>6,041,337</u>	<u>7,612,554</u>	<u>8,078,289</u>
	9.81%	10.18%	10.05%	10.08%	8.82%
<b>Total Billed Discharge</b>					
<b>Residential</b>	<b>29,834,577</b>	<b>35,894,268</b>	<b>37,668,683</b>	<b>48,126,328</b>	<b>59,157,088</b>
<b>Commercial</b>	<b>7,903,509</b>	<b>8,901,854</b>	<b>9,350,067</b>	<b>12,514,184</b>	<b>16,067,716</b>
<b>Industrial</b>	<b>4,991,255</b>	<b>4,779,572</b>	<b>4,342,451</b>	<b>4,807,044</b>	<b>5,556,063</b>
<b>Other</b>	<b>99</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Subtotal</b>	<u><b>42,729,440</b></u>	<u><b>49,575,695</b></u>	<u><b>51,361,201</b></u>	<u><b>65,447,556</b></u>	<u><b>80,780,867</b></u>
	<b>83.21%</b>	<b>85.35%</b>	<b>85.44%</b>	<b>86.70%</b>	<b>88.21%</b>
<b>Master Metered Suburban Communities</b>					
<b>Cuy. Falls</b>	2,044,485	1,829,019	1,919,432	2,141,508	2,613,993
<b>Montrose</b>	899,856	904,710	840,956	903,755	952,707
<b>Mud Brook</b>	3,775,011	3,984,295	4,035,700	4,836,427	4,783,491
<b>Lakemore</b>	494,447	462,150	507,166	591,092	773,391
<b>Tallmadge</b>	1,406,492	1,326,725	1,446,682	1,565,535	1,671,014
<b>Subtotal</b>	<u>8,620,291</u>	<u>8,506,898</u>	<u>8,749,935</u>	<u>10,038,317</u>	<u>10,794,596</u>
	16.79%	14.65%	14.56%	13.30%	11.79%
<b>Total</b>	<b>\$51,349,731</b>	<b>\$58,082,593</b>	<b>\$60,111,136</b>	<b>\$75,485,873</b>	<b>\$ 91,575,463</b>
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

# SEWER SYSTEM

## USER DISCHARGE VOLUME (Millions of Gallons)

	2011	2012	2013	2014	2015
<b>Akron Billed Discharge</b>					
Residential	3,820.5	3,847.5	3,641.4	3,565.6	3,554.8
Commercial	1,086.0	1,059.9	1,024.9	1,011.1	982.8
Industrial	639.3	520.2	457.8	459.1	475.5
Other	78.0	71.9	64.9	63.2	54.3
Subtotal	5,623.8	5,499.4	5,189.0	5,099.1	5,067.4
	49.0%	52.3%	51.0%	49.4%	50.3%
<b>Suburban Billed Discharged</b>					
Residential	405.5	414.9	391.4	420.8	353.7
Commercial	174.9	180.7	178.0	181.9	196.7
Industrial	44.3	55.4	47.9	52.1	48.1
Other	2.6	1.7	0.2	0.1	3.1
Subtotal	627.2	652.6	617.5	654.9	601.5
	5.5%	6.2%	6.1%	6.3%	6.0%
<b>Subtotal Billed Discharge</b>					
Residential	4,225.9	4,262.3	4,032.8	3,986.4	3,908.5
Commercial	1,260.9	1,240.6	1,202.9	1,193.0	1,179.5
Industrial	683.6	575.5	505.7	511.2	523.6
Other	80.5	73.5	65.1	63.4	57.3
Subtotal	6,251.0	6,152.1	5,806.4	5,754.0	5,668.9
	54.4%	58.5%	57.0%	55.7%	56.3%
<b>Master Metered Suburban Communities</b>					
Cuy. Falls	1,246.3	961.8	955.2	926.2	1,030.4
Montrose	417.5	381.0	348.5	393.6	389.7
Mud Brook	2,262.0	1,946.2	1,951.2	2,045.1	1,819.9
Lakemore	346.0	290.8	291.6	326.0	331.9
Tallmadge	959.4	783.4	826.4	879.6	826.6
Subtotal	5,231.2	4,363.2	4,372.9	4,570.5	4,398.5
	45.6%	41.5%	43.0%	44.3%	43.7%
<b>Total</b>					
	11,482.2	10,515.2	10,179.3	10,324.5	10,067.3
	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Average Daily Discharge Volume</b>					
Millions of Gallons	31.458	28.809	27.889	28.286	27.582

The total user volume billed by the Sewer System for 2015 was 10.067 billion gallons. The ten largest retail users by volume, based on billings, and the master meter customers for the last four years are set forth in the following table.

City of Akron Sewer System

SEWER SYSTEM

Ten Largest User Accounts		Discharge Volume in Millions of Gallons				Billing Revenue			
Customer	Entity Type	2012	2013	2014	2015	2012	2013	2014	2015
IRG RC Lessor LLC	Industrial	146.7	168.5	166.4	188.8	\$1,327,226	\$1,684,245	\$ 1,852,646	\$ 2,347,148
University of Akron	Education	133.1	122.6	121.6	95.4	950,093	953,858	1,259,352	1,359,896
Childrens Hospital Medical Center	Medical	*	44.4	46.7	46.8	*	330,254	504,579	648,643
Akron General Medical Center	Medical	55.3	45.9	43.3	46.1	395,043	357,497	485,392	656,967
Summa Health Systems	Medical	59.6	54.9	50.2	45.9	410,610	417,626	519,982	622,307
Akron Board of Education	Commercial	*	*	*	38.9	*	*	*	554,876
Mall At Summit LLC	Commercial	*	*	*	36.6	*	*	*	220,045
GenCorp Polymer Products	Industrial	30.6	25.8	30.9	26.3	220,046	194,513	257,230	247,407
St Thomas Hospital	Medical	31.6	29.2	28.8	25.7	219,503	223,034	301,152	349,186
Summit County Jail	Government	26.9	27.8	29.1	24.1	190,355	215,251	309,777	332,355
LMA Commerce Two LLC	Commercial	*	*	26.2	-	*	*	291,046.0	*
Firestone Tire & Rubber	Industrial	26.8	25.9	*	*	260,589	264,100	*	*
Eliokem Inc	Industrial	32.3	*	*	*	305,951	*	*	*
<b>Total</b>		<b>542.9</b>	<b>544.9</b>	<b>543.2</b>	<b>574.6</b>	<b>\$4,279,416</b>	<b>\$4,640,378</b>	<b>\$5,781,156</b>	<b>\$7,338,830</b>

SEWER SYSTEM

Master Meter Communities (b)		Discharge Volume in Millions of Gallons				Billing Revenue			
Customer		2012	2013	2014	2015	2012	2013	2014	2015
Cuyahoga Falls		961.8	955.2	926.2	1,030.4	\$1,829,019	\$1,919,432	\$ 2,141,508	\$ 2,613,993
Montrose (Summit County)		381.0	380.6	393.6	389.7	904,710	921,122	903,755	952,707
Mud Brook (Summit County)		1,946.2	1,951.2	2,045.1	1,819.9	3,984,295	4,035,700	4,836,427	4,783,491
Lakemore		290.8	291.6	326.0	331.9	462,150	507,166	591,092	773,391
Tallmadge		783.4	826.4	879.6	826.6	1,326,725	1,446,682	1,565,535	1,671,014
<b>Total</b>		<b>4,363.2</b>	<b>4,404.9</b>	<b>4,570.5</b>	<b>4,398.5</b>	<b>\$8,506,898</b>	<b>\$8,830,101</b>	<b>\$10,038,317</b>	<b>\$10,794,596</b>

\* Not part of top ten largest users for specified year

(a) Wholesale contract

(b) Governmental, wholesale contracts

## Sewer Rates

Council passed Ordinance 26-2014 establishing a revised schedule of rates for non-Master Meter service charges (effective 01/01/2014) and ordinance 409-2015 establishing a revised schedule of rates for Master Meter customers, shown in the following table.

### City of Akron Sewer System

#### Sewer Rates - 2014-2017

<b>SEWER SYSTEM</b>												
<b>Rates For Sewer Service</b>												
Effective January 1 of each year unless otherwise noted												
	<b>2014</b>			<b>2015</b>			<b>2016</b>			<b>2017</b>		
<b>Customer</b>	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Residential	Commercial	Industrial
	Rate (\$/HCF)			Rate (\$/HCF)			Rate (\$/HCF)			Rate (\$/HCF)		
<b>Akron</b>	\$8.393	\$8.393	\$8.542	\$10.659	\$10.659	\$9.567	\$10.659	\$10.659	\$9.567	\$10.659	\$10.659	\$9.567
<b>Akron HEAP *</b>	\$6.031	-	-	\$6.845	-	-	\$6.845	-	-	\$6.845	-	-
<b>JEDD</b>	\$8.393	\$8.393	\$8.542	\$10.659	\$10.659	\$9.567	\$10.659	\$10.659	\$9.567	\$10.659	\$10.659	\$9.567
<b>Suburban Fairlawn Contract</b>	\$4.693	\$4.680	\$6.040	\$5.256	\$5.242	\$6.765	\$5.256	\$5.242	\$6.765	\$5.256	\$5.242	\$6.765
	\$4.118	\$4.106	\$5.467	\$4.612	\$4.599	\$6.123	\$4.612	\$4.599	\$6.123	\$4.612	\$4.599	\$6.123
<b>Master Meter</b>	Rate (\$/1,000gal)			Rate (\$/1,000gal)			Rate (\$/1,000gal)			Rate ** (\$/1,000gal)		
				<b>Jan-Mar</b>	<b>Apr-Aug</b>	<b>Sep-Dec</b>	<b>Jan-Mar</b>	<b>Apr-Dec**</b>				
<b>Cuy. Falls</b>	\$2.125			\$2.125	\$2.781	\$2.964	\$2.694	3.804		3.041		
<b>Montrose</b>	2.353			2.353	2.546	2.694	2.694	3.305		3.041		
<b>Mud Brook</b>	1.970			1.970	2.643	2.694	2.694	3.480		3.041		
<b>Lakemore</b>	2.003			2.003	2.273	2.694	2.694	3.262		3.041		
<b>Tallmadge</b>	2.066			2.066	2.356	2.694	2.694	3.355		3.041		
<b>Springfield***</b>							2.694	2.869		3.041		

\* HEAP is a federally funded program that issues heating benefits to supplement a household's annual energy cost

\*\* Rates after March 31, 2016 have not yet been established (2015-2016 Master Meter rates through March 31, 2016 approved 12/23/2015, Ord. 409-2015)

\*\*\* Springfield became a Master Meter Customer in 2016

The City applies a surcharge to master meter customers that discharge wastewater to the Sewer System that is of greater strength than certain defined levels as follows:

	<u><b>B.O.D. (mg/L)</b></u>	<u><b>Suspended Solids (mg/L)</b></u>
Residential User	182	290
Commercial User	289	572
Industrial User	399	771
Suburban Master Meter User	182	290

Those master-meter customers that discharge wastewater with strengths in excess of these levels are charged \$0.237 per pound of excess B.O.D. per day and \$0.201 per pound of excess suspended solids per day.

### **Billing and Collection**

Bills to most users of the Sewer System are mailed monthly. The City adds a 10% surcharge to all Sewer System bills not paid within 15 days after the date they are mailed. If those bills remain unpaid for 45 days from the original bill, the City delivers a termination notice to the user, and service may be terminated 10 days after that by discontinuing water service. If service is terminated, it will not be restored until the bill is paid or a payment arrangement is signed. Ohio law provides additional sewer-charge collection procedures for cities, counties, and villages. When sewer charges are not paid when due, they may be sought either by court action or by certification to the county auditor for collection as a special assessment with the real estate taxes, with partial payments (\$10 minimum) permitted before the certification. Certification may be made only if the charges have been due and unpaid for at least 60 days and communication of the pending certification has been attempted with the owner through written notice at least 30 days before the certification. After certification, the lien created by the certification may be released upon full payment to the County Fiscal Officer of the unpaid water charges plus associated penalties, if any. The City began these procedures for the collection of delinquent water charges in 2004.

In 2015, Sewer System account receivables over 30 days past due totaled \$ 4,121,885, which represents 45% of the \$9,194,791 in sewer receivables at 12/31/2015, down from 60% in 2014. The amounts past due as of 12/31/2015 are as follows: 30 day - \$ 1,197,557, 60 day - \$584,146, and 90 day - \$2,340,182. It is the general policy of the Utilities Business Office to pursue economically feasible collection of outstanding balances rather than write them off.

### **Historical Income, Expenditures and Debt Service Coverage**

The following table sets forth historical comparative income and expenditures for the Sewer System for the past five years as well as debt-service coverage for those years reported and computed on a cash basis (see **Revenue Bonds**).

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## Historical Income and Expenditures and Debt Service Coverage

### Historical Income and Expenditures and Debt Service Coverage

	2011	2012	2013	2014	2015
Total Operating Revenues	\$44,622,570	\$42,563,113	\$56,194,166	\$61,016,009	\$88,193,266
Total Operating Expenses	23,585,273	25,926,886	26,061,639	26,373,326	32,423,804
Net Revenues	21,037,297	16,636,227	30,132,527	34,642,683	55,769,462
Debt Service on Outstanding Bonds	5,083,905	5,080,739	5,080,050	5,080,061	5,079,000
Debt Service Coverage on Outstanding Bonds(a)	4.14	3.27	5.93	6.82	10.98
Net Revenues Available for Other Utility Obligations	\$15,953,392	\$11,555,488	\$25,052,477	\$29,562,622	\$50,690,462
Repay of OWDA/OPWC Loans (b)	\$5,615,602	\$7,019,808	\$8,534,206	\$13,699,307	\$17,714,147
General Obligation Bond Payments	-	-	-	-	-
<b>Balance Available</b>	<b>\$10,337,790</b>	<b>\$4,535,680</b>	<b>\$16,518,271</b>	<b>\$15,863,315</b>	<b>\$32,976,315</b>

(a) Net Revenues divided by Debt Service on Revenue Bonds. The Trust Indenture for the Sewer System Improvement Revenue Bonds requires a debt-service coverage of at least 1.25.

(b) See **City Debt and Other Long-Term Obligations**.

## WATER SYSTEM

### General

The City has owned and operated its water supply, treatment, and distribution system (the Water System) since 1912. The watershed for the Water System covers 207 square miles and offers a potential supply of 120 million gallons per day. In 2014, the average daily pumpage was approximately 33.54 million gallons. According to the Ohio EPA, approved treatment plant capacity is 67 million gallons per day (M.G.D.) and approved instantaneous flow rate is 76 M.G.D. The Water System includes over 1,226 miles of pipe, 15 distribution-storage reservoirs, elevated tanks and standpipes, and 11 booster-pump stations. It serves over 90,000 customers in the City, six other municipalities, and parts of five adjacent townships.

The Water System is operated as a self-supporting enterprise. Rates are set so as to provide sufficient funds for operation, for an adequate level of maintenance, for capital improvements, and for debt-service requirements on revenue bonds, on certain general obligation bonds or notes issued for Water System purposes, and on obligations to the Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) (see **Revenue Bonds and City Debt and Other Long-Term Obligations**).

The City's extensive water system is not confined to the sale of water. Other sources of revenues (totaling approximately \$3.177 million for 2015) include: (a) billing services for sewer and curb service (\$2.597 million) and (b) rental revenue from cell phone towers and oil/gas production (\$.58 million).

### **Water Supply, Treatment and Distribution**

The Cuyahoga River is the source of the City's water supply. The river's headwater is 15 miles from Lake Erie; it flows south to the City and then north into Lake Erie at the City of Cleveland.

The Water System's four reservoirs and their locations and capacities are set forth in the following table.

<b><u>Reservoir</u></b>	<b><u>Location (County)</u></b>	<b><u>Surface Area (acres)</u></b>	<b><u>Capacity (Billion Gallons)</u></b>
Lake Rockwell	Portage	769	2.1/2.4(a)
East Branch	Geauga	420	1.5
LaDue	Geauga	1,500	5.7/6.8(a)
Mogadore	Portage	900	2.3/3.3(a)

(a) Increased capacity is available through use of flashboards, which are temporary wood additions to the dam to increase its height.

The City has underground resources to add to its surface reservoirs. Preliminary studies indicate that development of well fields in the upper portions of the watershed could provide a potential supplemental capacity of 22 M.G.D.

Untreated water flows from Lake Rockwell to the water plant about one-half mile away. All water supplied to the City passes through the treatment plant and pumping station at Lake Rockwell. Originally built in 1915, this plant has been enlarged, remodeled, and modernized over the years.

Upon entering the plant at Lake Rockwell, the raw water is chemically treated to kill bacteria and to coagulate, flocculate, and settle suspended particles. From there, the partially clarified water flows through filters that remove the particles and solid impurities remaining in the water after the settling process. A one-million gallon clear well collects the filtered water, which is further treated with additional chemicals: chlorine as a disinfectant, fluoride to prevent tooth decay, and pH stabilization and corrosion inhibitor agents to prevent corrosion and encrusting of the water mains. After the final chemical treatment, the water is pumped to the City by six pumps located in the high-lift pumping station. Under normal conditions, this is the first time that pumps are used; until this point, water has flowed to and through the system by force of gravity.

The treated water is pumped through about 28 miles of force mains to two equalizing reservoirs in the City. About 53 miles of feeder mains distribute water from the force mains and the equalizing reservoirs to a network of approximately 963 miles of distribution mains in the City and over 140 miles of mains in areas outside of the City. Water is stored within the distribution system at 12 different locations.

In addition to the domestic water supply, the City has an industrial water supply that is rarely used but stands ready to service the needs of industry in the event of a serious breakdown at the Lake Rockwell facility. Because this industrial watershed comes into the Cuyahoga River in the City, it does not flow through the Lake Rockwell facilities. This industrial water is untreated and not potable. The primary source of this industrial water is the Mogadore Reservoir in the valley of the Little Cuyahoga River. Because of the capacity and smooth operation of Lake Rockwell and the East Branch and LaDue Reservoirs, Mogadore Reservoir has been used exclusively in recent years for recreation and to control the flow of the Little Cuyahoga River. Deep wells owned by private industry are also a source of industrial water.

### **Capital Improvements**

Over the past six years, the City has constructed approximately \$38 million worth of capital improvements to the Water System. This extensive capital improvements program has had a major positive impact on the operating efficiency of the Water System.

An example of this increased efficiency is the Water System's water service connections replacement program that began in 1964. The Water System assumed the responsibility of maintaining and replacing water service connections at no direct cost to the consumer. The replacement of house lines by the customer and water-service connections by the Water System with copper materials has reduced the operating expenses incurred in finding and repairing recurrent leaks as well as the unaccounted-for loss of water because of leaks. The Water System uses this program to reduce operating and capital costs further by systematically replacing all non-copper water service connections during the excavation phase of a street paving project rather than implementing a random replacement program that would increase surface restoration costs. The City expects that the copper replacement program will assist it in reducing the number of leaking water service connections and in complying with the requirements of the national lead/copper regulations of the U.S. EPA. The Water System has also instituted and maintains an active repair and replacement program for its distribution system, much of which was constructed before the 1930s. The Water System expects to reduce the rate of breaks through the continuation of the Water System's water-main-replacement program. Replacement of the older, iron pipes with new, cement-lined, ductile, iron pipes has reduced pumping costs and the occurrences of pavement damage, while meeting U.S. EPA drinking water regulations.

The following table sets forth the Water System's capital improvement expenditures for the years 2011 through 2015 and includes expenditures from bond proceeds and Water System revenues.

### Capital Improvement Expenditures (000)

	2011	2012	2013	2014	2015	Totals
Water Treatment Plant(a)	\$4,397	\$ 3,104	\$2,269	\$1,366	\$1,517	\$12,653
Transmission and Distribution: City	2,776	2,228	1,536	3,464	2,378	12,382
JEDDs	3	446	324	2,793	2,768	6,334
General	81	654	575	682	948	2,940
<b>Total Water System</b>	<b>\$7,257</b>	<b>\$6,432</b>	<b>\$4,704</b>	<b>\$ 8,305</b>	<b>\$ 7,611</b>	<b>\$34,309</b>

(a) Includes pumping equipment and source of supply (reservoirs and supply mains).

(b) Includes meter reading systems and customer service.

The following table sets forth the projected capital improvement expenditures planned for the years 2016 through 2020, including expenditures from proceeds of bonds and other obligations, State grants, and Water System revenues, subject to availability of those revenues. As discussed in **The City-Joint Economic Development Districts**, the City has extended the Water System's transmission and distribution system into the neighboring townships in which Joint Economic Development Districts have been established. A portion of the revenues received by the City under the JEDD contracts will be used to pay costs of extending these facilities (see **Special Revenue Bonds**).

### Projected Capital Improvement Expenditures (000's)

	2016	2017	2018	2019	2020	Total
Water Treatment Plant(a)	\$5,261	\$500	\$500	\$500	\$500	\$7,261
Transmission and Distribution: City	17,950	21,910	5,525	2,350	2,350	50,085
JEDDs	200	200	200	200	200	1,000
General	35	35	35	35	35	175
<b>Total Water System</b>	<b>\$23,446</b>	<b>\$22,645</b>	<b>\$6,260</b>	<b>\$3,085</b>	<b>\$3,085</b>	<b>\$58,521</b>

(a) Includes pumping equipment and source of supply (reservoirs and supply mains).

(b) Includes meter reading systems and customer service.

### Employees

As of December 31, 2015, the City had 127 permanent employees involved in the operation and maintenance of the Water System. The Water Bureau, which includes all functions of the Water System as well as the Water Pollution Control Division and the Sewer Utilities Field Operations, is under the supervision of the Director of Public Service except the Finance Department's Manager of the Akron Utilities Business Office (see **Sewer System – Employees**).

### Service Area and Users

As of December 31, 2015, the Water System provided water to approximately 71,443 accounts inside the City and 9,240 accounts outside the City's corporate limits. Those outside accounts represent 11.5 % of the total accounts serviced by the Water System and 20.6 % of the Water System's metered water. These figures include the sale of water to the City of Tallmadge and the City of Stow on a wholesale basis.

The Water System's number of users, billed revenue and metered consumption, by location and account type, are summarized in the following tables.

#### **WATER SYSTEM**

##### **NUMBER OF USERS**

		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Within City</b>						
	<b>Residential</b>	66,480	66,058	65,731	65,450	65,569
	<b>Commercial</b>	3,321	3,473	3,584	3,616	3,624
	<b>Industrial</b>	1,461	1,462	1,460	1,441	1,456
	<b>Other</b>	821	827	820	817	794
	<b>Subtotal</b>	72,082	71,820	71,594	71,324	71,443
		85.6%	88.9%	88.9%	88.1%	88.5%
<b>Outside City</b>						
	<b>Residential</b>	9,859	7,185	7,228	7,759	7,620
	<b>Commercial</b>	829	583	610	778	781
	<b>Industrial</b>	103	98	102	121	101
	<b>Other</b>	1,365	1,060	991	978	738
	<b>Subtotal</b>	12,156	8,925	8,930	9,637	9,240
		14.4%	11.1%	11.1%	11.9%	11.5%
<b>Total Users</b>						
	<b>Residential</b>	76,339	73,242	72,959	73,209	73,190
	<b>Commercial</b>	4,150	4,056	4,194	4,394	4,405
	<b>Industrial</b>	1,563	1,560	1,561	1,562	1,557
	<b>Other</b>	2,186	1,887	1,811	1,796	1,532
	<b>Total</b>	84,238	80,745	80,524	80,960	80,684
		100.0%	100.0%	100.0%	100.0%	100.0%

**WATER SYSTEM  
BILLED WATER REVENUE**

		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Within City</b>						
	<b>Residential</b>	\$14,233,779	\$17,202,942	\$16,734,218	\$16,609,524	\$16,458,956
	<b>Commercial</b>	5,741,532	6,426,696	6,270,224	6,125,794	6,186,728
	<b>Industrial</b>	2,008,804	2,113,963	1,883,690	1,662,405	1,556,740
	<b>Other</b>	183,415	324,041	188,803	142,613	257,467
	<b>Subtotal</b>	\$22,167,530	\$26,067,642	\$25,076,935	\$24,540,336	\$24,459,891
		74.2%	83.4%	83.7%	82.1%	81.4%
<b>Outside City</b>						
	<b>Residential</b>	3,283,343	3,665,720	3,551,092	3,688,658	3,692,695
	<b>Commercial</b>	1,487,257	1,054,081	1,044,573	1,226,245	1,315,268
	<b>Industrial</b>	98,550	104,513	92,345	273,111	358,910
	<b>Other</b>	2,854,441	359,140	211,748	147,056	228,776
	<b>Subtotal</b>	\$ 7,723,590	\$ 5,183,453	\$ 4,899,757	\$ 5,335,069	\$ 5,595,649
		25.8%	16.6%	16.3%	17.9%	18.6%
<b>Total Users</b>						
	<b>Residential</b>	17,517,122	20,868,662	20,285,309	20,298,181	20,151,651
	<b>Commercial</b>	7,228,789	7,480,777	7,314,797	7,352,039	7,501,996
	<b>Industrial</b>	2,107,353	2,218,476	1,976,035	1,935,516	1,915,650
	<b>Other</b>	3,037,856	683,181	400,551	289,669	486,243
	<b>Total</b>	<b>\$29,891,120</b>	<b>\$31,251,095</b>	<b>\$29,976,692</b>	<b>\$29,875,405</b>	<b>\$30,055,540</b>
		100.0%	100.0%	100.0%	100.0%	100.0%

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**METERED WATER CONSUMPTION (1,000 cubic feet)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Within City</b>					
<b>Residential</b>	404,564	524,122	495,630	385,984	480,736
<b>Commercial</b>	287,101	299,813	282,881	275,944	279,207
<b>Industrial</b>	101,124	98,526	90,561	80,230	78,571
<b>Other</b>	21,214	29,071	19,350	15,145	20,199
<b>Subtotal</b>	814,003	951,533	888,422	757,302	858,713
	71.3%	84.5%	84.6%	79.4%	80.4%
<b>Outside City</b>					
<b>Residential</b>	83,361	124,038	117,919	142,697	147,400
<b>Commercial</b>	51,334	32,443	31,294	36,841	40,739
<b>Industrial</b>	6,428	7,805	6,801	13,075	14,272
<b>Other</b>	185,738	10,604	5,791	3,752	7,044
<b>Subtotal</b>	326,861	174,890	161,806	196,365	209,456
	28.7%	15.5%	15.4%	20.6%	19.6%
<b>Total Users</b>					
<b>Residential</b>	487,925	648,160	613,549	528,680	628,137
<b>Commercial</b>	338,435	332,256	314,175	312,785	319,946
<b>Industrial</b>	107,552	106,332	97,362	93,305	92,843
<b>Other</b>	206,952	39,675	25,141	18,898	27,243
<b>Total</b>	1,140,864	1,126,423	1,050,227	953,668	1,068,169
	100.0%	100.0%	100.0%	100.0%	100.0%

The area served with the Water System's water includes the Cities of Akron, Hudson, Tallmadge, Stow, Fairlawn, and a portion of Cuyahoga Falls; the Village of Mogadore; parts of the Townships of Bath, Boston, Springfield, Copley, and Coventry; and the Great Lakes Canning Company plant and the Chrysler Stamping plant in the City of Twinsburg.

Most customers outside the City pay a retail rate equal to the amount charged to customers within the City plus a 10% to 60% retail surcharge. The City of Tallmadge is paying a rate equivalent to the City rate plus a 22.5% surcharge. The City of Fairlawn customers currently pay a retail rate equal to the City rate plus a 15% surcharge. Customers in the Village of Mogadore, the west portion of the City of Cuyahoga Falls, and the Townships of Bath and Boston, as well as the Great Lakes Canning Company plant, pay a retail surcharge of 45% to 60%. Those customers in Joint Economic Development Districts within the Townships of Copley, Coventry, Springfield, and Bath generally pay a surcharge of 10%. Residents and businesses in Hudson pay a monthly projects surcharge to cover expenses for additional system improvements, beyond regular capital improvements, benefitting customers within the City of Hudson.

The County formerly operated a water distribution system, but sold the majority of that system to the City of Stow in 2001 and the remainder of that system to them in 2006. Akron signed a wholesale water supply contract with Stow in 2006, providing for a 15% surcharge. The contract also provides for tax-sharing from new business development in selected areas of Stow and adjacent areas made possible by the availability of water from the City's system. The City acquired the water and sewer lines of the Copley Square Water Company on June 4, 2010. This utility provided water and sewer service to approximately 700 accounts in Copley Township. The utility

connected its water and sewer lines to Akron's water and sewer as a condition of the purchase. The City serves these accounts on a retail basis. The following table sets forth the ten largest users of water in 2012-2015.

#### WATER SYSTEM

Ten Largest User Accounts		Water Volume/Million Cubic Feet				Billing Revenue			
		2012	2013	2014	2015	2012	2013	2014	2015
Customer	Entity Type								
City of Stow (a)	Government	128.0	120.1	119.4	125.4	\$1,941,570	\$1,857,874	\$1,848,038	\$1,937,122
City of Tallmadge (a)	Government	60.4	57.6	57.4	61.0	1,026,759	1,000,493	996,965	1,053,662
IRG RC Lessor LLC	Industrial	40.9	39.7	33.8	33.1	540,891	601,263	527,194	525,170
University of Akron	Education	28.8	26.6	19.1	19.2	352,000	336,136	295,265	276,499
Akron General Medical Center	Medical	10.9	9.2	8.6	9.5	176,959	164,740	157,811	164,861
Coca Cola Bottling Co.	Food	7.1	9.3	9.3	7.5	239,572	302,391	304,221	261,721
Childrens Hospital Medical Center	Production	8.4	7.5	7.6	7.2	126,933	150,605	153,672	152,856
Summa Health Systems	Medical	8.1	7.5	6.8	6.4	163,561	160,611	153,818	143,073
Mall at Summit LLC	Commercial	*	*	*	4.9	*	*	*	116,737
Rubbermaid	Industrial	*	*	6.2	4.9	*	*	122,638.0	108,969
LMA Commerce Two LLC	Commercial	*	*	5.6	*	*	*	138,625	138,625
Bridgestone/Firestone	Industrial	11.7	7.5	*	*	189,247	168,709	*	*
St Thomas Hospital	Medical	6.6	5.3	*	*	120,764	109,145	*	*
<b>Total</b>		<b>310.9</b>	<b>290.2</b>	<b>273.8</b>	<b>279.1</b>	<b>\$4,878,257</b>	<b>\$4,851,966</b>	<b>\$4,698,245</b>	<b>\$4,879,296</b>

\* Not part of top ten largest users for specified year

(a) Wholesale contract

The following table sets forth the water sales and number of meters in service for the Water System for the years 2011 through 2015.

#### WATER SALES & NUMBER OF METERS

For the Year	2011	2012	2013	2014	2015
<b>Total Sales Volume for Year</b>					
<b>Billions of Gallons</b>	<b>8.534</b>	<b>8.426</b>	<b>7.856</b>	<b>7.133</b>	<b>7.990</b>
<b>Average Daily Sales Volume</b>					
<b>Millions of Gallons</b>	<b>23.380</b>	<b>23.084</b>	<b>21.522</b>	<b>19.544</b>	<b>21.890</b>
<b>Approximate Number of Meters in Service</b>					
	<b>83,794</b>	<b>82,830</b>	<b>83,643</b>	<b>82,621</b>	<b>82,703</b>



## Water Rates

Rates and charges for the products and services of the Water System are set by the Director of Public Service. The Service Director is bound by the rate covenant in the bond legislation and trust indentures relating to the various revenue bond issues (see **City Debt and Other Long-Term Obligations – Revenue Bonds** and **Special Revenue Bonds**). The Service Director approved a water rate schedule effective May 1, 2010 as follows ( as of 5/1/2014 rates for 2014 and beyond had not been established);

### **WATER SYSTEM**

Quarterly Rates Per 100 Cubic Feet		2013	2014	2015	2016	2017
Effective May 1 of each year						
<b>Block 1</b>	0 - 9,000 cu.ft.	\$2.73	\$2.73	\$2.73	\$2.73	**
<b>Block 2</b>	9,001 - 1,500,000 cu.ft.	2.45	2.45	2.45	2.45	**
<b>Block 3</b>	1,500,001 cu.ft. and over	1.29	1.29	1.29	1.29	**
<b>Billing Charge Per Quarter</b>		11.26	11.26	11.26	11.26	**

### **WATER SYSTEM**

Quarterly Rates For Fire Service		2013		2014		2015		2016		2017	
Effective May 1 of each year											
		Metered*	Unmetered	Metered*	Unmetered	Metered*	Unmetered	Metered*	Unmetered	Metered*	Unmetered
<b>Size of Line</b>	<b>1"</b>	\$21.57	\$64.52	\$21.57	\$64.52	\$21.57	\$64.52	\$21.57	\$64.52	**	**
	<b>2"</b>	43.17	129.11	43.17	129.11	43.17	129.11	43.17	129.11	**	**
	<b>3"</b>	53.86	172.14	53.86	172.14	53.86	172.14	53.86	172.14	**	**
	<b>4"</b>	73.33	243.83	73.33	243.83	73.33	243.83	73.33	243.83	**	**
	<b>6"</b>	107.76	358.77	107.76	358.77	107.76	358.77	107.76	358.77	**	**
	<b>8"</b>	172.14	574.07	172.14	574.07	172.14	574.07	172.14	574.07	**	**
	<b>10"</b>	279.81	911.05	279.81	911.05	279.81	911.05	279.81	911.05	**	**
	<b>12"</b>	451.95	1,499.30	451.95	1,499.30	451.95	1,499.30	451.95	1,499.30	**	**

\* Includes installations with full flow and detector check assemblies

\*\* 2017 rates have not yet been established (current rates effective 03/01/2015)

As previously noted, City Council establishes various other retail rates for accounts outside the City. The quarterly charge per fire hydrant applicable to retail users outside the City is \$12.50.

## Billing and Collection

Bills are rendered on a monthly basis. Bills indicate a net amount; a user may pay the net amount during the first 20 days after the bill is mailed. After 70 days the City initiates a shut-off procedure, and the user may have to pay up to \$40 to have service reinstated.

Water accounts are only in the name of the owner of the property. The City has the right to discontinue water service to any other property in the service area owned by a delinquent customer. Ohio law provides additional water-charge collection procedures for cities, counties, and villages. When water charges are not paid when due, they may be sought either by court action or by certification to the county auditor for collection as a special assessment with the real estate taxes, with partial payments (\$10 minimum) permitted before the certification. Certification may be made only if the charges have been due and unpaid for at least 60 days and communication of the pending certification has been attempted with the owner through written notice at least 30 days before the certification. After certification, the lien created by the certification may be released upon full

payment to the County Fiscal Officer of the unpaid water charges plus associated penalties, if any. The City began these procedures for the collection of delinquent water charges in 2004.

In 2015, Water System account receivables over 30 days past due totaled \$ 2,781,816, which represents 68% of the \$4,094,819 in water receivables at 12/31/2015, down from 75% in 2014. The amounts past due as of 12/31/2015 are as follows: 30 day - \$ 494,069, 60 day - \$246,924, and 90 day - \$2,040,823. It is the general policy of the Utilities Business Office to pursue economically feasible collection of outstanding balances rather than write them off.

### **Historical Operating Results**

The following table sets forth historical comparative revenue and expenses for the Water System for the past five years, as well as debt service coverage for those years, reported and computed on a cash basis(see **Revenue Bonds**).

#### **Historical Income and Expenditures and Debt Service Coverage**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Operating Revenues(a)	\$34,741,226	\$39,879,776	\$37,190,630	\$37,722,226	\$37,800,342
Operating and Maintenance Expenditures(a)	\$24,168,940	\$24,527,650	\$24,539,664	\$26,303,125	\$28,299,344
Net Operating Revenues	\$10,572,286	\$15,352,126	\$12,650,966	\$11,419,101	\$9,500,998
Maximum Annual Debt Service	\$5,476,595	4,947,495	\$4,948,370	\$4,946,007	\$4,947,370
Debt Service Coverage(b)	1.93	3.10	2.56	2.31	1.92
Actual M/R Debt Service(c)	\$5,542,016	\$5,155,945	\$5,023,595	\$5,011,457	\$5,027,989
Balance Available for Capital Additions, Reserves and Other Purposes	\$5,030,270	\$10,196,181	\$7,627,371	\$6,407,644	\$4,473,009
General Obligation Debt Service and OWDA Loan Repayment (d)	\$1,736,162	\$1,494,904	\$1,440,663	\$1,437,054	\$1,763,892
<b>Balance Available</b>	<b>\$3,294,108</b>	<b>\$8,701,277</b>	<b>\$6,186,708</b>	<b>\$4,970,590</b>	<b>\$2,709,117</b>

(a) As defined in the indenture for the Waterworks System Improvement Revenue Bonds.

(b) Net Revenues divided by Maximum Annual Debt Service. The indenture requires a debt service coverage of at least 1.25.

(c) Amount paid to the bond trustee for debt service by the Water System in the calendar year indicated on the City's outstanding water revenue bonds. Proceeds of bonds are not included in this table.

(d) See **City Debt and Other Long-Term Obligations**.

## **OTHER UTILITIES**

### **Solid Waste Collection and Disposal System**

The City provides residential garbage collection services through use of its own employees and a contract with a private firm. Solid waste collected by the City's curbside service is delivered to a Waste Management transfer station located in the City and then transferred to the American Landfill (a Waste Management facility located in nearby Stark County). In 1989, the City initiated a curbside recycling program to recover aluminum, glass, tin, and plastic, which was expanded in 1992 to all 64,000 households in the City. Newspapers, paper, and magazines were added to the recycling program in 1995. Before this time all recycles were handled as regular collection.

The City's Hardy Road Landfill was closed in June 2002. In 2004, Waste Management, the City, and the City of Cuyahoga Falls entered into an agreement to help manage waste from each city and throughout the County in an environmentally efficient manner.

Pursuant to requirements of Ohio law, the County, the City, and other political subdivisions within the County have established the Summit-Akron Solid Waste Management District that is governed by the Summit-Akron Solid Waste Management Authority.

In 2011, Hull & Associates, Inc and the City of Akron entered into an agreement to recover landfill gas from this former site to utilize in producing electricity for the adjacent city-owned waste-water treatment plant. The project will produce approximately 6,000 megawatt hours of electricity annually, or about 26 percent of the wastewater plant annual electric requirements. The closed landfill produces approximately 15,000 standard cubic feet per hour of landfill gas which is currently burned off.

## **FINANCIAL MATTERS**

### **INTRODUCTION**

The City's fiscal year corresponds with the calendar year. The main sources of City revenue are property taxes, income taxes, certain non-tax revenues, and State distributions as described herein.

The responsibilities for the major financial functions of the City are divided among the Mayor, the Director of Finance, and the Council. The Director of Finance is the City's fiscal and chief accounting officer. Her duties include: to keep the books and accurate statements of all money received and expended and of all taxes and special assessments; at the end of each fiscal year, or more often if requested by the Mayor, to examine all accounts of City officers and departments; and not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item of expense to be drawn upon for any other purpose, or a voucher to be paid unless sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The Director of Finance is responsible for receiving, maintaining custody of, and disbursing all City funds. Other important financial functions include: general financial recommendations and planning by the Mayor; budget preparation by the Mayor with the assistance of the Director of Finance; and approval of all budgeting and appropriations by the Council.

In 2002, the electors of the County voted to eliminate the positions of County Auditor and County Treasurer and combine their duties into a single position. The duties formerly performed by the County Auditor and County Treasurer are now performed by the County Fiscal

Officer. For property taxation purposes, assessment of real property is made by the County Fiscal Officer subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is made by the State Tax Commissioner. Property taxes and special assessments are billed and collected by the County Fiscal Officer.

## **BUDGETING, TAX LEVY AND APPROPRIATIONS PROCEDURES**

Detailed provisions for City budgeting, tax levies and appropriations are made in the Revised Code and the City Charter. The procedures involve review by County officials at several steps.

City budgeting for a fiscal year formally begins with the preparation and the adoption of a tax budget for the fiscal year. For debt service, the tax budget must show the amounts required, the estimated receipts from sources other than ad valorem property taxes, the net amount for which a property tax levy must be made, and the portions of that levy to be inside and outside the Charter tax rate limitation. The tax budget then is presented for review by the County Budget Commission comprised of the County Executive, County Fiscal Officer, and County Prosecuting Attorney.

As part of that review, the County Budget Commission determines and approves levies for debt service outside and inside the Charter tax rate limitation. The Revised Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein.”

After its approval of the tax budget, the County Budget Commission certifies its action to the City together with the estimate by the County Fiscal Officer of the tax rates outside and inside the Charter tax rate limitation. Thereafter, and before the end of the then calendar year, the Council approves the tax levies and certifies them to the proper County officials. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are billed in two installments, the first usually in or before January and the second in July.

The City’s Department of Finance is responsible for appropriation preparation. Each of the City’s operating departments submits an appropriation request supported by detailed explanations of need by early October. The Department of Finance adjusts these requests in accordance with projected resources and then reviews the adjusted requests with each of the departments and the Mayor to determine final funding priorities. This process is completed by mid-November and the appropriation document is then finalized and submitted to City Council in early December. The Council reviews the appropriation request as submitted by the Mayor and adopts a permanent appropriation. A temporary appropriation is passed by December 31 if Council decides to continue appropriation review into the new year. At the conclusion of the appropriation review, Council adopts a permanent appropriation. This appropriation provides funding for the calendar year commencing January 1 and includes both operating and capital expenditures. State law requires the adoption of the appropriation measure by April 1. The appropriation ordinance for calendar year 2015 was enacted by the Council on March 23, 2015. The appropriation ordinance for calendar year 2016 was enacted on March 28, 2016. Annual appropriations may not exceed the County Budget Commission’s official estimate of resources, and the County Fiscal Officer must certify that the City’s appropriation measures do not appropriate money in excess of the amounts set forth in those estimates.

The Department of Finance continues to monitor and adjust the appropriations throughout the year. At the request of an operating department, the Director of Finance may transfer funds within certain categories of expenditures, but may not change the total amount of the appropriations for each individual fund. The Department of Finance also regularly compares actual receipts to projected receipts and reduces the rate of expenditure, if such action is necessary. City

Council must authorize by ordinance any increase in appropriations. The Department reports quarterly to Council a comparison of actual and projected receipts and expenditures.

## **FINANCIAL REPORTS AND EXAMINATIONS OF ACCOUNTS**

The City maintains its accounts, appropriations, and other fiscal records in accordance with the procedures established and prescribed by the Auditor of State (the Auditor). The Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

City receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the Auditor, which are generally applicable to all Ohio political subdivisions. The records of these cash receipts and expenditures are converted annually for audit purposes to a modified accrual and accrual basis of accounting. These accounting procedures conform to generally accepted accounting principles as recommended by the Governmental Accounting Standards Board. Those recommendations, among other things, provide for a basic set of financial statements, which include a government-wide statement of net assets and a government-wide statement of activities on a full accrual basis. In addition, the basic financial statements also include a balance sheet and statement of revenues, expenditures and changes in fund balances on a modified accrual basis of accounting for the general fund, each major special revenue, debt service (bond retirement) and capital project fund (referred to as governmental funds) and all other governmental funds; a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows on a full accrual basis of accounting for all major enterprise funds, other enterprise funds and internal service funds (referred to as proprietary funds); and a statement of net assets and a statement of changes in net assets for the City's fiduciary funds on a full accrual basis.

The City's Audit and Budget Division within the Department of Finance is responsible for finalization of City accrual financial statements, monitoring and improvement of internal controls for accounting, cash management and other fiscal activities, and special reviews of the City's accounting system.

Beginning with the audit of 1981 and continuing through the audit of 2002, the Auditor authorized the City to contract with an independent public accounting firm for an audit of the City's finances. The audit of the City's general-purpose financial statements for each of the years 2004 through 2014 was performed by the Auditor, the most recent of which was completed through December 31, 2014. The City formally received the report of that audit on August 31, 2015. Copies of the full 2015 Comprehensive Annual Financial Report (CAFR) will be available and can be obtained by writing to the Director of Finance at the address set forth in the **Introductory Statement**.

The City has issued a CAFR for each of the calendar years 1983 through 2014. The City's CAFR for the years 1984 through 2014, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). As explained by the GFOA, the Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 has also received the GFOA Distinguished Budget Presentation Award for the years 1985 through 2015.

See **Appendix A** for a comparative summary of general fund receipts and expenditures for the last five fiscal years and budgeted for 2016. **Appendix B** sets forth receipts and expenditures for all funds for 2011 to 2015.

## CASH BALANCES AND INVESTMENTS

Listed below are the year-end cash balances and investments for 2011 to 2015:

As of December 31	2011	2012	2013	2014	2015
General Fund:					
Cash	\$220,078	\$973,314	\$1,383,476	\$691,512	\$585,266
Investments	4,990,111	4,148,347	3,991,223	4,547,850	4,602,398
Debt Service Funds:					
Cash	397,736	1,572,242	\$1,358,305	608,475	331,009
Investments	9,018,359	6,701,029	3,918,605	4,001,741	2,602,980
Enterprise Funds:					
Cash	392,180	2,440,902	\$4,848,308	2,982,812	4,711,270
Investments	8,892,381	10,403,329	\$13,986,996	19,616,995	37,048,332
All Other Funds:					
Cash	1,754,406	9,079,224	\$18,343,289	9,431,262	7,439,837
Investments	39,779,821	38,696,413	\$52,918,978	62,026,364	58,505,154
Total Cash and Investments	\$65,445,072	\$74,014,800	\$100,749,181	\$103,907,011	\$115,826,246

Investments of City funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions and by the Charter and Sections 37.30 through 37.42 of the Code of Ordinances, enacted December 15, 1986 (the Investment Policy Ordinance). Section 37.38 of the Investment Policy Ordinance sets forth the City's investment objectives as follows.

“The achievement of good fiscal management for the City requires effective cash management of public money and, in turn, effective bank management practices with respect to the investment and deposit of this public money. The following investment and deposit objectives shall be applied in the management of public money:

- (A) The primary objective of the City's investment activities is the preservation of capital and the protection of investment principal.
- (B) The City's investments shall remain sufficiently liquid to enable the City to meet operating requirements that might reasonably be anticipated.
- (C) Those responsible for investing public money shall strive to maximize the return on the investments but shall avoid assuming unreasonable investment risks.
- (D) The City's investments shall be diversified to avoid the assumption of unreasonable and avoidable risks associated with specific types of securities or individual financial institutions. To the extent practicable, of the public money allocated to the general depository account, it is intended

that no more than 50% will be invested in repurchase agreements, no more than 50% will be invested with any one eligible institution, and no more than 20% will be invested with any one maturity date.

(E) Investments shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

(F) Price and rate quotations for all eligible investments may be obtained from eligible institutions within or outside of the City or the State. However, in the case of the sale or purchase of eligible investments where all other factors considered by the Investment Officer are equal, placement shall be made with the eligible institution situated within the City. The right is reserved to reject all bids or proposals or any bid if such is inconsistent with the City's investment objectives."

The Director of Finance is responsible for the City's investments. The Treasurer of the City, as the designee of the Director of Finance, is charged with the day-to-day responsibility of carrying out the investment objectives and practices of the City. Under recent and current practices, investments are made in direct obligations of the United States, obligations guaranteed by the United States (including obligations of certain federal agencies), certificates of deposit, repurchase agreements (with the underlying securities held on the City's behalf by third-party institutions or in the customer safekeeping account of the Federal Reserve account of the City's depository institutions), and certain of the City's own bonds and notes, including the bond anticipation notes issued in anticipation of the levy and collection of special assessments (see **Special Assessments and Bond Anticipation Notes**).

The City from time to time also invests in STAR Ohio (State Treasury Asset Reserve), which is an investment pool managed by the Ohio Treasurer of State. STAR Ohio is similar in concept to a registered investment company issuing redeemable securities, commonly called a "money market mutual fund." A treasurer, governing board or investment authority of a subdivision may deposit public money of the subdivision with the Treasurer of State. Subdivision is defined in Section 135.01(L) of the Ohio Revised Code as any county, municipal corporation, school district, township, municipal or school district sinking fund, special taxing or assessment district, and other district or local authority electing or appointing a treasurer. The Treasurer of State will invest the public money deposited in STAR Ohio in the same types of instruments as are provided for the investment of interim money of the State. STAR Ohio seeks to obtain as high a level of current income as is consistent with prudent investment management, the preservation of capital, and maintenance of liquidity. STAR Ohio has been awarded Standard & Poor's highest rating, AAAm. STAR Ohio is the only money market mutual fund in which the City may invest. In recent years, STAR Ohio expanded to include STAR Plus. This fund provides access to hundreds of FDIC insured banks via one account, offering participants full FDIC insurance up to \$ 50 million per account, and twice the weekly liquidity. The State's Treasurer's office has endorsed this program as a secure investment option for public funds managers.

The City does not invest in any securities that would be characterized as derivatives or in reverse repurchase agreements and purchases all investments with the intent to hold to maturity. The average days to maturity for the entire portfolio is 126 days. The average yield to maturity at cost for bonds/notes is .27%. The following table presents a summary of the City's investment portfolio as of December 31, 2015.

	<u>Investments</u>	<u>% of Portfolio</u>
Money Market Savings	42,583,711	41.45%
City bonds and notes(a)	55,321	.05%
Star Ohio	35,104,830	34.16%
Federal Agency Bonds	25,000,000	24.33%
Total(b)	\$102,758,863	100.00%

(a) See **Bond Anticipation Notes**.

(b) Does not include cash (\$13,020,614); see prior table.

## FINANCIAL OUTLOOK

The City, as with most cities across the country, continues to be impacted by global economic conditions. The City's income tax collections increased by 5.35% in 2013 (compared to 2012) and 0.16% in 2014 (compared to 2013) and 1.26% in 2015 (compared to 2014). There was stronger growth in income tax collections in the second half of 2015, with collections increasing about 2.4% over 2015 levels. Collections for 2016 are expected to increase by approximately 2%. Global economic conditions have impacted other sources of City revenue. Property tax revenues have continued to decline due to the housing market conditions. The Total Assessed Value has declined by 14.6% over the past 5 years although the majority of the decline took place in 2012 when the valuation dropped by 11.4%. The last 4 years have seen minor decreases in the valuation of 0.36% in 2013, 1.6% in 2014, 1.4% in 2015 and 0.3% in 2016. General Fund revenues were \$ 151,947,777 in 2014 and \$152,980,034 in 2015. General Fund revenues are expected to increase to approximately \$167,000,000 in 2016. The primary reason for the increase is due to judgment bonds that will be issued to fund a wage settlement for the City's Fire Department. The City also anticipates increases in the amount of JEDD revenues allocated to the General Fund and revenues from the sale of City assets in 2016.

The State of Ohio, in response to these same economic and budgetary constraints, has implemented changes to the State budget directly affecting funding to the City of Akron. The State budget has reduced Local Government Funding (LGF), which directly impacts the City's General Fund. In 2011, the LGF collections were \$ 12,378,170. However, this amount was reduced by 25% and then to 50% over the state's current biennial budget in 2012. The City continues to see the effects of the reduction. In 2014, LGF revenues had dropped to \$6,500,389, which is only slightly more than half of the LGF revenues received in 2011. LGF revenues did increase to \$6,857,604 in 2015, but are expected to decline again slightly in 2016 due to further changes in the State's LGF distribution structure.

As a result of the consolidation of City services into regional offices, combined with other attrition and previous years' pro-active measures, employment has declined from 2009 to 2015 by 425 positions or 19%. The City's full-time employee count reached its lowest point in 2013, where the number of employees totaled 1,725. Since that time, the City has increased staffing slightly to its current level (as of 12/31/2015) of 1,818 full-time employees. The City received several grants for the Police and Fire departments which allowed the City to increase the ranks of police and firefighters. The City will continue to review and implement cost savings wherever possible.

In 2015, the City experienced an overall increase in expenditures compared to 2014 of about 1.6%. These increases were largely associated with the Combined Sewer Overflow (CSO) project in the Sewer Fund. For 2016, the City anticipates a similar increase in expenditures to what occurred in 2015. The General Fund balance is expected to remain stable for 2016.



On September 30, 2011, the Ohio State Auditor declared the City to be in fiscal caution. The declaration and the State Auditor's guidelines for fiscal caution may be viewed on the State Auditor's website at <http://www.auditor.state.oh.us>. In accordance with Section 118.025, Revised Code, the City developed a written proposal for corrective actions to address the fiscal practices and conditions that led to the declaration. The City delivered that proposal by the end of November 2011, within the 60-day period required by the law. The State asked for additional information and they received the supplemental information in January 2012. The City implemented all corrective actions necessary to discontinue and correct those fiscal practices and conditions, in order to be released from the declaration. On March 5, 2015, the State Auditor released the City from fiscal caution. The release may be viewed on the State Auditor's website at <https://ohioauditor.gov>.

## **AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS**

### **ASSESSED VALUATION**

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City, and the estimated total actual valuations (in thousands).

<b>Tax Collection Year</b>	<b>Assessed Valuation (000)</b>				<b>Estimated Total Actual Valuation (000)</b>
	<b>Real(a)</b>	<b>Tangible Personal(b)(c)</b>	<b>Public Utility(c)(d)</b>	<b>Total</b>	
2007 .....	3,007,188	160,594	112,378	3,280,160	9,362,047
2008 .....	2,992,093	99,393	77,877(e)	3,169,363	9,034,905
2009 .....	2,921,342	13,607	82,703(e)	3,017,652	8,495,101
2010 .....	2,911,817	7,025	86,082(e)	3,004,924	8,445,399
2011 .....	2,928,343	0	88,008(e)	3,016,351	8,466,705
2012 .....	2,580,090	0	92,022(e)	2,672,112	7,476,256
2013.....	2,550,583	0	111,892(e)	2,662,476	7,414,532
2014.....	2,493,126	0	126,778(e)	2,619,904	7,485,440
2015.....	2,437,486	0	145,400(e)	2,582,886	7,379,675
2016.....	2,409,852	0	165,213(e)	2,575,065	7,073,034

- (a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Fiscal Officer. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
- (b) Other than public utility.
- (c) The State (i) has reduced the valuation of tangible personal property of general businesses and railroads in increments beginning in 2006 to zero in 2009 and (ii) is reducing the valuation of tangible personal property of telephone and telecommunications companies in increments beginning in 2007 to zero in 2011; see the discussion of those reductions and related State makeup payments below.
- (d) Tangible personal property of all public utilities and real property of railroads; see footnotes (a) and (c).
- (e) Reflects effect of State legislation that, beginning with collection year 2002, reduced the assessed valuation of electric utility production equipment from 100% to 25% of true value and of natural gas utility property from 88% to 25% of true value.

Source: County Fiscal Officer.

Taxes collected on "Real" in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected on "Tangible Personal" in a calendar year were levied in the same calendar year on assessed values during and at the close of the taxpayer's most recent fiscal year that ended on or before December 31 of the preceding calendar year, and at the tax rates determined in the preceding year. "Public Utility" (real

and tangible personal) taxes collected in a calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Based on County Fiscal Officer records of assessed valuations for the 2014 tax collection year, the ten largest City ad valorem property tax payers are set forth in the following table.

<b><u>Name of Taxpayer</u></b>	<b><u>Nature of Business</u></b>	<b><u>Total Assessed Valuation</u> (000)</b>	<b><u>% of Total Assessed</u></b>
Ohio Edison	Utility	\$93,813	3.64%
American Transmissions	Utility	49,390	1.92
Albrecht Incorporated	Propetry Mgt	15,348	.60
East Ohio Gas	Utility	14,102	.55
US Bank Trustee	Propetry Mgt	11,462	.45
DFG Chapel Hill LLC	Builder/Dev	9,911	.38
Busson, Berhard B	Builder/Dev	7,753	.30
Hampton Knoll Apartments	Builder/Dev	7,446	.29
Summa Health System	Builder/Dev.	6,720	.26
Ohio Management Corp	Builder/Dev.	6,455	.25

Pursuant to statutory requirements for sexennial reappraisals, in 2014 the County Fiscal Officer adjusted the true value of taxable real property to reflect then current fair market values. These adjustments will first be reflected in the 2014 tax list (collection year 2015) and in the ad valorem taxes distributed to the City in 2015 and thereafter. The County Fiscal Officer is required to, and has, adjusted taxable real property value triennially to reflect true values. The last Triennial was completed in 2014 and will next be completed in 2017. This is done without the individual appraisal of properties except when done as part of the sexennial reappraisal.

The assessed valuation of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

The taxation of all tangible personal property used in general businesses (excluding certain public utility tangible personal property) has been phased out over four years, from tax year 2006 to tax year 2009. Previously, machinery and equipment and furniture and fixtures were generally taxed at 25% of true value, and inventory was taxed at 23%. The taxation of all tangible personal property used by telephone, telegraph or inter-exchange telecommunications companies ("telecommunications property") is also being phased out over tax years 2007 to 2011. Previously, telecommunications property was taxed at 25% or 46% of true value (depending on the type of equipment and when it was placed into service). The percentages of true value of such property taxed have been, and are being, reduced to those set forth in the following table:

<b>Tax Year</b>	<b>General Business Property</b>	<b>Telecommunications Property</b>
2006	18.75%	(a)
2007	12.50	20.00%
2008	6.25	15.00
2009	0.00	10.00
2010	0.00	5.00
2011	0.00	0.00

(a) 25% or 46%; see discussion above.

Certain tangible personal property not previously used in business in Ohio is not subject to tangible personal property taxation.

Initially, to compensate for decreased revenue as the tangible personal property tax is phased out, the State in 2006 commenced making distributions to taxing subdivisions (such as the City) from revenue generated by a newly enacted commercial activity tax (the “CAT”). The CAT is levied annually on all persons or entities doing business in the State with taxable gross receipts from their business activities greater than \$150,000. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax revenue losses from the phase-out of tangible personal property tax on general business tangible personal property through 2010, with gradual reductions in the reimbursement amount from 2011 through 2017, and for such tax revenue losses from the phase-out of tangible personal property tax on telecommunications property through 2011, with gradual reductions in the reimbursement amount from 2012 through 2018. Reimbursements for tax losses relating to levies for voted debt service (currently, not applicable to the City) are generally to continue at 100% until the debt is retired, subject to a ½-mill threshold adjustment (for all fixed-sum levies). That adjustment basically requires real property taxpayers to absorb up to ½ mill of increased property taxes (in order to continue to generate a fixed dollar amount) due to the phase-out of tangible personal property taxes. The State is to provide any necessary reimbursement above that amount. However, in 2010 the State reduced the timeline and amount of reimbursement for several items to local jurisdictions: CAT tax reimbursement, Tangible/Utility personal property, eliminating them almost altogether by 2013.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value; makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the City by the State from State resources.

Commencing in tax year 2006, the assessment rate for electric utility transmission and distribution equipment was reduced from 88% to 85%, and the assessment rate for all electric company taxable property was reduced from 25% to 24%, commencing in tax year 2006. Taxation of all personal property used by telephone companies, telegraph companies or interchange telecommunications companies is also being phased out by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

The first \$10,000 of taxable value of tangible personal property has historically been exempted from taxation; reimbursement of resulting reduced local collections has been made in the past from State sources. This reimbursement is being phased out such that no reimbursement payments are to be made after the State’s fiscal year, June 30, 2009.

The General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts

to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and do not apply to un-voted tax levies, or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A** under **Tax Rates**.

## **OVERLAPPING GOVERNMENTAL ENTITIES**

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the City are listed below. The “(%)” figure is that percentage of the assessed valuation of the entity that is located within the City.

1. The County (functions allocated to counties by Ohio law, such as elections, health and human services and a portion of the judicial system). (22.70%)
2. A portion (99.73%) of the Akron City School District, which includes 91.10% of the territory within the City (K-12 educational responsibilities). Portions of other school districts are also included in the City as follows: the Copley-Fairlawn City School District (7.28%), which includes 0.89% of the territory within the City, and the Revere Local School District (3.25%), the Springfield Local School District (8.16%), Woodridge Local School District (29.87%) and the Coventry Local School District (9.42%), which together include 7.98% of the territory within the City.
3. METRO Regional Transit Authority (public mass transit). (22.70%)
4. Akron Metropolitan Park District (park and recreation areas). (23.89%)
5. Cuyahoga Valley Joint Vocational School District (.50%) and Portage Lakes Joint Vocational School District (3.75%) (vocational education programs).
6. Akron-Bath-Copley Joint Hospital District. (72.72%)
7. Akron-Summit County Library District (public library facilities). (33.71%)
8. Muskingum Watershed Conservancy District. (6.74%)

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only those entities listed as 1 through 4 above may levy ad valorem property taxes within the ten-mill limitation described under **Indirect Debt and Unvoted Property Tax Limitations**.

## TAX RATES

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The Charter provides that the maximum total tax rate that may be levied without a vote of the electors for all purposes is 10.5-mills. See **Indirect Debt and Unvoted Property Tax Limitations**.

The following are the rates for recent years at which the City and the overlapping taxing subdivisions (within the Akron City School District) levied ad valorem property taxes.

**Tax Table A: Overlapping Tax Rates**

<u>Collection Year</u>	<u>City</u>	<u>Akron City School District</u>	<u>County</u>	<u>Akron Metropolitan Park District</u>	<u>Total</u>
2007.....	10.30	71.66	15.14	1.46	98.56
2008.....	10.30	71.66	14.87	1.46	98.29
2009.....	10.30	71.66	14.78	1.46	98.20
2010.....	10.30	71.66	14.80	1.46	98.22
2011.....	10.30	71.66	14.80	1.46	98.22
2012.....	10.30	71.66	14.80	1.46	98.22
2013.....	10.30	79.56	14.84	1.46	106.16
2014.....	10.30	79.56	14.81	1.46	106.13
2015.....	10.30	79.56	14.80	1.46	106.12
2016.....	10.30	79.56	15.32	1.46	106.64

Source: County Fiscal Officer.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year, and
- amount(s) realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

As noted above, all of the City's property tax levies, as Charter tax rates and taxes for debt service charges, are exempt from these tax credit provisions. The tax credit provisions do not apply to amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service charges, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the tax levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2016 tax collection year of 106.64 mills within the City (in the portion overlapping the Akron City School District) is reduced by reduction factors of 0.242635 for residential/agricultural property and 0.157959 for all other

property, which results in “effective tax rates” of 80.765403 mills for residential and agricultural property and 89.795260 mills for all other property. See **Tax Table A**.

Real property tax amounts are generally further reduced by an additional 12.5% in the case of owner-occupied residential property. The State biennial budget bill eliminated the 10% “rollback” for certain commercial and industrial real property (while it remains for all other real property), effective for the 2005 tax year and thereafter. See **Collections** for a discussion of reimbursement by the State for this reduction.

The following are the rates at which the City levied property taxes for the general categories of purposes in recent years both outside and inside the Charter tax rate limitation:

**Tax Table B: City Tax Rates**

<b>Collection Year</b>	<b><u>Inside 10.5-mill Charter Rate Limitation:</u></b>				<b><u>Voted(a):</u></b>	<b>Total Tax Rate</b>
	<b><u>Operating</u></b>	<b><u>Police Pension</u></b>	<b><u>Fire Pension</u></b>	<b><u>Debt Retirement</u></b>	<b><u>Debt Retirement</u></b>	
2007 .....	9.28	.30	.30	.42	--	10.30
2008 .....	9.28	.30	.30	.42	--	10.30
2009 .....	9.28	.30	.30	.42	--	10.30
2010.....	9.28	.30	.30	.42	--	10.30
2011.....	9.28	.30	.30	.42	--	10.30
2012.....	9.28	.30	.30	.42	--	10.30
2013.....	9.28	.30	.30	.42	--	10.30
2014.....	9.28	.30	.30	.42	--	10.30
2015.....	9.28	.30	.30	.42	--	10.30
2016.....	9.28	.30	.30	.42	--	10.30

(a) The voted levies for “Debt Retirement” continue for the life of the bonds authorized by the electors, in annual amounts sufficient to pay debt service on those bonds as it becomes due.

Source: County Fiscal Officer.

See the discussion of the Charter tax rate limitation, and the priority of claim on that millage for debt service on un-voted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

## **COLLECTIONS**

The following are the amounts billed and the percent collected for City ad valorem property taxes for recent tax collection years. “Billed” includes current charges, plus current and delinquent additions and also current and current delinquent abatements. “% Collected” includes collections of current “Billed” and current delinquent additions.

Collection Year	Current Billed	City Current Collected (a)	County Collected(b)	% City Collected	% County Collected	Delinquent	
						Current	Accumulated(c)
Real and Public Utility							
2006	32,145,893	31,243,117	31,243,117	97.2	97.19	2,732,216	3,882,004
2007	32,131,608	30,741,341	29,150,861	95.7	90.72	2,980,746	4,356,443
2008	31,706,811	31,218,568	29,288,188	98.5	92.37	2,418,623	3,997,850
2009	30,939,477	30,099,260	28,422,839	97.3	91.87	2,516,639	4,603,844
2010	30,874,452	30,084,952	28,383,628	97.4	91.93	2,490,824	5,508,050
2011	31,064,531	29,726,017	27,798,721	95.7	89.49	3,265,810	7,278,527
2012	27,518,858	26,316,201	24,477,858	95.6	88.95	3,041,000	6,736,036
2013	27,419,595	27,002,737	25,174,172	98.5	91.81	2,245,424	5,896,432
2014	26,984,750	26,719,680	25,022,030	99.0	92.73	1,962,721	5,718,165
2015	26,604,375	26,315,578	24,737,683	98.9	92.98	1,866,692	5,986,925

Collection Year	Current Billed	City Current Collected (a)	County Collected(b)	% City Collected	% County Collected	Delinquent	
						Current	Accumulated (c)
Tangible Personal Property							
2006	2,573,578	2,634,715	2,480,696	102.4	96.39	92,882	886,647
2007	1,975,643	1,988,483	1,852,467	100.6	93.77	123,176	779,695
2008	999,793	1,051,594	936,010	105.2	93.62	63,782	455,411
2009	144,732	262,668	142,855	181.5 (d)	97.80	1,877	92,080
2010	79,284	90,642	79,283	114	100.00	2	131,443
2011	0	9,364	0	0	0	0	80,014
2012	0	0	0	0	0	0	52,688
2013	0	0	0	0	0	0	48,618
2014	0	0	0	0	0	0	46,663
2015	0	0	0	0	0	0	42,806

(a) Actual Current City receipts.

(b) Total County Current Collected.

(c) The County's calculation: delinquent billed minus previous years annual collection plus the current delinquent.

(d) As the amount billed is significantly reduced and the amount of delinquencies collected remained relatively stable, the percentage collected increased dramatically.

Source: County Fiscal Officer.

Current and delinquent taxes are billed and collected by the County Fiscal Officer for all taxing subdivisions in the County.

Included in the "Billed" and "% Collected" figures above are payments from State revenue sources under two statewide real property tax relief programs (these relief programs do not apply to special assessments). Homestead exemptions are available for persons over 65 and the disabled. Payments to taxing subdivisions have been made in amounts equal to approximately 10% (12-1/2% with respect to owner-occupied residential property) of all ad valorem real property taxes levied, thereby reducing the tax obligations of real property owners in any given year by the applicable 10% or 12-1/2%. This State assistance reflected in the City's tax collections for 2015

was \$1,063,788 for the elderly/disabled homestead payment and \$2,098,026 for the rollback payment.

Real Property taxes are payable in two installments, the first usually in January and the second in July. Tangible personal property taxes for taxpayers owning property in more than one county are payable in September, and for taxpayers owning property in one county are payable in two installments (usually in April and September).

## **SPECIAL ASSESSMENTS**

The City conducts an ongoing residential street improvement program, which includes paving, resurfacing, draining, planting shade trees and constructing curbs, sidewalks, storm sewers and sanitary sewers. The City pays approximately 65% of the cost of these improvements; the remaining portion is paid from special assessments levied against the property benefiting from those improvements.

Typically, owners of such property commence a street improvement project by filing a petition with City Council requesting the improvement. If accepted, the project becomes part of the City's five-year capital plan. At the commencement of construction, bond anticipation notes are issued to pay the property owners' portion of the project cost. These notes are purchased and held by the City's Treasury Investment Account as investments until the project is completed, usually within approximately two years. Following completion of the work and determination of final costs, the special assessments are levied by Council against the benefiting property. Special assessments not paid within 30 days are certified to the County Fiscal Officer for collection over a period of time (10 years for almost all projects). Bonds are issued in anticipation of the collection of the special assessments to refund (together with any cash payments of special assessments) those notes. The special assessments certified for collection bear the same interest as the bonds. Under State law, those bonds are to be paid from the anticipated special assessments, but they are also general obligations of the City, payable from ad valorem property taxes to the extent not paid from those special assessments (see **City Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations, Indirect Debt and Unvoted Property Tax Limitations and Debt Tables A and B**). The City has never been required to levy an ad valorem property tax for debt service on bonds issued in anticipation of the collection of special assessments because special assessments have been collected as required and sufficient balances have been available in the Bond Payment Fund to cover any temporary shortfall.

The City conducts annual programs for the provision of street lighting and street cleaning services (including sprinkling, sweeping and removing snow and leaves) for its streets, alleys and other public ways. A portion of the cost of these programs is paid by the City from general funds; the remaining portion is financed by the levy each year of special assessments upon the benefited properties. Notes may be issued in anticipation of those special assessments to fund these programs. If issued, these notes have a maturity of one year or less and are payable solely from those special assessments. The notes are not general obligations of the City. By statute, no property tax may be pledged or used for their payment.

Real property taxes levied on any property against which special assessments have been levied cannot be paid unless those special assessments are also paid. During the five most recent years, the collections of the current amount of special assessments levied and of delinquencies have averaged 73.78% of the amount levied. The following are the amounts billed and percent collected for City special assessments for the indicated years (special assessments are collected in conjunction with ad valorem taxes). "Billed" are the amounts of current special assessments certified by the City to the County Fiscal Officer to be collected. "% Collected" includes the amounts of special assessments received by the City and collections of current "Billed" amounts and delinquencies.



Collection Year	Billed	City Current Collected (a)	County Collected (b)	% City Collected	% County Collected	Current Delinquent	Accumulated Delinquent (c)
<i>Special Assessments</i>							
2006	12,567,716	12,151,839	11,271,655	96.7	89.7	3,405,722	3,405,722
2007	13,023,706	12,547,988	14,326,747	96.4	110.0	2,091,614	2,091,614
2008	14,410,775	13,372,381	15,628,772	92.8	108.5	4,096,210	2,601,877
2009	15,023,300	13,462,398	16,059,778	89.6	106.9	3,775,491	3,775,491
2010	15,421,700	13,297,398	12,642,461	86.2	82.0	4,602,272	4,602,272
2011	16,431,680	14,422,201	13,077,748	87.8	79.6	3,353,932	4,162,729
2012	15,648,186	13,981,452	12,506,889	89.3	79.9	3,141,297	4,932,541
2013	23,333,183	16,488,089	15,648,740	70.7	67.1	7,684,383	(d) 22,693,610
2014	23,550,345	18,683,781	17,238,367	79.3	73.2	6,311,979	25,230,633
2015	26,239,838	17,570,929	18,146,904	67.0	69.2	8,092,934	29,831,164

(a) This collection includes monies received from the county's sale of delinquent tax liens and is the actual current city receipts.

(b) Total County Current Collected.

(c) The County's calculation: delinquent billed minus previous year's annual collection plus the current delinquent.

(d) In 2013, Summit County changed the manner in which they calculate and provide this information.

Source: Summit County Fiscal Office

## DELINQUENCIES

The following table sets forth the number of delinquent parcels in the City and the number of parcels against which foreclosures were commenced.

<u>Collection Year</u>	<u>Total Nonexempt Parcels</u>	<u>Total Delinquent (a)</u>	<u>Foreclosures Commenced Against</u>
2006 .....	98,513	14,369	168
2007 .....	97,350	15,270	183
2008 .....	96,795	14,000	245
2009.....	96,479	12,241	211
2010.....	96,012	12,738	161
2011.....	95,642	13,318	96
2012.....	95,642	13,318	96
2013.....	94,583	8,451	74
2014.....	93,428	12,186	52
2015.....	91,441	12,024	32

(a) Certified delinquent to the County Prosecutor for the then current year only. Parcels must be delinquent two years prior to certification.

Source: County Fiscal Officer.

There is no one taxpayer that accounts for more than 5% of any of the delinquencies of ad valorem real property taxes or special assessments identified above.

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties, but written as practiced by the County. Real estate taxes and special assessments not paid in the due year are to be certified by the county fiscal office as delinquent. A list of delinquent properties then is published. If the delinquent taxes and special assessments are not paid within one year after certification, the properties are then to be certified as delinquent to the county prosecuting attorney. The property owner may arrange a payment plan with the county fiscal officer providing for payments over a period not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county fiscal office employees. They employ a notification procedure and judicial proceedings to collect delinquent tangible personal property taxes. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

A program authorized by State legislation permits certain of the larger counties to "sell" the right to collect delinquent real estate taxes. That program was implemented by the County in each of the years 1999 through 2014. The County expects to use the program in 2015.

## **MUNICIPAL INCOME TAX**

In 1962, City electors approved a Charter provision authorizing the Council to levy a 1% income tax for a six-year period. The tax was renewed on a continuing basis in 1968 with the passage of another Charter provision. In 1969, the electors authorized an increase in the rate of income tax to 1.3% in 1970, 1.4% in 1971, and 1.5% in 1972 and thereafter. In 1981, the electors authorized subsequent increases in the rate of income tax to 1.8% effective March 1, 1981, and 2% effective January 1, 1982, and thereafter. The voters of the City approved each of these income tax issues submitted to them. At the May 2003 election, the voters approved a 0.25% increase in the income tax rate to fund, in cooperation with the School District, Community Learning Centers. (See **The City – Education – Akron City School District.**) The increase in the tax rate became effective on January 1, 2004. The voters approved a 30 year levy. The City, pursuant to Council action and that voter authorization, currently levies the income tax at the rate of 2.25% on both business income and individuals' wages and salaries. In a May 2007 election, the voters did not approve an income tax rate increase of 0.33% to fund additional police officers, equipment and facilities for public safety forces, economic development projects, neighborhood improvements and other purposes.

The income tax is collected and administered by the City.

The following table sets forth the annual income tax revenues for the last ten years and budgeted for 2015.

<u>Year</u>	<u>2% Income Tax Amount</u>	<u>.25% CLC Income Tax Amount</u>	<u>Total</u>
2006.....	109,137,656	12,943,119	122,080,775
2007.....	119,389,280	14,737,185	134,126,465
2008.....	117,549,893	14,542,597	132,092,490
2009.....	108,803,515	12,164,205(a)	120,967,720
2010.....	107,180,499	12,940,652	120,121,151
2011.....	115,015,815	11,545,777	126,561,592
2012 .....	116,295,017	16,144,392	132,439,409
2013.....	124,560,193	14,970,130	139,530,323
2014.....	124,663,781	15,084,147	139,747,928
2015 .....	126,265,136	15,238,983	141,504,119
2016 (est).....	128,790,439	15,543,763	144,334,202

(a) 2009 CLC Income Tax revenues were adjusted down to correct overstatements in prior years.

The recent fluctuations in income tax revenues are partially due to varying returns from the larger employers in the City.

Pursuant to a 1991 Charter amendment and applicable only to the 2% portion of the City's income tax rate, income tax proceeds are allocated 27% for capital expenditures and 73% for the General Fund. This income tax authorization is a major component of the City's Capital Investment Program.

Residents are currently permitted, as a credit against their City income tax liability, up to a maximum of 2.25%, paid as municipal income tax on the same income in another municipal corporation. Based on employer payments of corporate and salary withholding income taxes, there is one employer that contributed 5% or more of that collection. Certain types of the income subject to the municipal income tax is also subject to State income tax.

## **OTHER GENERAL FUND REVENUE SOURCES**

Other sources of revenue to the General Fund, in addition to ad valorem property taxes and the municipal income tax, include certain non-tax revenues and State local government assistance distributions. See **Appendix A-1** for further information regarding other revenue sources for the General Fund.

## **NONTAX REVENUES**

The City's General Fund receives significant revenues from non-tax sources, such as licenses and permits, fines and interest earnings. (See also **Nontax Revenue Bonds**.) The Nontax Revenues include: (a) grants from the United States of America and the State of Ohio; (b) payments in lieu of taxes authorized by State statute; (c) fines and forfeitures that are deposited in the General Fund; (d) fees deposited in the General Fund from properly imposed licenses and permits; (e) investment earnings on the General Fund that are credited or transferred to the General Fund; (f) investment earnings of other funds of the City that are credited or transferred to the General

Fund; (g) proceeds from the sale of assets that are deposited in the General Fund; (h) rental income that is deposited in the General Fund; (i) gifts and donations; and (j) charges for services and payments received in reimbursement for services; provided that Nontax Revenues do not include any funds in the City's Knight Estate Fund.

### **Historical Collections of Nontax Revenues**

The following table summarizes historical collections for the past ten years of the revenues identified by the City from its General Fund as Nontax Revenues. No assurance can be given that the full amount of such collections will be available to pay debt service on the Nontax Revenue Bonds (see **Nontax Revenue Bonds**). Moreover, no assurance can be given that the collection of such Nontax Revenues will remain at the levels historically collected by the City.

#### **Historical Collections - General Fund Nontax Revenues**

<b><u>Year</u></b>	<b><u>Licenses &amp; Permits</u></b>	<b><u>Charges for Services</u></b>	<b><u>Fines &amp; Forfeitures</u></b>	<b><u>Interest Earnings(a)</u></b>	<b><u>Expenditure Recoveries</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
2006	2,461,563	16,450,089	3,840,095	623,020	3,561,785	350,045	27,286,597
2007	2,975,741	16,929,944	3,559,135	125,000	3,582,706	691,758	27,864,284
2008	2,714,828	16,279,187	3,489,072	147,895	3,474,708	379,271	26,484,962
2009	912,936(b)	16,134,723	3,562,705	44,484	3,552,927	360,865	24,568,640
2010	823,815	16,356,358	3,593,364	21,632	3,577,182	430,663	24,803,014
2011	327,737	16,700,483	3,390,685	75,932	3,667,007	644,313	24,806,157
2012	370,292	17,117,884	3,239,029	39,172	4,459,129	526,146	25,751,652
2013	359,512	17,914,758	3,259,025	31,001	4,562,730	1,563,126	27,690,152
2014	295,000	18,838,296	3,393,991	15,802	5,015,089	2,009,271	29,567,449
2015	822,975	18,492,149	3,470,267	13,355	8,508,747	900,688	32,208,180
Avg%	(c) 1.55	63.61%	11.96%	.13%	18.72%	4.03%	

(a) Amount transferred from the City's Investment Earnings Fund.

(b) Contracting-out of the majority of the City of Akron Building Department to Summit County caused reduction in license and permit revenues.

(c) Approximate percentage of the total General Fund Nontax Revenues averaged over the years 2011 through 2015 for each category.

***Licenses and Permits.*** Revenue in this category is derived from the issuance of various activity permits such as Right-of-Way and a variety of inspection permits/fees. Revenue is also generated from the issuance of operating licenses, including licenses for ambulances, burglar alarms, carnivals, gasoline pumps, taxis, and solid waste haulers. In total, the City issues over 60 different types of licenses or permits. Fees vary with the type of license or permit and are set by City ordinance.

***Charges for Services.*** This category of revenue includes a variety of fees and charges collected by the City for the provision of services. The major services provided are solid waste and recyclable collection as well as Franchise Fees.

***Fines and Forfeitures.*** These revenues are derived from City fines, parking violations, court costs, highway patrol, and civil filing fees.

***Interest Earnings.*** The City Treasurer invests City funds pursuant to the Ohio Revised Code and the City's Investment Policy. See **Financial Matters – Cash Balances and**

**Investments.** The City uses the Investment Earnings Fund to record all investment earnings and then distributes the earnings almost entirely to the General Fund. The Knight Estate Fund, the Akron Development Corp, Incubator Fund and certain federal grant funds are required to receive their share of investment earnings.

**Expenditure Recoveries.** Revenue in this category is derived from reimbursements to the General Fund for costs and expenses it has incurred on behalf of other funds. These other funds include the Engineering, Fire Pension, Police Pension, Golf Course, Management Information Systems, Off-Street Parking, Sewer and Water Funds.

**Other.** This category includes a wide variety of types of revenue collected by City divisions. Due to the nature of these revenues, which frequently includes one time receipt of revenues, the total may fluctuate from year to year. Included in these totals are loan payments, refunds, rental payments from leased land, gifts, donations, and proceeds from the sale of personal property by the City's Police Department.

## LOCAL GOVERNMENT ASSISTANCE FUNDS

Statutory State-level local government assistance funds are comprised of designated State revenues. Most are distributed to each county and then allocated on a formula basis or, in some cases (as in the County) on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. City receipts from those funds for the past 10 years are:

<u>Year</u>	<u>Amount</u>
2006.....	14,374,069
2007.....	14,418,325
2008.....	14,227,271
2009.....	12,349,228
2010.....	12,515,342
2011.....	12,378,170
2012.....	8,668,934
2013.....	6,640,387
2014.....	6,500,389
2015.....	6,857,604

The amounts of and formula for distribution of these funds have been, and based on the State's approved budget, will be reduced significantly in the future.

The State also distributes significant portions of the State estate tax to decedents' communities of residence. Due to the very nature of this tax, the annual amounts received can vary significantly. The City received \$4,855,475 , \$655,450.50 and \$427,551.33 from this source in 2013, 2014, and 2015. The City credits these distributions to its General Fund. The collection of this tax has been eliminated by the State of Ohio and this source of funding has been eliminated from future City collection projections beginning in 2014. Small amounts may be received in future year's based on previous year's delinquencies.

## CITY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, outstanding and projected bond and note indebtedness and

certain other long-term financial obligations of the City. Certain overlapping subdivisions may issue voted and un-voted general obligation debt. As used in the discussions that follow, BANs refers to notes issued in anticipation of the issuance of general obligation bonds.

## **SECURITY FOR GENERAL OBLIGATION DEBT**

The following describes security for City general obligation debt.

### **Bonds and Bond Anticipation Notes**

***Unvoted Bonds.*** The basic security for un-voted City general obligation debt is the City's ability to levy, and its levy pursuant to constitutional and statutory requirements of, an ad valorem tax on all real and tangible personal property subject to ad valorem taxation by the City, within the Charter tax rate limitation described below. This tax must be in sufficient amount to pay (to the extent not paid from other sources) as it comes due the debt service on un-voted City general obligation bonds, both outstanding and in anticipation of which BANs are outstanding. The law provides that the levy necessary for debt service has priority over any levy for current expenses within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. See the discussion below, under **Indirect Debt and Unvoted Property Tax Limitations**, of the Charter tax limitation and the priority of claim on it for debt service on un-voted general obligation debt of the City.

***Voted Bonds.*** The basic security for voted City general obligation debt is the authorization by the electors for the City to levy to pay debt service on those bonds, without limitation as to rate or amount, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the City. The tax is outside of the Charter tax limitation and is to be in sufficient amount to pay (to the extent not paid from other sources) as it comes due the debt service on the voted bonds (subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion). The City has no voted general obligation debt.

***BANs.*** Ohio law requires, while BANs are outstanding, the levy of an ad valorem property tax in an amount not less than that which would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months (20 years) from the date of issuance of the original notes (the maximum maturity for special assessment BANs is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period. As of December 31, 2015, the City has no General Obligation BANs outstanding.

In addition to the basic ad valorem property tax security described above, each ordinance authorizing the issuance of the City's general obligation bonds or notes issued in anticipation thereof provides further security by making a pledge of the full faith and credit of the City for the payment of the debt service on those bonds or notes as it becomes due. Included in that pledge are all funds of the City, except those specifically limited to another use or prohibited from that use by the Ohio Constitution or by Ohio or federal law or by revenue bond trust agreements. These exceptions include tax levies voted for specific purposes, special assessments pledged to particular bonds or notes, and certain utility revenues. As discussed herein, only voted general obligation debt is payable from unlimited ad valorem property taxes.

As is shown in **Debt Table C**, the City expects that almost all of the debt service on the un-voted general obligation debt of the City will in fact be paid from sources other than the ad valorem property tax, such as the City's income tax revenues, utility revenues, and special assessments. Should income tax revenues or other revenues for any reason become insufficient to pay debt service on City bonds and bond anticipation notes, the City will be required by Ohio law to levy, collect, and use the above-described ad valorem taxes to pay that debt service.

## **STATUTORY DIRECT DEBT LIMITATIONS**

The Revised Code provides that the net principal amount of both voted and un-voted general obligation debt of a city, excluding "exempt debt" (discussed below), may not exceed 10-1/2% of the total value of all property in the city as listed and assessed for taxation, and that the net principal amount of the un-voted nonexempt debt of a city may not exceed 5-1/2% of that value. These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

A city's ability to incur un-voted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt a city may issue is exempt from the direct debt limitations ("exempt debt"). Exempt debt includes: general obligation debt issued for improvements for municipal utility, off-street parking, garbage and refuse collection or disposal, hospital, and airport purposes, to the extent it is "self-supporting" (that is, revenues from the category of facilities are sufficient to pay operating and maintenance expenses and related debt service and other requirements); bonds issued in anticipation of the collection of special assessments; revenue bonds; notes issued in anticipation of the collection of current revenues or in anticipation of the proceeds of a specific tax levy; notes issued for certain emergency purposes; bonds issued to pay non-contractual final judgments; and un-voted general obligation bonds to the extent that debt service will be met from lawfully available municipal income taxes to be applied to that debt service pursuant to ordinance covenants. Notes issued in anticipation of exempt bonds are also exempt debt.

In the calculation of the debt subject to the direct debt limitations, the amount of money in a city's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of money in the City's Bond Payment Fund and based on outstanding debt and current tax valuation, the City's voted and un-voted nonexempt debt capacities as of December 31, 2015 were:

<u><b>Debt Limitation</b></u>	<u><b>Outstanding Debt</b></u>	<u><b>Additional Borrowing Capacity Within Limitation</b></u>
10-1/2% - \$270,381,850	\$131,654,324	\$138,727,526
5-1/2% - \$141,628,588	\$131,654,324	\$9,974,264

See **Debt Table A** for further details.

## INDIRECT DEBT AND UNVOTED PROPERTY TAX LIMITATIONS

Voted general obligation debt may be issued by the City if authorized by a vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt service on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the City without a vote of the electors. This un-voted debt may not be issued unless the highest ad valorem property tax for the payment of debt service on (a) those bonds (or the bonds in anticipation of which BANs are issued) and (b) all outstanding un-voted general obligation bonds (including bonds in anticipation of which notes are issued) of the City resulting in the highest tax required for such debt service, in any year is 10.5 mills or less per \$1.00 of assessed valuation. This indirect debt limitation is imposed by the Charter.

In lieu of the ten-mill limitation briefly discussed below, the electors of a charter municipality such as the City may establish a different tax rate limitation. The electors of the City have authorized the Council to levy, for all purposes of the City, each year a tax of up to the Charter tax rate limitation on all the taxable property in the City without further authorization from the electors, but subject to change by further action of the electors. See **Ad Valorem Tax Rates**. No portion of the 10.5-mills can be preempted by another overlapping taxing subdivision. In the case of BANs issued in anticipation of un-voted general obligation bonds, the highest annual debt service estimated for the anticipated bonds is used to calculate the millage required. These debt service estimates are included in **Debt Table C**.

This Charter millage is required to be used first for the payment of debt service on un-voted general obligation debt of the City, unless provision has been made for its payment from other sources, and the balance may be used for general fund purposes.

The indirect limitation applies to all un-voted general obligation debt even if debt service on some of it is expected to be paid in fact from special assessments, utility revenues, or other sources. Revenue bonds, notes issued solely in anticipation of special assessments, and bonds and notes payable only from City income tax revenues are not included in debt subject to the Charter tax rate limitation because they are not general obligations of the City and the full faith and credit of the City is not pledged for their payment.

The highest debt service requirement in any year for all City debt subject to the Charter tax rate limitation (including unvoted, general obligation bonds already outstanding and bonds to be issued to fund those BANs) is estimated to be \$25,471,550. The payment of that annual debt service would require a levy of 9.89 mills based on current assessed valuation. This maximum debt service requirement (except debt service on certain final judgment bonds) is expected by the City to be paid from sources other than ad valorem property taxes, such as the City income tax revenues and special assessments (see **Debt Table C**). If those other sources for any reason are not available, the debt service could be met from the amounts produced by the millage currently levied for all purposes by the City within the Charter tax rate limitation.

The total millage theoretically required by the City for its outstanding unvoted bonds (including bonds in anticipation of which notes are outstanding) is, as shown above 9.89 mills for 2016, the year of the highest potential debt service. There thus remain 0.61 mills within the Charter tax rate limitation that has yet to be allocated to debt service by the City and that is available to the City in connection with the issuance of additional unvoted general obligation debt. The City could, for example, issue additional debt in the principal amount of approximately \$19,523,737 (maturing over 20 years with substantially equal annual debt service payments and with an estimated interest rate of 5.0%) within this limitation. The estimated principal amount of



that additional debt would be reduced accordingly if the estimated interest rate exceeded 5.0% or if the City's total assessed valuation continued to decrease (see **Ad Valorem Property Taxes and Special Assessments - Assessed Valuation** in the **Annual Information Statement**).

In the absence of the Charter tax limitation, the applicable indirect debt limitation would be the product of what is commonly referred to as the "ten-mill limitation" imposed by a combination of provisions of the Ohio Constitution and of the Revised Code. The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied without elector approval on a single piece of property by *all* overlapping taxing subdivisions, with the ten mills being allocated among certain overlapping taxing subdivisions (including the cities) pursuant to a statutory formula. The inside millage so allocated is required by Ohio law to be used first for the payment of debt service on un-voted general obligation debt of the subdivisions (unless provision has been made for its payment from other sources) and the balance may be used for other purposes of the subdivisions. If the ten-mill limitation applied to the City (that is, if the City did not have the Charter tax rate limitation), un-voted obligations could not be issued by the City unless the tax required to be imposed in any one year would be ten mills or less per \$1.00 of assessed valuation for payment of annual debt service on those obligations (if BANs, the bonds in anticipation of which the BANs are issued) and all outstanding un-voted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the City resulting in the highest tax rate required for that debt service. To the extent that this inside millage is required for debt service of a taxing subdivision (which may exceed the formula allocation for that subdivision), the amount that would otherwise be available to that subdivision or to other overlapping subdivisions for general fund purposes would be reduced. A law applicable to all Ohio cities and villages, however, requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt service on City un-voted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

## DEBT OUTSTANDING

The following tables list the City's outstanding general obligation debt represented by bonds and notes and certain other debt service information as December 31, 2015.

### DEBT TABLE A

#### **Principal Amounts of Outstanding General Obligation Debt; Capacity for Additional Debt within Direct Debt Limitations**

A.	Total debt (a).....	190,245,256
B.	Exempt debt: (all unvoted)	
	Bonds issued to pay final judgments .....	1,984,212
	Bonds issued for public improvements under Chapter 725 of the Revised Code .....	1,639,936
	Bonds issued for various improvements with a specific pledge of income tax under Section 133.05(B)(7) of the Revised Code:	
	Ascot Park Improvement .....	49,331

CitiCenter Building.....	232,562	
Community Centers .....	54,315	
Economic Development.....	40,000	
Fire Department Facilities.....	331,206	
Furnace/Howard Renewal.....	125,000	
High Street Renewal .....	196,431	
Industrial Incubator.....	120,000	
Inventure Place.....	345,960	
Justice Center Plaza .....	63,292	
Motor Vehicles/Equipment.....	725,170	
Municipal Facilities .....	6,714,205	
Off-Street Parking.....	6,382,125	
Real Estate Acquisition.....	242,195	
Recreational Facilities.....	13,241,721	
Storm Sewers .....	13,300	
Streets.....	23,229,650	
Total.....	52,106,463	
Bonds issued in anticipation of the collection of special assessments .....	2,860,321	
Total exempt debt .....		58,590,932
C. Nonexempt debt:		
Unvoted bonds and BANs issued for the following improvements:		
Community Centers .....	116,075	
Economic Development .....	2,862,010	
Fire Department Facilities .....	402,825	
Furnace/Howard Renewal Area .....	2,487,195	
High Street Renewal Area .....	621,735	
Industrial Incubator.....	2,588,350	
Justice Center Plaza .....	135,255	
Motor Vehicles/Equipment .....	6,034,780	
Municipal Facilities .....	11,739,694	
Parking Facilities .....	11,325,000	
Real Estate Acquisition.....	4,019,895	
Recreational Facilities.....	30,138,770	
Storm Sewers .....	950,640	
Streets.....	<u>58,232,100</u>	
Total non exempt debt .....		131,654,324
D. 5-1/2% of assessed valuation (unvoted direct debt limitation).....		
		141,628,588
E. Total limited tax nonexempt bonds and notes out-standing:		
Bonds outstanding.....	131,654,324	
Notes outstanding.....	<u>0</u>	
Total.....		131,654,324
F. Debt capacity within 5-1/2% unvoted debt limitation (but subject to indirect debt limitation)		
(D minus E) (b) .....		9,974,264

G.	10-1/2% of assessed valuation (voted and unvoted direct debt limitation).....		270,381,850
H.	Total nonexempt bonds and notes outstanding:		
	Bonds outstanding.....	131,654,324	
	Notes outstanding.....	<u>0</u>	
	Total.....		131,654,324
I.	Debt capacity within 10-1/2% direct debt limitation (G minus H) (b).....		138,727,526

- 
- (a) Other City debt and long-term obligations, which are not general obligations of the City and thus are not set forth in this table, include:
- Health benefit claims BANs (\$4,500,000) payable solely from income tax revenues (see **Income Tax Revenue Bonds – Health Benefit Claims Bond Anticipation Notes** in the Annual Information Statement).
  - Special Assessment Street Improvement Notes (\$13,000,000) payable solely from special assessment revenues.
  - Water System mortgage revenue bonds payable solely from revenues (\$26,970,000) and Sewer System revenue bonds payable solely from revenues (\$6,550,000) (see **Revenue Bonds** in the Annual Information Statement).
  - Loan payments payable to: (i) the OWDA, (ii) the OPWC, (iii) the ODOT, and (iv) the ODOD, and certain lease agreements (see **Long-Term Obligations Other Than Bonds and Notes** in the Annual Information Statement).
  - Certificates of Participation for: (i) Canal Park Stadium project (\$13,320,000), and (ii) Steam System Utility (\$11,360,000) (see **Long-Term Obligations Other Than Bonds and Notes** in the Annual Information Statement).
  - Nontax Revenue Economic Development Bonds (\$48,035,000) (see **Nontax Revenue Bonds** in the Annual Information Statement)
  - Income Tax Revenue Bonds (\$97,556,377) payable solely from income tax revenues and a Various Purpose Income Tax Note ( \$10,000,000) (see **Income Tax Revenue Bonds** in the Annual Information Statement)
  - Community Learning Centers Income Tax Revenue Bonds, Series 2010A (\$17,705,000), Series 2010B (\$12,060,000), Series 2010C (\$15,060,000), Series 2012A (\$150,760,000) and Series 2014 (\$46,800,000) (see **Income Tax Revenue Bonds** in the Annual Information Statement).
  - Joint Economic Development District Special Revenue Bonds (\$22,030,000), payable solely from JEDD Revenues (see **Special Revenue Bonds** in the Annual Information Statement).
- (b) Debt capacity in this table is determined without considering money in the Bond Payment Fund (estimated \$106,359), which is available to pay Debt Service on general obligation bonds and bond anticipation notes.

## DEBT TABLE B

### Various City and Overlapping General Obligation (GO) Debt Allocations (Principal Amounts)

	Amount	Per Capita(b)	% of City's Current Assessed Valuation(d)	% of City's Estimated Actual Valuation(e)
City Nonexempt GO Debt(a)	\$131,654,324	\$ 633	5.11%	1.86%
Total City GO Debt (exempt and nonexempt)	\$195,245,256	\$ 958	7.39%	2.69%
Total Overlapping GO Debt(c)	\$212,189,992	\$ 1,069	8.24%	3.00%

(a) Total City GO debt, less exempt debt (see **Debt Table A**).

(b) Based on 2014 census population estimate of 198,492 for the City.

(c) Includes, in addition to "Total City GO Debt," allocations of the total GO debt of overlapping debt issuing subdivisions resulting in the calculation of total overlapping debt based on percent of assessed valuation of territory of the subdivisions located within the City (% figures are resulting percent of total debt of subdivisions allocated to the City in this manner), as follows:

\$ 7,294,500 of County debt (22.50%);  
 \$ 7,895,573 of Summit County Library District debt (33.47%);  
 \$ 76,171 of Revere Local School District debt (3.22%);  
 \$ 1,502,501 of Woodridge Local School District debt (30.02%);  
 \$ 2,652,031 of Coventry Local School District debt (9.37%);  
 \$ 2,523,960 of Springfield Local School District debt (8.10%);

(d) The assessed valuation of the City is \$2,575,065,240.

(e) The estimated actual valuation of the City is \$7,073,033,557.

Source of assessed valuation and estimated actual valuation: County Fiscal Officer.

Source of GO debt figures for overlapping subdivisions: Ohio Municipal Advisory Council (OMAC)\*.

\*Statement provided by OMAC: "OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose."

# DEBT TABLE C

## Projected Debt Service Requirements on Unvoted General Obligation Bonds (Payable from Ad Valorem Taxes Levied within the City's 10.5-Mill Charter Tax Rate Limitation)

### Portion of Total Debt Service to be Paid From:

Year	Bonds	Bonds in Anticipation of Which Notes are Outstanding(a)	Total Debt Service	Income Tax	Pledged Income Tax (a)	Ad Valorem Taxes	Special Assessments	Tax Increment Financing	Off-Street Parking Revenues
2016	25,471,550	-0-	25,471,550	16,378,550	6,718,516	397,597	1,039,403	351,259	586,225
2017	24,807,121	-0-	24,807,121	15,944,731	7,077,566	328,319	509,234	359,846	587,425
2018	23,691,390	-0-	23,691,390	15,395,759	6,733,216	216,781	386,685	372,873	586,075
2019	22,929,486	-0-	22,929,486	14,362,121	6,991,891	219,091	388,357	382,683	585,344
2020	20,909,341	-0-	20,909,341	14,141,968	5,198,229	219,661	377,763	384,202	587,519
2021	22,659,627	-0-	22,659,627	14,765,436	6,445,304	220,515	373,943	265,680	588,750
2022	18,173,675	-0-	18,173,675	13,489,240	4,097,335	0	0	0	587,100
2023	16,760,423	-0-	16,760,423	12,394,360	4,366,063	0	0	0	0
2024	14,117,305	-0-	14,117,305	10,152,380	3,964,925	0	0	0	0
2025	9,926,713	-0-	9,926,713	7,423,600	2,503,113	0	0	0	0
2026	11,422,088	-0-	11,422,088	7,434,850	3,987,238	0	0	0	0
2027	7,400,869	-0-	7,400,869	4,373,244	3,027,625	0	0	0	0
2028	5,964,507	-0-	5,964,507	2,983,494	2,981,013	0	0	0	0
2029	4,075,012	-0-	4,075,012	1,774,487	2,300,525	0	0	0	0
2030	4,053,887	-0-	4,053,887	1,777,162	2,276,725	0	0	0	0
2031	4,031,350	-0-	4,031,350	1,778,050	2,253,300	0	0	0	0

(a) Debt service on general obligation bonds and notes secured with a specific pledge of income tax revenues under Section 133.05(B)(7) of the Revised Code. (See **Debt Outstanding - Debt Table A** and **Income Tax Revenue Bonds** in the Annual Information Statement.)

NOTE: Columns may not total due to rounding to the nearest dollar

## PAYMENT OF DEBT SERVICE

General obligation debt of the City, unless paid from other sources, is to be paid by the levy of ad valorem property taxes, which taxes are unlimited as to amount or rate as to voted issues and within the 10.5-mill Charter tax rate limitation as to un-voted issues. The actual source of payment of debt service on general obligation debt has shifted during the last 51 years from property taxes to other sources, as indicated below. The property tax continues to be pledged to the payment of that debt even though payment is made from other sources. At the end of 1963, the City's outstanding general obligation debt totaled \$41,127,332; of this amount, \$25,856,432, or 62.87%, was expected to be retired from property taxes. By the end of 2015 the City's outstanding general obligation debt had risen to \$190,245,256, but only \$8,151,241, or 4.3%, of this amount was expected to be retired from property taxes.

**Debt Table D** sets forth the principal amount of the City's total general obligation debt, outstanding as of January 1 in the years indicated, divided according to the source of funds used and expected to be used in 2016 to retire that debt. Of that total debt, 92.1% is to be paid from the City's municipal income tax (see **Municipal Income Tax**) and another 2% is to be paid from the collection of special assessments (see **Special Assessments**).

Tax increment payments support 1.6% of the outstanding general obligation debt. Under certain tax increment financing statutes, the City may declare the future increase in assessed valuation of parcels being developed to be exempt from real property taxation for a certain period of time. Owners of that property then make payments to the City in lieu of the taxes that would have been paid. The City uses these payments to pay debt service on general obligation debt issued to fund public improvements, including bonds issued under Chapter 725 of the Revised Code (see **Debt Table A**). The City has entered into several agreements with the Akron City School District that provide, in part, for limitations on the exemption period and for certain payments by the City to the School District.

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## DEBT TABLE D

### Principal Amount of General Obligation Debt, the Debt Service on Which Was (or Will Be) Retired from these Sources

<u>Outstanding as of January 1,</u>	<u>Total</u>	<u>Income Taxes(a)</u>	<u>Ad Valorem Taxes</u>	<u>Special Assessments</u>	<u>Water and Sewer Revenue</u>	<u>Off-Street Parking Revenue</u>	<u>Tax Increment Payments</u>	<u>County-Wide Bed Tax</u>
2006	214,589,786	178,142,440	10,078,149	18,363,662	300,000	-0-	6,860,535	845,000
2007	225,634,970	190,782,790	10,287,564	17,433,196	-0-	-0-	6,496,778	634,642
2008	233,149,295	189,346,094	10,794,138	16,285,403	-0-	10,420,040	5,978,799	324,821
2009	246,059,447	204,584,645	10,278,052	16,077,013	-0-	9,659,431	5,460,306	-0-
2010	271,488,713	232,375,027	10,278,196	13,412,622	-0-	9,991,106	5,431,762	-0-
2011	281,471,862	244,813,495	9,927,639	12,415,297	-0-	9,227,680	5,087,751	-0-
2012	292,990,209	257,623,859	9,723,524	12,219,202	-0-	8,677,052	4,746,572	-0-
2013	238,585,598	207,893,539	9,260,389	9,107,829	-0-	7,952,907	4,370,934	-0-
2014	221,992,067	201,292,597	9,447,804	7,220,254	-0-	-0-	4,031,412	-0-
2015	206,074,959	188,373,005	8,987,363	5,048,132	-0-	-0-	3,666,459	-0-
2016	190,245,256	175,214,500	8,151,241	3,760,089	-0-	-0-	3,119,426	-0-

(a) Includes general obligation debt expected to be paid from the City's income taxes as well as general obligation debt secured with a specific pledge of income tax revenues (see **Debt Outstanding – Debt Table A** and **Debt Table C**).

Shown below is the annual debt service on general obligation debt paid from income tax revenues and from unlimited ad valorem taxes pursuant to elector authorization and ad valorem taxes within the 10.5-mill Charter tax rate limitation.

<u>Calendar Year</u>	<u>Debt Service Paid from<sup>(a)</sup></u>		
	<u>Income Tax Revenues</u>	<u>Unlimited Ad Valorem Taxes<sup>(b)</sup></u>	<u>Ad Valorem Taxes within 10.5-mill Limit<sup>(b)</sup></u>
2006 .....	17,172,914	-0-	971,250
2007 .....	18,815,310	-0-	921,511
2008 .....	19,500,503	-0-	929,212
2009 <sup>(c)</sup> .....	8,217,966	-0-	259,361
2010 .....	15,182,974	-0-	777,252
2011 .....	17,428,822	-0-	818,183
2012.....	16,115,523	-0-	780,743
2013.....	21,817,913	-0-	810,435
2014.....	16,568,911	-0-	939,852
2015.....	16,892,540	-0-	665,441

(a) See **Debt Tables A** and **C** for amount of future debt service anticipated to be paid from these sources.

(b) See **Tax Table B** for millage levied for this debt service.

(c) General Obligation maturities totaling \$12,925,000 were refinanced in 2009.

As indicated in **Debt Table C** and **Debt Table D**, the City's un-voted general obligation bonds and bond anticipation notes are anticipated to be paid from income tax revenues, special assessments, off-street parking revenues and other sources. Because the City has provided for the levy of taxes within the 10.5-mill Charter tax rate limitation (as required by law), should those revenue sources fail for any reason to produce amounts sufficient for debt service, the City would be required to preempt the levy for current expenses for its General Fund to the extent of the revenue shortfall in order to provide for debt service on those bonds and notes. The City has not been in default on any of its general obligation debt since March 1, 1936.

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## CHANGES IN INDEBTEDNESS; FUTURE FINANCINGS

The City's amortization schedule of its general obligation bonds provides that 82.7% of those bonds currently outstanding will mature and be paid within 10 years.

A summary of the general obligation debt of the City, outstanding as of January 1 for the years indicated, is set forth in the following table.

<u>January 1</u>	<u>Bonds</u>	<u>General Obligation Debt (Principal Amount)</u>			<u>% of Then Current Assessed Valuation(b)</u>	<u>% of Then Estimated Actual Valuation(b)</u>
		<u>Bond Anticipation Notes</u>	<u>Total</u>	<u>Per Capita(a)</u>		
2007 .....	222,776,617	2,858,353	225,634,970	1,039	6.88	2.19
2008 .....	230,369,113	2,780,182	233,149,295	1,074	7.36	2.58
2009 .....	214,782,947	31,276,500	246,059,447	1,134	8.15	2.90
2010 .....	212,191,513	59,297,200	271,488,713	1,251	9.03	3.21
2011 .....	257,573,662	23,898,200	281,471,862	1,414	9.33	3.32
2012 .....	252,361,509	40,628,700	292,990,209	1,471	10.96	3.92
2013	238,069,598	516,000	238,585,598	1,198	10.05	3.61
2014	221,992,067	0	221,992,067	1,115	9.49	3.41
2015	206,074,959	0	206,074,959	1,035	7.97	2.89
2016	190,245,256	0	190,245,256	958	7.39	2.59

(a) Based on Bureau of Census 2010 population figure of 199,110 for the City.

(b) For the current assessed valuation and estimated actual valuation see table under **Ad Valorem Property Taxes and Special Assessments -- Assessed Valuation**.

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The following table sets forth the types and principal amounts of debt retired and issued in the last calendar year and projections for the current year.

	Principal Amount of Debt (000)					
	2015			2016		
	Outstanding as of <u>January 1(b)</u>	<u>Paid</u>	<u>Issued(a)</u>	Outstanding as of <u>January 1(b)</u>	<u>To be Paid</u>	<u>To be Issued(c)</u>
Revenue Bonds(d) .....	\$41,435	\$16,215	\$8,300	\$33,520	\$8,620	\$ 0-
Special Revenue Bonds(e) .....	25,245	3,215	-0-	22,030	3,325	-0-
Nontax Revenue Bonds(f) .....	53,565	18,780	13,250	48,035	4,290	-0-
Special Assessment Notes(g) .....	13,000	13,000	13,000	13,000	13,000	13,000
Income Tax Revenue Bonds(h) ..	319,911	10,840	30,870	339,941	11,506	25,000
Income Tax Revenue Notes(h)...	6,500	6,500	14,500	14,500	14,500	23,500
General Obligation						
Voted –						
Bonds.....	-0-	-0-	-0-	-0-	-0-	-0-
Notes .....	-0-	-0-	-0-	-0-	-0-	-0-
Unvoted utility or off-street parking(i)						
Bonds .....	19,577	1,870	-0-	17,707	1,935	-0-
Notes .....	-0-	-0-	-0-	-0-	-0-	-0-
Unvoted in anticipation of special assessments(j)						
Bonds.....	4,079	1,219	-0-	2,860	962	-0-
Notes .....	-0-	-0-	-0-	-0-	-0-	-0-
Unvoted-general purposes						
Bonds.....	182,419	38,066	25,325	169,678	15,795	-0-
Notes.....	-0-	-0-	-0-	-0-	-0-	-0-

- (a) For description of note issues see **Bond Anticipation Notes**.
- (b) For detail see **Debt Table A**.
- (c) Estimated amounts, currently expected to be issued.
- (d) Non-GO debt payable from revenues of utilities.
- (e) Non-GO debt payable from JEDD revenues and utility revenues if necessary.
- (f) Non-GO debt payable solely from non-tax revenues.
- (g) Non-GO debt payable solely from special assessments.
- (h) Non-GO debt payable solely from municipal income tax revenues.
- (i) Exempt GO debt expected to be paid from revenues of utilities or off-street parking facilities.
- (j) Exempt GO debt expected to be paid from the collection of special assessments.

The City also plans to issue, from time to time, notes in anticipation of the levy and collection of special assessments and of the issuance of bonds for various street, sewer, and water improvement projects. It is expected that consistent with City policy these general obligation notes will be purchased by the City as investments in its Treasury Investment Account. (See **Special Assessments**.)

## REVENUE BONDS

The City has issued revenue bonds for its Water System and for its Sewer System (see **The City – Water System** and **Sewer System**). These bond issues are summarized in the following tables.

### Water System Revenue Bonds

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Principal Outstanding as of Dec. 31, 2015</u>	<u>Principal and Interest Payment Due in 2016</u>
July 1, 2003	2014	28,045,000	0	0
August 10, 2006	2026	13,340,000	630,000	642,758
September 17, 2009	2034	22,100,000	18,040,000	3,950,300
December 18, 2015	2026	8,300,000	8,300,000	215,234

The bonds dated July 1, 2003 were issued to advance refund a prior issue of Water System Revenue Bonds dated May 15, 1994 in the outstanding aggregate principal amount of \$19,405,000. The bonds dated August 1, 2006 were issued to finance improvements to the Water System. The bonds dated September 17, 2009 were issued to finance improvements to the Water System and to refund prior issues of Water System Revenue Bonds dated January 15, 1996 in the outstanding aggregate principal amount of \$7,780,000 and bonds dated February 1, 1998 in the outstanding aggregate principal amount of \$6,570,000. The bonds dated December 18, 2015 were issued to finance improvements to the Water System and to refund prior issues of Water System Revenue Bonds dated August 10, 2006 in the outstanding aggregate principal amount of \$ 8,300,000. The Water System Revenue Bonds are payable from the revenues of the Water System. They are not general obligations of the City. The Water System Revenue Bonds are secured by a mortgage on that utility.

### Sewer System Revenue Bonds

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Principal Outstanding as of Dec. 31, 2015</u>	<u>Principal and Interest Payment Due in 2016</u>
December 1, 2005	2017	33,855,000	6,550,000	5,077,500

In December 2005, the City issued \$33,855,000 Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 2005, to finance improvements to the Sewer System and to partially advance refund prior issues of Sewer Revenue Bonds issued in 1996, 1997 and 1998 in the outstanding principal amount of \$30,065,000. Sewer System Revenue Bonds are payable from the revenues of the Sewer System and are not general obligations of the City.

## **SPECIAL REVENUE BONDS**

On December 21, 2011, the City issued \$27,165,000 Joint Economic Development District Revenue Refunding Bonds. These bonds refunded \$8,080,000 Waterworks System Special Revenue Bonds, Series 2000, dated as of July 1, 2000, \$10,060,000 Waterworks System Special Revenue Bonds, Series 2002, dated as of September 1, 2002, \$8,100,000 Sanitary Sewer System Special Revenue Bonds, Series 2000, dated as of August 1, 2000, and \$6,340,000 Sanitary Sewer System Special Revenue Bonds, Series 2002, dated as of November 1, 2002. These Special Revenue Bonds are special obligations of the City; they are not general obligations of the City. These bonds are payable solely from revenues received by the City from joint economic development districts. See **Joint Economic Development Districts** for a table showing debt service coverage provided by JEDD revenues. The City has agreed that, so long as the Special Revenue Bonds are outstanding, it will not suffer the repeal, amendment, or any other change in the City legislation authorizing those bonds or the JEDD contracts that in any way materially and adversely affects or impairs (i) the sufficiency of the JEDD Revenues available for the payment of those bonds, or (ii) the application of the JEDD Revenues to the payment of those bonds.

## **INCOME TAX REVENUE BONDS**

### **Pension Bonds**

In May 1999, the City issued \$10,090,000 of Pension Refunding Income Tax Revenue Bonds, Series 1999 (the Pension Bonds), to refund the obligation of the City to the Ohio Police and Fire Pension Fund for employer's accrued liability. The refunding eliminated the City's obligation to pay \$738,365 per year through 2035 to that Fund for the City's allocable share of the accrued liability. The 1999 bonds were refunded by the \$6,405,000 Pension Refunding Income Tax Revenue Bonds, Series 2011 on December 15, 2011. The City will pay, on average, approximately \$702,453.13 in debt service per year through 2023 to retire the Pension Bonds in 2023.

As provided in the bond ordinance for the Pension Bonds, the City will levy and collect annually income taxes to first produce an amount sufficient to pay interest (and any premium) on and principal of the Pension Bonds when due, and to meet the coverage requirements included in the Trust Indenture relating to the Pension Bonds (the Indenture), and then to meet other obligations of the City to be discharged from its income tax revenues. To secure the payment of the debt service on the Pension Bonds and any additional bonds issued under the Indenture, the City pledged its income tax revenues (the Income Tax Revenues) to the Trustee and assigned and created a security interest in the Pledged Income Tax Revenues to and in favor of the Trustee. The Pledged Income Tax Revenues comprise all money in the Pledged Funds and all income and profit from the investment of that money. The City has created two funds under the Indenture as Pledged Funds, the Bond Fund and the Bond Reserve Fund. These Pledged Funds are in the custody of the Trustee.

The Pension Bonds are not a general obligation debt or pledge of the faith or credit of the City. The Pension Bonds are special obligations of the City payable solely from the income tax revenues. The holders of the Pension Bonds have no right to have taxes, other than the City income tax, levied by the City, the State, or the taxing authority of any other political subdivision of the State for the payment of debt service on the Pension Bonds.

Holders of the Pension Bonds do not have a security interest in the City's Income Tax Revenues other than the Pledged Income Tax Revenues. The City is permitted to and intends to use its Income Tax Revenues for other lawful purposes, including but not limited to the payment of City general obligation debt. See **City Debt and Other Long-Term Obligations**. Under the

Indenture, the City may issue additional bonds, although the City has no present expectation of doing so. The Indenture also permits the City to incur other obligations payable from and secured by a pledge of Income Tax Revenues on a parity with the Pension Bonds, including any general obligation bonds of the City, any City guarantees of debt or other obligations (such as the CLC Bonds) that are secured by a pledge of Income Tax Revenues (Parity Obligations). As provided in the Indenture, the City may issue additional Pension Bonds or incur Parity Obligations if the City can demonstrate that the average annual Income Tax Revenues for the previous two calendar years, taking into account any income tax rate changes then in effect, aggregate at least 300% (3.0x) of the largest amount required to be paid in any succeeding calendar year to (i) be paid into the Bond Fund to pay debt service on all Pension Bonds to be outstanding immediately after the issuance of any additional bonds and (ii) pay all required payments on outstanding other Parity Obligations. See **Municipal Income Tax**. The coverage calculated for 2015 is 638% (6.38). See **Income Tax Revenue Bond Debt Service and Debt Service Coverage**.

### **General Obligation Bonds**

The City has issued general obligation bonds and bond anticipation notes for various improvements secured with a pledge of income tax under Section 133.05(B)(7) of the Revised Code, with aggregate outstanding principal of \$58,590,932. Those bonds and notes were issued for various purposes including: Convention Center, Community Centers, Inventure Place, Justice Center Plaza, Fire Department Facilities, Motor Vehicles, Street Improvements, Municipal Facilities and Recreational Facilities. See **Debt Outstanding - Debt Table A**. Although not secured under the Indenture, those bonds and notes are on a parity with the Pension Bonds and are “Parity Obligations” as defined in the Indenture. For purposes of determining whether the coverage requirement in the Indenture is satisfied prior to the issuance of additional bonds or Parity Obligations, the City will include the aggregate amount of Income Tax Revenues pledged by the City to pay debt service on these Parity Obligations.

### **Guarantees**

In 2001, the Summit County Port Authority (the Port Authority) issued \$14,646,070 of revenue bonds to fund, in part, the renovation, expansion, and equipping of the Akron Civic Theatre (see **Central Business District (CBD) Development Program**). The Development Finance Authority of Summit County (formerly known as the Summit County Port Authority) refinanced the original bonds with a \$15,295,000 refunding bond issued dated July 12, 2012. These revenue bonds are to be paid from a County-wide bed tax. As part of a cooperative agreement between the City, the County, the Port Authority, and the Akron Civic Theatre, the City has guaranteed the payment of debt service on these bonds, but only from its income tax revenues. The Guaranty by the City is not a general obligation of the City. Under the cooperative agreement, the County’s bed-tax collections that are not needed to pay debt service on these revenue bonds will be paid to the City. The City’s guaranty of debt service commenced in 2004 and extends through 2033. Although the City expects that the debt service on these bonds will be fully paid from the bed tax revenues, the amount of that debt service will be included in the coverage calculation for all bonds secondly to a pledge of the income tax revenues, including the Pension Bonds, general obligation bonds secured by the pledge and the CLC Bonds. See **Income Tax Bond Debt Service and Debt Service Coverage**.

### **Community Learning Centers (CLC) Bonds**

As noted in **Education - Akron City School District** and **Municipal Income Tax**, the City, pursuant to voter approval, increased its income tax rate by an additional 0.25% (the CLC Income Tax) effective January 1, 2004. The revenues generated by the CLC Income Tax are to be used solely to fund Community Learning Centers, including payment of debt service on bonds issued for that purpose. The City covenanted in the Trust Agreement securing the CLC Bonds (the

Trust Agreement) not to suffer the repeal or the amendment of the City's income tax ordinances in any way that materially and impairs the security for the CLC Bonds. In January 2004, the City issued \$215,000,000 City of Akron Community Learning Centers Income Tax Revenue Bonds (the CLC Bonds) to fund the initial phases of the Community Learning Centers project. In July 2010, the City issued an additional \$45,000,000 of City of Akron Community Learning Center Income Tax Revenue Bonds to fund additional Community Learning Center projects. On June 27, 2012, the City refunded \$165,000,000 of the Series 2004A bonds with a \$155,360,000 CLC Bonds Series 2012A refunding issue. The City also refunded \$6,895,000 the Series 2004B bonds with a \$7,025,000 CLC Bonds Series 2012B refunding issue. On May 7, 2014 the City issued an additional \$50,000,000 of City of Akron Community Learning Center Income Tax Revenue Bonds to fund additional Community Learning Center projects.

The City will levy and collect annually income taxes to produce an amount sufficient to pay debt service on the CLC Bonds when due and to meet other obligations of the City to be discharged from its municipal income tax revenues (the Income Tax Revenues). To secure the payment of the debt service on the CLC Bonds including additional bonds issued under the Trust Agreement, the City has pledged its Income Tax Revenues to the Trustee and has assigned and created a security interest to and in favor of the Trustee in all money in the Pledged Funds and all income and profit from the investment of that money (the Pledged Income Tax Revenues). The City has created two funds under the Trust Agreement as Pledged Funds—the Bond Fund and the Bond Reserve Fund. Those Pledged Funds are in the custody of the Trustee. The Bond Reserve Fund will not be funded unless and until the City fails to meet the coverage ratio as provided in the Trust Agreement.

In the Cooperative Agreement, the School District has agreed to transfer \$3,000,000 each year to the Trustee for deposit in the Bond Fund (the School Contribution). The School Contribution is to be made in two installments (\$1,500,000 on or before February 15 and \$1,500,000 on or before May 15) each year from 2004 through 2033 or until all the CLC Bonds are fully paid. The City intends that all debt service on the CLC Bonds will be paid from the income tax revenues generated from the CLC Income Tax (the CLC Income Tax Revenues) and the annual School Contribution (collectively, the CLC Revenues). If for any reason, that debt service could not be paid from those sources, it will be paid from other Income Tax Revenues. The City has agreed in the Trust Agreement to transfer to the Trustee for deposit in the Bond Fund from CLC Income Tax Revenues, an amount sufficient to pay debt service due and payable on the CLC Bonds for the then current year taking into account the School Contribution and any amounts then remaining in the Bond Fund after all debt service for the prior year has been paid. The transfers are to occur well in advance of the debt service payment dates.

The CLC Bonds are not a general obligation debt or pledge of the faith or credit of the City, the School District, the State, or any other political subdivision. The CLC Bonds are special obligations of the City payable solely from the CLC Revenues and the Income Tax Revenues of the City. The Holders of the CLC Bonds have no right to have taxes, other than the City income tax, levied by the City, the School District, the State, or the taxing of the debt for the payment of debt service on the CLC Bonds. Holders of the Bonds do not have a security interest in the City's Income Tax Revenues other than the Pledged Income Tax Revenues. The City is permitted to and intends to use its Income Tax Revenues for other lawful purposes, including but not limited to the payment of City general obligation debt. See **City Debt and Other Long-Term Obligations**.

The City must meet a coverage test in order to issue Additional Bonds under the Trust Agreement (the Additional Bonds) and in order to incur Parity Obligations. As noted above, Parity Obligations are other obligations payable from and secured by a pledge of Income Tax Revenues on a parity with the CLC Bonds, including any general obligation bonds or notes of the

City additionally secured by a pledge of Income Tax Revenues and any guarantees of the City secured by a pledge of the Income Tax Revenues. Parity Obligations are not secured by the Trust Agreement or the Pledged Income Tax Revenues under the Trust Agreement. The coverage test under the Trust Agreement for both Additional Bonds and Parity Obligations requires the City to certify that the average annual Income Tax Revenues for the previous two calendar years, taking into account any income tax rate changes then in effect, aggregate at least 300% of the largest amount required in any succeeding calendar year to (a) be paid into the Bond Fund to pay debt service on all CLC Bonds to be outstanding immediately after the issuance of the Additional Bonds and (b), pay all required payments on outstanding Parity Obligations.

A second coverage test is also required to be met in order to issue Additional Bonds under the Trust Agreement. For each of the years that all CLC Bonds will be outstanding, the projected CLC Revenues must equal an amount not less than 100% of the debt service due on all CLC Bonds in each corresponding year. For this second coverage test, (a) the projected CLC Revenues will be computed based on the actual CLC Income Tax Revenues for the preceding year as increased annually at a rate not to exceed 2.5% per year, and (b), if necessary, an amount from the Accumulated CLC Income Tax Fund will be included in the CLC Income Tax Revenues for the purposes of this test and allocated to pay debt service as needed for each of those years.

### **Health Benefit Claims Bond Anticipation Notes**

On March 17, 2010, the City issued \$14,000,000 of Health Benefit Claims Bond Anticipation Notes. These notes were issued to pay medical, dental, vision and life insurance claims associated with the City's self-insured health benefits program. The City has issued renewal notes annually in 2011, 2012, 2013, 2014, 2015 and 2016 to retire portions of the maturing notes. The remaining portions of the maturing notes were retired with funds available in the City's self-insurance fund. The Series 2010 Notes, Series 2011 Notes, Series 2012 Notes, Series 2013 Notes, Series 2014 Notes, Series 2015 Notes, Series 2016 Notes, and any additional renewal notes, and the Bonds are not general obligations of the City and are not secured by a pledge of the full faith and credit of the City or any revenues of the City other than those specifically anticipated or pledged. The Health Benefit Claims Notes and Bonds are payable solely from the Basic Income Tax revenues of the City. The City expects to retire any additional renewal notes at their maturity from the revenues of the Charged Funds, and the proceeds of renewal notes. The City expects to fully retire all renewal notes no later than 2018. The City does not expect to issue the Bonds to retire the Series 2016 Notes or any renewal notes. The maximum maturity of the Bonds is 20 years from their issuance date. That maximum maturity is reduced by any period of time any renewal notes are outstanding after five Fiscal Years after the Series 2010 Notes were issued.

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### Income Tax Revenue Bond Debt Service and Debt Service Coverage

The following table sets forth past and projected debt service on bonds and other obligations subject to a pledge of and payable from the City's income tax revenues.

Non-CLC Obligations									CLC Obligations	Total
	GO Bonds	Pension Bonds	Medical Notes	DFA/Civic Guaranty	IT Bonds	IT Notes	Cascade Bonds	OAQDA Bonds	Total Non- CLC	
2014	9,813,851	704,375		824,181	2,038,550			467,255	13,848,212	18,844,968
2015	7,814,151	703,375		853,081	4,681,786		174,045	552,244	14,778,683	19,586,941
2016	6,718,516	702,175	361,092	876,281	6,032,279	802,426	348,090	552,240	16,393,100	19,667,241
2017	7,077,566	700,775	361,092	898,881	8,918,850	802,426	348,091	552,237	19,659,919	19,783,441
2018	6,733,216	699,175	361,092	925,881	9,183,000	802,426	348,090	552,235	19,605,115	19,903,416
2019	6,991,891	705,900	361,092	950,006	7,685,300	802,426	348,091	552,232	18,396,938	20,042,341
2020	5,198,229	700,650	361,092	975,019	7,443,650	802,426	348,090	552,228	16,381,384	19,968,041
2021	6,445,304	703,600	361,092	998,025	8,446,300	802,426	348,091	552,226	18,657,064	21,404,701
2022	4,097,335	704,400	361,092	1,028,850	6,438,350	802,426	348,090	441,472	14,222,015	21,237,764
2023	4,366,063	702,950	361,092	1,052,763	6,432,200	802,426	348,091	415,402	14,480,986	21,074,076
2024	3,964,925		361,092	1,084,013	6,427,100	802,426	348,090	403,383	13,391,029	20,917,639
2025	2,503,113		361,092	1,112,013	6,427,550	802,426	348,091	391,295	11,945,579	20,766,952
2026	3,987,238		361,092	1,142,813	6,427,850	802,426	348,090	379,139	13,448,647	20,718,514
2027	3,027,625		361,092	1,243,313	5,925,400	802,426	348,091	366,914	12,074,860	20,633,764
2028	2,981,013		361,092	1,271,813	5,923,550	802,426	348,090	354,620	12,042,603	20,815,897
2029	2,300,525		361,092	1,306,638	4,460,150	802,426	348,091		9,578,922	21,031,375
2030	2,276,725		361,092	1,337,669	4,462,000	802,426	348,090		9,588,002	21,216,121
2031	2,253,300		361,092	1,366,163	4,460,031	802,426	348,091		9,591,103	21,411,123
2032			361,092	1,400,600	4,456,438	802,426	348,090		7,368,646	21,606,135
2033			361,092	1,398,800	2,416,125	802,426	348,091		5,326,534	21,793,284
2034			361,092		2,417,375	802,426	348,090		3,928,983	0
2035			361,092		0	802,426	174,046		1,337,564	0

(a) Includes bond anticipation notes (see **Debt Table C**).

(b) To date, no payments have been required on any guarantees..



The following table sets forth information on Income Tax Revenues and debt service on bonds, notes, and obligations necessary to determine the applicable coverage requirements related to the Pension Bonds and the CLC Bonds as discussed above.

<b>Income Tax Debt Service Coverage</b>				
	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>
Income Tax Revenues(a):				
2.00% Income Tax	\$115,655,416	\$120,427,605	\$124,611,987	\$125,464,459
0.25% CLC Income Tax	13,845,085	15,557,261	15,027,139	15,161,565
Total Income Tax Revenues	\$129,500,501	\$135,984,866	\$139,639,126	\$140,626,024
Debt Service(b):				
Highest Non-CLC Obligations(c)	\$ 16,148,087	\$ 16,914,445	\$ 15,358,115	\$ 19,659,919
Highest Total Debt Service	\$ 32,398,317	\$ 37,650,908	\$ 35,960,342	\$ 40,061,765
Debt Service Coverage(d):				
CLC Bonds	400%	361%	388%	351%
Pension Bonds(e)	716%	712%	811%	638%

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(a) Annual average for most recent two years (the year indicated at the column heading and the preceding year). See **Municipal Income Tax**. For purposes of this table, the coverage tests are determined as of January 1 of the year following the year indicated.

(b) Projected highest total debt service; see prior table.

(c) Based on the highest projected debt service as of the then current year.

(d) Average income tax revenues divided by highest total debt service. Under the Indenture for the Pension Bonds and the Trust Agreement for the CLC Bonds, the coverage required must be at least 300%.

(e) Excludes debt service on CLC Bonds and CLC Income Tax Revenues (which are specifically pledged only to CLC Bonds). Since CLC Bond debt service is fully paid from CLC Revenues, it does not impact the coverage for the Pension Bonds; otherwise this coverage would be the same as for the CLC Bonds.

The following table sets forth the debt service and revenue information necessary to determine coverage under the CLC Revenues Coverage Test provided in the Trust Agreement for the CLC Bonds. CLC Revenues Coverage is provided for 2012 through 2015 and projected through 2021 based on current information. It is expected that Additional Bonds will be issued later in 2016.

<u>Year</u>	<u>CLC Bonds Debt Service</u>	<u>CLC Revenues</u>		<u>Accumulated CLC Revenues(a)(b)(c)</u>	<u>CLC Revenues Coverage(d)</u>
		<u>CLC Income Tax Revenues(a)</u>	<u>School Contribution</u>		
2012	12,822,750	16,144,392	3,000,000	18,299,149	149%
2013	16,137,722	14,970,030	3,000,000	21,207,313	111%
2014	18,844,968	15,084,148	3,000,000	22,755,202	100%
2015	19,586,941	15,238,983	3,000,000	24,308,901	100%
2016	19,667,241	15,619,958	3,000,000	22,761,618	100%
2017	19,783,441	16,010,457	3,000,000	21,488,633	100%
2018	19,903,416	16,410,718	3,000,000	20,495,935	100%
2019	20,042,341	16,820,986	3,000,000	19,774,580	100%
2020	19,968,041	17,241,511	3,000,000	19,548,049	100%
2021	21,404,701	17,672,548	3,000,000	18,315,897	100%

- (a) Assumes a 2.5% annual increase in years 2016 through 2021. The Trust Agreement for the CLC Bonds permits the projection of annual increases of up to 2.5% per year. (See also **Municipal Income Tax**.) There can be no assurances that the CLC Income Tax Revenues will increase as projected.
- (b) In 2016 and each year thereafter, \$500,000 is subtracted to cover possible other CLC-related expenses. To the extent such amount is not required; it will remain in the Accumulated CLC Revenue Account.
- (c) Actual through 2015; estimated for 2016 and thereafter.
- (d) The CLC Revenues, plus, if necessary, an amount of the Accumulated CLC Revenues needed to meet coverage, divided by Bond Service Charges in each year. Under the Trust Agreement for the CLC Bonds, the coverage required in order to issue additional CLC Bonds is at least 100%.

## **NONTAX REVENUE BONDS**

The City issued \$35,000,000 City of Akron Nontax Revenue Economic Development Bonds, Series 1997, dated as of November 1, 1997 (the 1997 Nontax Revenue Bonds), to finance the renovation of the vacant O'Neil's Department Store Building in the central business district into an office/retail/restaurant/entertainment/parking complex (see **The City – Community and Economic Development Programs**). The 1997 bonds were refunded by the \$14,035,000 Nontax Revenue Economic Development Refunding Bonds, Series 2011 issue on December 15, 2011. The City issued \$19,500,000 City of Akron Taxable Economic Development Revenue Bonds, Series 2006, dated December 15, 2006 (the 2006 Nontax Revenue Bonds), to acquire real property and, as applicable, to improve it for sale or lease for economic development purposes in order to create and preserve jobs and employment opportunities. The 2006 bonds were refunded by the 2015 Taxable Economic Development Funding Bonds on November 12, 2015. The City also issued \$20,150,000 Taxable Economic Development Revenue Bonds, Series 2008, dated September 18, 2008, also for economic development purposes. The 2008 bonds were refunded by the \$28,230,000 Series 2014 Nontax Revenue Refunding Bonds on November 23, 2014.

The Nontax Revenue Bonds are special obligations of the City payable from Nontax Revenues (including fees for licenses, fines, interest earnings, and other nontax sources) (see **Nontax Revenues**). They are not general obligation debt of the City. The Nontax Revenue Bonds and any additional bonds (the Additional Bonds) issued under the trust indentures applicable to the Nontax Revenue Bonds (the Indentures) are to be paid by the City from certain pledged nontax revenues. Holders of the Nontax Revenue Bonds do not have a security interest in the City's Nontax Revenues other than those pledged under the respective Indentures, and the City is permitted to and intends to use its Nontax Revenues for other lawful purposes.

The City may, however, only issue Additional Bonds under the Indentures or incur other obligations payable from and secured by a pledge on Nontax Revenues on a parity with those Nontax Revenue Bonds such as the guarantees or other non-tax revenue bonds (the NT Parity

Obligations) if the City can demonstrate that the average annual Nontax Revenues for the previous two years, taking into account any rate changes then in effect, have aggregated at least 150% (with respect to the 2011 Nontax Revenue Bonds) or 300% (with respect to the 2014 Nontax Revenue Bonds and the 2015 Nontax Revenue Bonds) of the highest amount of (a) debt service on all outstanding Nontax Revenue Bonds (taking into account, with respect to the 2014 Nontax Revenue Bonds and the 2015 Nontax Revenue Bonds, the amount of Project Revenues, as that term is defined in the respective Indentures for those bonds, available to pay debt service) and (b) required payments on the proposed Additional Bonds or NT Parity Obligations and any outstanding NT Parity Obligations due in any succeeding year.

The following table sets forth the debt service on the Series 2011 Nontax Revenue Bonds, the 2014 Nontax Revenue Bonds, the 2015 Nontax Revenue Bonds, and the non-tax revenue guarantee obligations. The highest amount required for all Nontax Parity Obligations occurs in 2018.

<b>Year</b>	<b>2011 Nontax Revenue Bonds</b>	<b>2014 Nontax Revenue Bonds</b>	<b>2015 Nontax Revenue Bonds</b>	<b>Guarantees(a)</b>	<b>Total Debt Service</b>
2015	2,833,538	2,512,496		556,180	5,902,214
2016	2,834,925	2,513,897	414,317	439,445	6,202,584
2017	2,831,625	2,510,210	613,546	610,283	6,565,664
2018	2,832,325	2,508,150	1,690,466	527,060	7,558,001
2019		2,511,520	1,686,416	1,304,899	5,502,835
2020		2,513,043	1,690,396	422,547	4,625,986
2021		2,508,167	1,694,489	409,931	4,612,587
2022		2,506,625	1,693,336	407,506	4,607,467
2023		2,509,650	1,693,134	404,913	4,607,697
2024		2,512,625	1,694,294	407,206	4,614,125
2025		2,508,188	1,694,569	409,275	4,612,032
2026		2,510,987	1,694,269	406,175	4,611,431
2027		2,510,388		407,906	2,918,294
2028		2,511,937		409,413	2,921,350
2029		383,338		405,694	789,032
2030		384,562		411,863	796,425
2031		385,075			385,075
2032		384,875			384,875
2033		383,962			383,962
2034		382,338			382,338

(a) The City is not making payments on any of its current guarantees.

The following table sets forth information on Nontax Revenues and debt service on bonds and obligations necessary to determine the applicable coverage requirements related to the 2011 Nontax Revenue Bonds, the 2014 Nontax Revenue Bonds and the 2015 Nontax Revenue Bonds.

**Nontax Revenue Debt Service Coverage**

	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>
Nontax Revenues(a)	\$25,313,176	\$26,755,173	\$28,628,800	\$32,208,180
Debt Service(b)	\$7,345,585	\$7,432,947	\$7,635,089	\$7,558,001
Debt Service Coverage (c) (d)	345%	360%	375%	409%

(a) Annual average for most recent two years. See **Nontax Revenues**.

(b) Projected highest total debt service; see prior table.

(c) Average Nontax Revenues divided by highest total debt service. Under the Indenture for the 2011 Nontax Revenue Bonds, the coverage required must be at least 150%. Under the Indentures for the 2014 Nontax Revenue Bonds and for the 2015 Nontax Revenue Bonds, the coverage required must be at least 300%, but includes any Project Revenues as Nontax Revenues.

(d) Does not include any Project Revenues for the 2014 Nontax Revenue Bonds or the 2015 Nontax Revenue Bonds.

**LONG-TERM OBLIGATIONS OTHER THAN BONDS AND NOTES**

**OWDA, ODOT, ODOD and OPWC Loans**

The City has entered into loan agreements with the Ohio Water Development Authority (OWDA), the Ohio Department of Transportation (ODOT), the Ohio Department of Development (ODOD) and the Ohio Public Works Commission (OPWC) for its Water System and Sewer System, for other public improvements and for certain economic development projects. These loan agreements are summarized in the following tables.

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**OWDA Loans**

Year Agreement	Project/Number	OUTSTANDING 12/31/2015	Annual Principal & Interest Payment	Final Payment
Jan. 26, 1995	OWDA #2658	\$ 0	0	Jan. & July 1, 2015
Mar. 30, 1995	OWDA #2659	0	0	Jan. & July 1, 2015
Sept. 28, 999	OWDA #3246	353,850	78,827	Jan. & July 1, 2015-20
May 2, 2000	OWDA #3326	2,767,587	626,574	Jan. & July 1, 2015-20
Sept. 30, 004	OWDA #4160	0	0	Jan. & July 1, 2015
Oct. 30, 2008	OWDA #4997 (50%Water, 50% Sewer)	763,201	184,872	Jan. & July 1, 2015-20
Oct. 30, 2008	OWDA #4997 (50%Water, 50% Sewer)	763,201	184,872	Jan. & July 1, 2015-20
Jan. 14, 2010	OWDA #5577	777,384	67,660	Jan. & July 1, 2015-30
Nov. 19, 009	OWDA #5578	129,413	10,969	Jan. & July 1, 2015-30
Dec. 10, 2009	OWDA #5581	0	0	Jan. & July 1, 2015
Dec. 10, 2009	OWDA #5582	199,604	43,575	Jan. & July 1, 2015-20
Dec. 10, 2009	OWDA #5583	68,158	5,932	Jan. & July 1, 2015-30
Mar. 31, 2011	OWDA #5849	695,627	62,260	Jan. & July 1, 2015-32
Feb. 24, 2011	OWDA #5850	1,920,610	162,015	Jan. & July 1, 2015-32
Feb. 24, 2011	OWDA #5851	362,191	30,546	Jan. & July 1, 2015-32
Jun. 1, 2012	OWDA #5994	20952	16,898	Jan. & July 1, 2015-17
Jun. 1, 2012	OWDA #5995	20952	16,898	Jan. & July 1, 2015-17
Jun. 1, 2012	OWDA #6078	1,354,717	808,113	Jan. & July 1, 2015-17
Dec. 8, 2011	OWDA #6079	2,385,430	180,737	Jan. & July 1, 2015-32
Dec. 8, 2011	OWDA #6080 (50%Water, 50% Sewer)	1,700,414	128,546	Jan. & July 1, 2015-33
Dec. 8, 2011	OWDA #6080 (50%Water, 50% Sewer)	1,700,414	128,546	Jan. & July 1, 2015-33
Jun. 1, 2012	OWDA #6081	779,038	59,282	Jan. & July 1, 2015-32
Dec. 8, 2011	OWDA #6098	419,313	33,064	Jan. & July 1, 2015-32
Oct. 27, 2011	OWDA #6108	18,709,397	1,568,748	Jan. & July 1, 2015-33
Oct. 27, 2011	OWDA #6109	1,123,403	81,975	Jan. & July 1, 2015-33
Oct. 27, 2011	OWDA #6110	865,785	64,613	Jan. & July 1, 2015-32
May. 31, 2012	OWDA #6203	915,207	100,609	Jan. & July 1, 2015-19
Jun. 28, 2012	OWDA #6280	996,650	66,244	Jan. & July 1, 2015-33
Dec. 31, 2012	OWDA #6316	401,719	161,783	Jan. & July 1, 2015-18
Dec. 13, 2012	OWDA #6319	20,753	23,935	Jan. & July 1, 2015-18
Dec 6, 2012	OWDA #6402	1,495,586	453,042	
Mar. 28, 2013	OWDA #6414	3,453,132	329,491	Jan. & July 1, 2015-34
Apr. 4, 2013	OWDA #6417	3,107,729	1,288,957	Jan. & July 1, 2015-18
Apr. 4, 2013	OWDA #6419	235,954	82,044	Jan. & July 1, 2015-18
Jul. 9, 2013	OWDA #6473	1,552,384	1,109,836	Jan. & July 1, 2015-18
Jul. 18, 2013	OWDA #6483	2,027,501	168,232	Jan. & July 1, 2015-33
Jul. 28, 2013	OWDA #6484	2,761,084	177,438	Jan. & July 1, 2015-34
Jul. 24, 2013	OWDA #6486	691,151	46,412	Jan. & July 1, 2015-34
Aug. 28, 013	OWDA #6507	(22,932)	(22,932)	Jan. & July 1, 2015-34
Aug. 30, 013	OWDA #6510	4,657,966	414,700	Jan. & July 1, 2015-35
Oct. 9, 2013	OWDA #6550	152,187	37,870	Jan. & July 1, 2015-23
Oct. 31, 2013	OWDA #6578	205,249	73,608	Jan. & July 1, 2015-19
Oct. 31, 2013	OWDA #6579	910,657	335,692	Jan. & July 1, 2015-20
Dec. 12, 2013	OWDA #6613	519,290	55,396	Jan. & July 1, 2015-35
Jan. 30, 2014	OWDA #6664	1,362,438	133,504	Jan. & July 1, 2015-34
Jan. 30, 2014	OWDA #6665	512,961	49,620	Jan. & July 1, 2015-24
Feb. 27, 2014	OWDA #6686	2,229,611	187,745	Jan. & July 1, 2015-35
Feb. 27, 2014	OWDA #6688	9,560,298	745,054	Jan. & July 1, 2016-35
Jan. 30, 2014	OWDA #6692	813,897	232,866	Jan. & July 1, 2015-19
Jan. 30, 2014	OWDA #6693	635,343	171,151	Jan. & July 1, 2015-19
Apr. 24, 2014	OWDA #6722	1,543,006	124,226	Jan. & July 1, 2016-36
Apr. 24, 2014	OWDA #6723	1,271,247	104,448	Jan. & July 1, 2015-34
Jun. 26, 2014	OWDA #6776	5,888,811	371,487	Jan. & July 1, 2016-36
Jun. 26, 2014	OWDA #6790	7,175,979	470,554	Jan. & July 1, 2017-36
Aug. 28, 2014	OWDA #6817	3,809,645	152,242	Jan. & July 1, 2016-35
Feb 26, 2015	OWDA #6949	7,542,654		Jan & July 1, 2018-38
Apr 30, 2015	OWDA # 7003	23,421,742		Jan & July 1 2017-21
May 28, 2015	OWDA # 7012	273,050	36,041	Jan & July 1, 2016-36
May 28, 2016	OWDA # 7013	2,654	11,164	Jan & July 1, 2016-36
May 28, 2016	OWDA # 7014	6,898,047	345,055	Jan & July 1, 2016-36
Ma y 28, 2016	OWDA #7016	3,818,638		Jan & July 1, 2018-38
Jun 25, 2015	OWDA #7040	11,412		Jan & July 1, 2017-37
Sept 24, 2015	OWDA #7116	21,323		Jan & July 1, 2017-36
Oct 29, 2015	OWDA #7154	17,680,410		Jan & July 1, 2020-49
Oct 29, 2015	OWDA #7155	5,888		Jan & July 1, 2017-37
TOTAL OWDA		\$ 161,974,293	\$ 12,583,032	

**ODOD**

2003	University Technology Park Project	\$ 270,229	\$ 121,494	2018
2011	Goodyear Akron Riverwalk(a)	5,000,000	179,990	2030
	Total ODOD	\$ 5,270,229	\$ 301,484	

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(a) Debt service on ODOD Goodyear Riverwalk Loan begins in 2016.

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<u>Year of Agreement</u>	<u>Project No.</u>	<u>Project Name</u>	<u>Outstanding Amount as of December 31, 2015</u>	<u>Annual Principal &amp; Interest Payment</u>	<u>Final Payment Year</u>
<b>OPWC</b>					
1994	CH804	WPCS Activated Treatment	63,928	21,310	2018
1996	CH903	Water Main Replacement	204,831	51,208	2019
1996	CH006	Water Outfall Sewer	204,135	45,363	2019
1997	CH09A	Willow Run Sewer	163,625	29,750	2020
1997	CH10A	Boxwood Ave. et al.	114,000	38,000	2018
1998	CH08B	Lakeshore Blvd. Sewer	253,500	50,700	2020
1998	CH09B	Tallmadge Ave.	283,436	33,345	2023
1999	CH05C	Wooster Ave./East Ave.	194,513	29,925	2021
1999	CH09C	Lakeshore Blvd. Outfall	79,559	12,240	2021
1999	CH10C	Bye Street Storm Outlet	87,750	14,625	2021
2000	CH05D	Post Chemical Building	402,750	44,750	2023
2000	CH06D	Bishop Street	42,700	6,100	2021
2000	CH07D	Northwest Storm Outlets	172,996	21,624	2022
2000	CH08D	Arlington St. Bridge	116,029	16,576	2022
2001	CH08E	Darrow Road	350,110	41,189	2023
2003	CH06G	U.S. 224 Upgrade Phase II	455,018	43,335	2025
2005	CH05I	Manchester Rd. Phase I	36,450	2,700	2028
2005	CH11I	E. Market St. Widening	1,079,850	93,900	2027
2005	CH08I	S. Arlington St. Signalization	471,647	37,732	2027
2005	CH10I	Barcelona Sewer Lining	100,464	9,133	2025
2006	CH04J	Hawkins to Pershing	691,600	49,400	2028
2006	CH09J	Tallmadge Ave. Signalization	110,640	9,220	2027
2006	CH10J	Brown & Power Street	583,800	41,700	2028
2008	CH09L	Mill Street Bridge	780,001	26,441	2039
2008	CH06M	Barbara Avenue	161,316	6,204	2039
2008	CH08M	Dover Avenue, et al	327,417	12,840	2030
2008	CH09M	Newton Street	526,769	19,510	2039
2010	CH06N	Carroll Street	596,267	22,933	2041
2010	CH05N	Smith/Riverview	125,699	4,261	2042
Total OPWC			\$8,780,800	\$836,015	

Where applicable, the payments under these loan agreements are required to be made from revenues of the appropriate system after payment of operation and maintenance expenses of the system and the requirements of any revenue bonds issued for that system. The loan agreements grant no security or property interest to the OWDA or the OPWC in any property of the City, and do not pledge the general credit of the City, or create a debt subject to the direct or indirect debt limitations, or require the application of the general resources of the City for repayment. All of the OPWC loans are interest-free.

## Certificates of Participation

***Canal Park Baseball Stadium Project.*** In November 2013, the City issued \$14,910,000 Taxable Refunding Certificates of Participation, Series 2013 (the Series A 2013 Stadium COPs), to advance refund the outstanding principal amount of the Series 2005 Stadium COPs. In July 2005, the City issued \$32,065,000 Refunding Certificates of Participation, Series 2005 (the Series 2005 Stadium COPs), to advance refund the outstanding principal amount of a prior issue of Certificates of Participation dated November 7, 1996. Those original COPs were issued as part of the funding for the Canal Park Stadium (see **Central Business District Development Program**). In December of 2013, the City issued \$2,365,000 Taxable Certificates of Participation, Series 2013 (the Series B 2013 Stadium COPs). The Series B 2013 Stadium COPs were issued to pay costs associated with improvements made to the Canal Park Stadium. The Series A & B 2013 Stadium COPs evidence the owners' proportionate interest in the rent to be paid by the City under an amended lease-purchase agreement (the Amended Lease). The obligations of the City under the Amended Lease, including making rental payments, are subject to and dependent upon annual appropriations by the City. The City's obligation to make rental payments does not constitute a debt of the City within the meaning of any constitutional or statutory limitation. The City has made such an appropriation for each fiscal year from 1997 through 2015. The rental payments for the Series A 2013 Stadium COPs continue through 2021. The remaining aggregate principal component is \$11,385,000 and the average annual payment over the life of the Series A 2013 Stadium COPs is approximately \$2.11 million. The rental payments for the Series B 2013 Stadium COPs continue through 2023. The remaining aggregate principal component is \$1,935,000 and the average annual payment over the life of the Series B 2013 Stadium COPs is approximately \$284,376.

***Parking Facilities Project.*** In September 2005, the City issued \$31,940,000 Certificates of Participation, Series 2005-A (the Series 2005-A Parking COPs), to finance and refinance the costs of constructing and equipping various municipal off-street parking facilities, including parking decks, garages and surface parking lots. As part of this financing, the Series 2005-A Parking COPs refunded \$21,820,000 of outstanding general obligation bonds and notes of the City previously issued to fund municipal parking facilities. The Series 2005-A Parking COPs evidence the owners' proportionate interest in the rent to be paid by the City under a lease-purchase agreement (the Lease). In December 2007, the City issued \$19,610,000 Certificate of Participation, Series 2007 (the Series 2007 Parking COPs, and together with the Series 2005-A Parking COPs, the Parking COPs), to finance the costs of constructing and equipping certain municipal off-street parking facilities. The Series 2007 Parking COPs were issued as additional obligations under the Lease pursuant to a First Supplement Lease Purchase Agreement. The obligations of the City under the Lease, including making rental payments, are subject to and dependent upon annual appropriations by the City. The City's obligation to make these rental payments does not constitute a debt of the City within the meaning of any constitutional or statutory limitation. The City has made such an appropriation for each fiscal year from 2006 through 2015. Income Tax Revenue Bonds dated November 12, 2015 were issued to refund both the 2005 and 2007 parking COPS in the aggregate principal amount of \$ 31,410,000.

***Akron District Energy Project.*** On November 3, 2010, the City issued \$13,200,000 Certificates of Participation (the "Energy COPs") to finance improvements to its district energy system consisting of a steam, hot water, and chilled water distribution system, a steam power plant, and a chilled water production unit currently operated by Akron Energy Systems LLC ("AES"). In connection with the Energy COPs, the City entered into a Financing Agreement with AES. Under the Financing Agreement, the City agreed to make payments to AES, subject to and dependent upon annual appropriations by the City, in amount sufficient to pay to principal and interest on the certificates when due. The City's obligation to make payments under the



Financing Agreement does not constitute a debt of the City within the meaning of any constitutional or statutory limit. The Lease, and the payments there-under, continue through 2030. The remaining aggregate principal component is \$11,360,000, and the average annual payment over the life of the Energy COPs is approximately \$1.1 million.

### **Other Obligations**

The City has a lease with the Ohio Building Authority for space in the Ocasek Government Office Building. The operations and maintenance fees for 2016 are \$ 353,975 and the lease has an annual option to renew. This space is being used for City offices. (See **Central Business District Development Programs – State, County and City Projects.**)

The City and County have entered into a prisoner housing agreement under which the County houses certain prisoners for the City in the County Jail (see **Industrial Development Program – Sweitzer Avenue Industrial Development Project**). The City's annual payments include an amount to pay debt service on a portion of the County's bonds issued to construct and improve its jail facilities. The City's payment in 2015 was \$4,912,876, including \$515,550 to pay debt service (2015 was the final year of debt service). The agreement continues until 2018 with an option to extend for an additional 25 years.

The City also has the following 7 leases for vehicles and equipment used by the Department of Public Service.

**2006 Sanitation Equipment** - 10-year lease with 1<sup>st</sup> Source Bank for the purchase of automated trash trucks and trash carts to be used for its residential trash collection throughout the City. The lease calls for a semiannual payment of \$576,486 with the final payment due October 15, 2016.

**2009 Public Works Vehicles** - 7 year lease-purchase agreement with Bank of America Public Capital Corporation to purchase \$2,000,000 of equipment (motor vehicles) for the Department of Public Service. Lease payments of \$338,183 will be made annually beginning on January 15, 2011 and ending January 15, 2017.

**2012 Public Works Vehicles** – 6 year lease with Capital One Public Funding to purchase \$7,154,080 of equipment (motor vehicles) for the Department of Public Service. Annual lease payments averaging \$1,273,486 will begin on October 1, 2013 and end on October 1, 2018.

**2012 Street Sweepers** – 4 year lease with US Bancorp Public Leasing for the purchase of 3 street sweepers for the Department of Public Service. Annual payments of \$107,675 began on February 28, 2013 and end on February 28, 2016.

**2012 Street Sweepers**– 5 year lease with US Bancorp Public Leasing for the purchase of 3 street sweepers for the Department of Public Service. Annual payments of \$92,587 began on February 28, 2013 and end on December 28, 2017.

**2013 Public Works Vehicles** - 5 year lease with Capital One Public Funding to purchase \$1,541,382 of equipment (motor vehicles) for the Department of Public Service. Annual lease payments averaging \$323,924

began on October 1, 2013 and end on October 1, 2017.

**2013 Public Works Vehicles** - 4 year lease with Capital One Public Funding to purchase \$1,235,577 of equipment (motor vehicles) for the Department of Public Service. Annual lease payments averaging \$324,877 began on January 15, 2014 and end on January 1, 2017.

The City has no other long-term financial obligations, other than the bonds and notes and other obligations described above.

## **RETIREMENT OBLIGATIONS**

Present and retired employees of the City are covered under two statewide public retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund (OPF) covers uniformed members of the police and fire departments. All other eligible City employees are covered by the Ohio Public Employees Retirement System (OPERS).

Employees covered by OPERS contribute at a statutory rate of 10% of earnable salary or compensation. The City's current employer contribution rate is 14.00%. The City reports a net pension liability (excluding health care) of \$53.2 million at December 31, 2015.

OP&F-covered employees contribute at a statutory rate of 10% of gross earnings. The City contributes at rates (actuarially established and fixed by the OP&F Board), applying to earnable salary or compensation, of 19.5% for police personnel and 24% for fire personnel. The City reports, at December 31, 2015, a net pension liability of \$ 138.7 million. In 1999, the City issued Income Tax Revenue Bonds to refund the City's obligation for its unfunded accrued liability, which was determined in 1967 when this Statewide system was established (see **Income Tax Revenue Bonds**).

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act.

The City's current employer contributions to OPERS and OPF have been treated as current expenses and included in the City's operating expenditures, except to the extent paid from the proceeds of the "Police and Fire Pension" levy referred to above under **Tax Rates**.

OP&F and OPERS are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974. Both OP&F and OPERS are created by and operate pursuant to Ohio law. The General Assembly could determine to amend the format of either fund and could revise rates or methods of contributions to be made by the City into the pension funds and revise benefits or benefit levels.

In addition to the post-retirement benefits provided by OP&F and OPERS, 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. As of December 31 2015, approximately 2,400 retirees, not including spouses, met 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 2015, those costs totaled \$5,726,140.

## **LEGAL MATTERS**

### **LITIGATION**

The City is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to any outstanding City debt, or the security therefore, or the permanent improvements being financed. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the City Director of Law, have a material adverse effect on any outstanding City debt, or the security therefore, or those improvements.

Under current Ohio law, City money, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the City.

The City has been self-insured for liability coverage for non-auto-related incidents since 1985. The City has secured traditional insurance for other types of coverage, such as property insurance, airport liability, employee life, auto liability, and boiler and machinery coverage. 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 provided by the consultant in securing any insurance.

### **BOND COUNSEL**

The City has retained the legal services of Squire, Sanders & Dempsey LLP, Vorys, Sater, Seymour and Pease LLP, and Roetzel & Andress Co. L.P.A. as bond counsel in connection with the issuance of certain bonds, notes and other obligations of the City. Legal matters incident to the issuance of that debt and with regard to the tax-exempt status of the interest are subject to the respective legal opinions of those bond counsel.

## **RATINGS**

The City's general obligation bonds are rated "AA-" by Standard & Poor's Ratings Services, "AA-" by Fitch Ratings and "Aa3" by Moody's Investors Service, Inc.

The ratings reflect only the respective views of the rating services, and any explanation of the meaning or significance of the ratings may be obtained only from the respective rating service. The City furnished to each rating service certain information and materials, some of which may not have been included in this Annual Statement, relating to the outstanding obligations and the City. Generally, rating services base their ratings on such information and materials and on their own investigation, studies, and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the outstanding obligations. The City may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on outstanding obligations.

## CONCLUDING STATEMENT

To the extent that any statements made in this Annual Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Annual Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Annual Statement has been prepared and delivered by the City and signed for and on behalf of the City by its Director of Finance in her official capacity.

CITY OF AKRON, OHIO

Dated: September 12, 2016

By: /s/ Diane Miller-Dawson  
Director of Finance

# APPENDIX A-1

## Comparative Summary of General Fund Receipts 2011 through 2015 and Budgeted 2016

<u>SOURCE</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Budgeted 2016</u>
Taxes:						
Real Estate & Public Utility	20,983,845	16,566,693	17,147,362	16,810,051	16,661,431	16,750,000
Local Government	12,378,170	8,668,934	6,640,387	6,500,339	6,857,604	6,850,000
Estate (Inheritance)	3,804,916	4,454,446	4,855,477	655,451	427,551	0
Casino	0	705,873	3,059,893	3,252,129	3,141,607	3,125,000
Charges for Services:						
General Government Revenue	523,586	336,094	504,717	557,618	634,402	650,000
Service Revenues	20,277,655	21,654,781	24,160,219	25,454,885	28,952,450	29,750,000
Interfund Transfer:	9,305,370	3,162,500	0	0	0	0
Licenses, Permits and Inspections:	2,570,388	2,896,429	2,257,247	3,227,394	2,688,603	2,750,000
Other Receipts:						
JEDD Revenues	1,472,000	1,037,500	4,107,500	4,074,900	1,861,400	3,000,000
Miscellaneous	3,443,103	2,417,331	9,333,726	3,485,308	2,769,231	13,335,000
Investment Earnings	55,904	39,172	31,001	15,802	13,355	15,000
Income Tax Collection	79,803,195	80,106,650	86,161,900	87,913,900	88,972,400	90,770,000
Total Receipts	154,618,132	143,046,403	158,259,428	151,947,777	152,980,034	166,995,000
Balance January 1	5,261,878	5,210,190	5,121,662	5,374,699	5,239,362	5,187,664
Total Receipts and Balance	159,880,010	148,256,593	163,381,090	157,322,476	158,219,396	172,182,664

# APPENDIX A-2

## Comparative Summary of General Fund Expenditures 2011 through 2015 and Appropriated 2016

<u>Source</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Appropriated 2016</u>
<b>Legislative:</b>						
Council	\$ 838,922	\$ 912,153	927,410	930,031	925,437	954,940
Council Clerk's Office	289,292	300,280	364,653	310,472	357,264	321,030
Total Legislative	\$ 1,128,214	\$ 1,212,433	1,292,063	1,240,503	1,282,701	1,275,970
<b>Judicial:</b>						
Municipal Court - Judges	\$ 3,881,883	\$ 3,828,176	4,030,160	4,323,541	4,314,937	4,579,140
Court Clerk's Office	3,375,126	3,328,740	3,354,196	3,567,676	3,581,199	3,650,710
Total Judicial	\$ 7,257,009	\$7,156,916	7,384,356	7,891,218	7,896,136	8,229,850
<b>Law Enforcement:</b>						
Law Director's Office	\$ 3,463,759	\$ 3,639,964	3,493,582	3,612,007	3,235,894	3,654,490
Indigent Defense	336,507	369,807	344,538	424,301	366,750	401,000
Total Law Enforcement	\$ 3,800,266	\$ 4,009,771	3,838,120	4,036,308	3,602,644	4,055,490
<b>Commissions and Executive:</b>						
Planning	\$ 1,718,317	\$ 1,001,364	1,041,761	1,239,004	1,260,471	1,161,880
Civil Service Commission	871,220	762,018	777,680	880,414	813,816	1,097,940
Mayor's Office	2,056,960	2,243,915	2,068,468	2,096,285	2,061,352	2,760,320
Total Commissions and Executive	\$ 4,646,497	\$ 4,007,297	3,887,909	4,215,703	4,135,639	5,020,140
<b>Finance Department:</b>						
Director's Office and Budget Management	\$ 258,254	\$ 320,376	201,204	262,810	265,209	456,330
Purchasing	823,819	803,131	1,581,829	1,760,631	1,762,815	1,844,990
Accounting, Payroll and Audit	1,176,663	1,213,190	1,351,041	1,185,140	1,130,815	1,140,950
Treasury	4,154	15,394	12,980	6,522	61,688	12,000
City-Wide Other Expense(a)	3,923,718	5,196,457	4,330,515	4,011,185	3,392,492	3,307,000
Total Finance Department	6,186,608	7,548,548	7,477,569	7,226,288	6,613,019	6,761,270
<b>Subtotal for General Government</b>	<b>\$ 23,018,593</b>	<b>\$ 23,934,965</b>	<b>23,880,017</b>	<b>24,610,020</b>	<b>23,530,139</b>	<b>25,342,720</b>

**Safety Department:**

Police	\$ 48,301,614	\$ 47,312,080	48,933,274	51,424,851	50,984,316	54,553,420
Corrections	8,078,919	8,142,583	8,721,509	8,125,479	7,849,569	8,016,000
Fire	27,566,083	28,547,705	29,960,948	28,690,134	30,952,766	37,323,790
Communications	1,071,840	622,944	938,155	1,394,201	988,113	1,109,830
Traffic Engineer	0	0	0	0	0	0
Combined Dispatch Center	4,190,901	4,626,128	4,575,001	2,787,856	4,485,882	4,815,700
Inspection-Building	221,313	83,139	87,647	67,588	131,680	117,460
Inspection-Weights & Measures	58,973	58,250	54,744	52,166	56,160	60,000
Disaster Services	207	63	464	560	272	600
Total Safety Department	\$ 89,489,850	\$ 89,392,892	\$ 93,271,742	92,542,837	95,448,758	105,996,800

**Health Department:**

Administration	\$ 41,778	\$ 303	\$ 0	0	0	0
Environmental Health and Housing	152,285	786	0	0	0	0
Health Education	116,732	1,067	0	0	0	0
Medical & Nursing Services	231,413	1,183	0	0	0	0
Laboratory	9	0	0	0	0	0
Vital Statistics	0	90	0	0	0	0
Counseling Services	23,117	0	0	0	0	0
Health Consolidated	4,121,644	3,058,616	3,869,447	4,540,071	4,188,568	4,222,390
Total Health Department	\$ 4,686,978	\$ 3,062,045	\$ 3,869,447	4,540,071	4,188,568	4,222,390

**Service Department:**

Service Director's Office	\$ 610,792	\$ 510,015	\$ 621,886	618,499	309,215	356,630
Customer Service	777,726	680,446	542,677	1,123,184	855,861	1,121,220
Customer Service Call Center	577,388	268,858	0	584,432	581,383	583,610
Plan Center	290,800	175,936	193,870	137,690	146,952	156,610
Street Lighting	187,039	51	31,894	0	15,539	0
Building Maintenance	5,589,751	2,854,705	1,636,610	3,678,220	3,930,389	4,120,410
Airport	230,160	18,000	128,384	195,022	290,000	290,000
Parks Maintenance	3,215,215	3,352,231	3,956,640	3,498,712	3,371,648	3,829,440
Steam System		2,475,000	1,918,000	1,577,000	900,000	900,000
Recreation & Zoo	5,120,308	3,417,523	4,019,568	4,129,392	4,376,105	4,389,230
Sanitation Services & Landfill	10,287,410	9,060,176	18,518,954	10,427,963	10,678,806	10,816,230
Highway Maintenance	901,058	(149,313)	533,358	1,591	81	0

Sewer Maintenance	160,804	56,010	52,772	43,889	45,720	46,900
Public Works Administration	336,569	395,282	451,284	501,090	438,788	545,230
Recycling	1,077,040	1,156,123	1,224,691	1,421,828	1,463,905	1,441,260
Engineering Services	0	893	1,589	0	0	0
Housing	1,089,897	825,657	823,885	1,061,056	1,082,496	1,129,210
Traffic Engineering	852,252	1,219,801	1,106,286	1,123,239	1,111,233	1,218,000
Neighborhood Assistance	3,648,577	427,635	1,222,553	267,381	266,146	277,830
Total Service Department	\$ 34,952,784	\$26,745,029	\$36,985,184	30,390,187	29,864,267	31,221,810
<b>Total General Fund Expenditures</b>	<b>\$ 152,148,206</b>	<b>\$152,148,206</b>	<b>\$158,006,391</b>	<b>152,083,114</b>	<b>153,031,732</b>	<b>166,783,720</b>



## APPENDIX B

### Cash Basis Financial Statement Summary for 2011 through 2015

#### **FISCAL YEAR 2011**

<b><u>Funds</u></b>	<b><u>Balance at Beginning</u></b>	<b><u>Receipts</u></b>	<b><u>Expenditures</u></b>	<b><u>Balance at Close</u></b>
General Fund .....	\$ 5,261,878.42	\$ 154,618,132.36	\$ 152,148,205.99	\$ 5,210,189.84
Special Revenue Fund .....	15,342,645.28	174,975,992.56	161,128,208.53	31,712,044.26
Debt Service Fund .....	8,724,184.58	174,741,657.73	174,049,747.34	9,416,094.97
Capital Projects Fund.....	(6,775,612.35) <sup>(a)</sup>	100,830,311.01	91,385,835.25	2,668,863.41
Enterprise Fund .....	7,922,673.52	96,641,265.37	95,279,378.05	9,284,560.84
Internal Service Fund.....	3,591,018.27	55,578,738.81	52,112,987.21	7,056,769.87
Trust & Agency Fund .....	21,168.29	88,394.05	13,012.77	96,549.57
Total .....	<u>\$ 34,087,956.01</u>	<u>\$ 757,474,491.89</u>	<u>\$ 726,117,375.14</u>	<u>\$ 65,445,072.76</u>

- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

#### **FISCAL YEAR 2012**

<b><u>Funds</u></b>	<b><u>Balance at Beginning</u></b>	<b><u>Receipts</u></b>	<b><u>Expenditures</u></b>	<b><u>Balance at Close</u></b>
General Fund .....	\$5,210,189.84	\$143,046,403.00	\$143,134,931.06	\$5,121,661.78
Special Revenue Fund .....	31,712,044.26	161,446,523.21	157,791,504.55	35,367,062.92
Debt Service Fund .....	9,416,094.97	158,844,047.56	159,986,871.45	8,273,271.08
Capital Projects Fund.....	2,668,863.41	20,828,542.27	21,151,124.97	2,346,280.71
Enterprise Fund .....	9,284,560.84	117,216,865.02	113,657,195.09	12,844,230.77
Internal Service Fund.....	7,056,769.87	54,263,953.65	51,356,711.20	9,964,012.32
Trust & Agency Fund .....	96,549.57	12,439.00	10,707.91	98,280.66
Total .....	<u>\$ 65,445,072.76</u>	<u>\$ 655,658,773.71</u>	<u>\$ 647,089,046.23</u>	<u>\$ 74,014,800.24</u>

- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

**FISCAL YEAR 2013**

<b><u>Funds</u></b>	<b><u>Balance at Beginning</u></b>	<b><u>Receipts</u></b>	<b><u>Expenditures</u></b>	<b><u>Balance at Close</u></b>
General Fund .....	\$5,121,661.78	\$158,259,428.40	\$158,006,391.04	\$5,374,699.14
Special Revenue Fund .....	35,367,062.92	173,858,959.58	159,265,789.73	49,960,232.77
Debt Service Fund .....	8,273,271.08	130,836,929.01	133,833,250.11	5,276,949.98
Capital Projects Fund.....	2,346,280.71	28,217,748.51	20,444,364.11	10,119,665.11
Enterprise Fund .....	12,844,230.77	126,825,906.17	120,834,832.24	18,835,304.70
Internal Service Fund.....	9,964,012.32	52,681,894.56	51,640,043.87	11,005,863.01
Trust & Agency Fund .....	<u>98,280.66</u>	<u>116,847.63</u>	<u>38,622.14</u>	<u>176,506.15</u>
Total .....	<u>74,014,800.24</u>	<u>670,797,713.86</u>	<u>644,063,293.24</u>	<u>100,749,220.86</u>

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- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

**FISCAL YEAR 2014**

<b><u>Funds</u></b>	<b><u>Balance at Beginning</u></b>	<b><u>Receipts</u></b>	<b><u>Expenditures</u></b>	<b><u>Balance at Close</u></b>
General Fund .....	5,374,699.14	151,947,776.66	152,083,113.61	5,239,362.19
Special Revenue Fund .....	49,960,232.77	171,568,360.87	171,380,577.23	50,148,016.41
Debt Service Fund .....	5,276,949.98	288,437,026.89	289,103,760.86	4,610,216.01
Capital Projects Fund.....	10,119,665.11	25,085,853.13	26,789,817.90	8,415,700.34
Enterprise Fund .....	18,835,304.70	131,704,503.44	127,940,001.32	22,599,806.82
Internal Service Fund.....	11,005,863.01	59,296,979.60	57,563,144.23	12,739,698.38
Trust & Agency Fund .....	<u>176,506.15</u>	<u>24,375.34</u>	<u>46,670.22</u>	<u>154,211.27</u>
Total .....	<u>100,749,220.86</u>	<u>828,064,875.93</u>	<u>824,907,085.37</u>	<u>103,907,011.42</u>

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- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

**FISCAL YEAR 2015**

<b><u>Funds</u></b>	<b><u>Balance at Beginning</u></b>	<b><u>Receipts</u></b>	<b><u>Expenditures</u></b>	<b><u>Balance at Close</u></b>
General Fund .....	5,239,362.19	152,980,034.21	153,031,732.38	5,187,664.02
Special Revenue Fund .....	50,148,016.41	166,515,390.90	166,791,800.12	49,871,607.19
Debt Service Fund .....	4,610,216.01	148,904,149.55	150,580,376.30	2,933,989.26
Capital Projects Fund.....	8,415,700.34	13,490,149.95	16,738,305.08	5,167,545.21
Enterprise Fund .....	22,599,806.82	171,164,589.95	152,004,795.34	41,759,601.43
Internal Service Fund.....	12,739,698.38	54,349,534.31	56,333,256.87	10,755,975.82
Trust & Agency Fund .....	<u>154,211.27</u>	<u>74,884.39</u>	<u>79,232.26</u>	<u>149,863.40</u>
Total .....	<u>103,907,011.42</u>	<u>707,478,733.26</u>	<u>695,559,498.35</u>	<u>115,826,246.33</u>

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- (a) Deficit a result of capital expenditures on numerous projects for which long-term debt had not yet been issued and delays in reimbursement of City's portion of project costs from Special Revenue Fund until completion of various special assessment projects.

## **APPENDIX C**

### **CUSIP Numbers\* for City of Akron Bonds, Notes and Other Obligations**

\* Final maturity of the issue.

#### **2005**

<b>Name</b>	<b>Amount</b>	<b>Date</b>	<b>CUSIP #</b>
Sanitary Sewer Imp. & Refunding Bonds, Series 2005	\$33,855,000	December 1, 2005	010086 FH4

#### **2006**

<b>Name</b>	<b>Amount</b>	<b>Date</b>	<b>CUSIP #</b>
Waterworks System Mortgage Revenue Improvement Bonds, Series 2006	\$13,340,000	August 10, 2006	010122 JE0
Street Improvement Special Assessment Bonds, Series 2006	\$1,310,000	September 14, 2006	010033 WR5
Various Purpose Improvement Bonds, Series 2006	\$22,440,000	December 21, 2006	010033 XJ2

## 2007

Name	Amount	Date	CUSIP #
Various Purpose Improvement Bonds, Series 2007	\$20,735,000	December 3, 2007	010033 YG7

## 2009

Name	Amount	Date	CUSIP #
Waterworks System Mortgage Revenue Improvement & Refunding Bonds, Series 2009	\$22,100,000	September 17, 2009	010122 KB4
Various Purpose Improvement Refunding Bonds, Series 2009	\$12,920,000	November 30, 2009	010033 YV4

## 2010

Name	Amount	Date	CUSIP #
Community Learning Centers Income Tax Revenue Bonds, Series 2010A	\$17,880,000	July 28, 2010	010056 CP2
Community Learning Centers Income Tax Revenue Bonds, Series 2010B	\$12,060,000	July 28, 2010	010056 CV9
Community Learning Centers Income Tax Revenue Bonds, Series 2010C	\$15,060,000	July 28, 2010	010056 CW7
Certificates of Participation, Series 2010 (Akron Energy Systems Project)	\$13,200,000	November 3, 2010	010047 CZ9
Various Purpose Refunding Bonds, Series 2010A	\$24,045,000	November 30, 2010	010033 ZN1
Various Purpose Bonds, Series 2010B	\$21,350,000	November 30, 2010	010033 A57
Various Purpose Refunding Bonds, Series 2010C	\$27,320,000	November 30, 2010	010033 B64
Recovery Zone Economic Development Bonds, Series 2010D	\$7,375,000	December 8, 2010	010033 B98

## 2011

Name	Amount	Date	CUSIP #
Pension Income Tax Refunding Bonds, Series 2011	\$6,405,000	December 15, 2011	010056 DJ5
Nontax Revenue Economic Development Bonds, Series 2011	\$14,035,000	December 15, 2011	010069 AF9
JEDD Revenue Refunding Bonds, Series 2011	\$27,165,000	December 21, 2011	010057 AJ6
General Obligation Various Purpose Refunding Bonds, Series 2011	\$44,190,000	December 21, 2011	010033 G28

## 2012

Name	Amount	Date	CUSIP #
Various Purpose Income Tax Revenue Bonds, Series 2012	\$28,870,000	November 14, 2012	010056 FJ3
General Obligation Various Purpose Refunding Bonds, Series 2012	\$8,540,000	November 29, 2012	010033 J25
Community Learning Centers Income Tax Revenue Refunding Bonds, Series 2012A	\$155,360,000	June 27, 2012	010056 DK2

## 2013

Name	Amount	Date	CUSIP #
2013 Ohio Air Quality Development Authority, Series A	\$2,493,570	August 15, 2013	677525 VH7
2013 Ohio Air Quality Development Authority, Series B	\$2,355,914	August 15, 2013	677525 HA8
Taxable Refunding Certificates of Participation, Series A 2013 (Stadium)	\$14,910,000	November 27, 2013	010047 DA3
Taxable Certificates of Participation, Series B 2013 (Stadium)	\$2,365,000	December 5, 2013	010047 DJ4

## 2014

Name	Amount	Date	CUSIP #
General Obligation Various Purpose Refunding Bonds, Series 2014A	\$19,080,000	March 20, 2014	010033 J33
General Obligation Various Purpose Refunding Bonds, Series 2014B	\$20,685,000	March 20, 2014	010033 K80
Community Learning Center Income Tax Revenue Bonds, Series 2014	\$50,000,000	May 7, 2014	010056 FL8
General Obligation Various Purpose Refunding Bonds, Series 2014C	\$25,200,000	December 2, 2014	010033 M62
Taxable Economic Development Revenue Refunding Bonds, Series 2014	\$28,230,000	November 25, 2014	010053 AW6
Various Purpose Income Tax Revenue Bonds, Series 2014	\$32,340,000	November 25, 2014	010056 GD5



## 2015

Name	Amount	Date	CUSIP #
General Obligation Various Purpose Refunding Bonds, Series 2015	\$25,325,000	March 10,2015	010033P93
Health Benefit Claims Bond Anticipation Notes, Series 2015	\$4,500,000	March 10, 2015	010054 AF1
Various Purpose Income Tax Revenue Notes, Series 2015	\$10,000,000	December 16, 2015	010056 GZ6
Taxable Economic Development Refunding Bonds, Series 2015	\$13,250,000	November 12, 2015	010053BM7
Parking Facilities Income Tax Revenue Bonds, Series 2015	\$25,370.000	November 12, 2015	010079AA9