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Historical Proprietary Funds Analysis Summary- City of Akron, Ohio

The Proprietary Funds (is a combination of Water, Sewer, Off Street Parking, and Other Enterprise) often referred to as the business-like operations of municipal governments are recorded for the past ten (10) years, averaged for revenues and expenditures, then graphically presented for analysis Exhibits 'A-E & G'. Exhibit 'C' is a trending average of the total revenues, expenditures, net changes in net assets, and beginning and ending unrestricted net assets, and recommended minimum Governmental Fund Officers Association (GFOA) to analyze financial resources (revenues, expenditures, change in net assets, and unrestricted net assets) for sustainability of program services and stability of unrestricted net assets. The GFOA minimum recommendation is used as a benchmark and the actual carryover funds balance is subject to various factors including unknown financial risks to revenue sources. This benchmark is usually utilized in governmental funds but we have chosen to use it as benchmark in these reports. Exhibit 'G' is a historical graph of accumulated unrestricted net assets and annual net assets changes (gain or loss) of the operations of the proprietary funds. The somewhat stable trending averages on Exhibit 'C' indicates relative stability in revenues and expenditures with Accumulated Unrestricted Net Assets moving from stable to some instability in 2008 due to a large cash infusion into off street parking and returning slowly to a position consistently below the GFOA recommended minimum balance. The use of unrestricted net assets rather than using net assets

This summary analysis is being provided in an effort to explain the financial results of the attached reports and in no way is an endorsement or approval of any actions taken by the government unit but is simply a presentation of the audited financial data of the Governmental Funds. We assume no accuracy in or errors or omissions herein and although this information is deemed reliable, it is not guaranteed.

is to present a clearer picture of the operational aspects of the proprietary funds. Including capital assets net of depreciation and amounts restricted for debt service would only cloud the operational few of the reports and skew the graphs.

The City of Akron in Summit County, Ohio reports indicate an increase in total revenues for 2012 of 19.8% over the 10 year average with total expenditures increasing 24.2% more than the 10 year average and net changes in assets is down -11.4%. This increase in revenues would suggest adjustments in utility rates and Direct Expenses represented the major factor for increased expenditures, primarily in direct expenses. The operation of proprietary funds such as water and sewer funds is usually driven by consumption /utilization factors for water usage along with utility rates; however, limited information is available in the annual Comprehensive Annual Financial Report (CAFR). Further evaluation will require public records requests in the future.

The graph in Exhibit 'C' of the annual totals of revenues, expenditures, accumulated unrestricted net assets Vs. the GFOA recommended minimum indicates revenues began increasing in 2008 and expenditures along with them. Most communities would be better served with more operational information disclosed in the CAFR, however, most of them choose not to.

The graph in Exhibit 'G' indicates that the accumulated unrestricted net assets and annual net changes in assets are on somewhat of a roll-a-coaster ride, mostly due to the cash infusions into off street parking in 2008. There is some up and down movement in changes in net assets since 2009 that might warrant further review due to the lack of information in the annual CAFR reports. Most of the operations of public utilities such as water and sewer are predicated on engineering studies for rate change options to support the infrastructure, distribution system, and administrative billing system costs; those would be available under separate public records requests.

In summary, our analysis reports indicate a community that's proprietary funds are operating within usual ranges which are generally setup by the administration, my experience is that the legislators usually get involved when rate increases are recommended and large capital projects come before them with major reliance on the engineering professionals employed.

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This report is prepared and presented for an analysis of historical data from the audited financial reports (State Auditor Website) of the proprietary funds. The purpose is to report whether or not the business-like funds are stable and sustainable for the delivery of water, sewer, and other enterprise programs. It appears from our analysis reports that the City of Akron is providing for the delivery of utilities, however, some further analysis of operations would be warranted for long term stability.

If anyone reviewing this report has any questions, issue(s), or concerns, please contact Citizen Auditors of Ohio at the contact information contained hereon. The data contained in this report was input by Mr. Loren Sengstock. The reports and any opinions contained herein are those of Citizen Auditors of Ohio only and no charges for or expenses were incurred in the production thereof.

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City of Akron - Summit County, Ohio 2003-2012 Analysis Report

Data Source: Audited Annual Financial Reports -Ohio Auditor Website

Historical Report of Proprietary Funds

Exhibit 'A'

Description	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Annual 10 Year Average (1)	Annual 10 Year Average % (1)
Revenues:												
Charges for Services	$ 94,363,680	$ 90,297,846	$ 85,406,190	$ 74,508,949	$ 74,054,094	$ 75,463,179	$ 75,850,869	$ 75,037,493	$ 73,566,874	$ 66,575,147	$ 78,512,432	97.1%
Other	$ 2,461,894	$ 1,350,658	$ 2,824,106	$ 1,557,957	$ 4,975,510	$ 2,090,792	$ 945,762	$ 2,833,804	$ 2,767,615	$ 1,439,462	$ 2,324,756	2.9%
Total Revenues	$ 96,825,574	$ 91,648,504	$ 88,230,296	$ 76,066,906	$ 79,029,604	$ 77,553,971	$ 76,796,631	$ 77,871,297	$ 76,334,489	$ 68,014,609	$ 80,837,188	100.0%
Expenditures:												
Personnel Services	$ 20,966,855	$ 21,777,465	$ 20,482,195	$ 21,630,193	$ 21,515,710	$ 22,457,183	$ 21,559,110	$ 21,555,055	$ 22,640,187	$ 22,299,718	$ 21,688,367	29.2%
Direct Expenses	$ 48,668,360	$ 42,238,899	$ 34,344,709	$ 22,449,759	$ 25,711,216	$ 25,713,969	$ 26,186,989	$ 27,957,444	$ 33,206,090	$ 27,623,217	$ 31,410,065	42.2%
Rentals and Leases	$ 1,700,213	$ 2,019,686	$ 1,449,707	$ 1,492,437	$ 461,422	$ 471,142	$ 304,478	$ 307,024	$ 440,475	$ 318,358	$ 896,494	1.2%
Utilities	$ 3,975,188	$ 4,136,367	$ 5,633,110	$ 3,428,503	$ 4,899,641	$ 4,459,146	$ 4,433,079	$ 3,578,515	$ 5,135,103	$ 4,290,563	$ 4,396,922	5.9%
Insurance	$ 381,443	$ 378,914	$ 362,727	$ 375,580	$ 402,576	$ 430,764	$ 484,552	$ 529,651	$ 695,099	$ 683,507	$ 472,481	0.6%
Depreciation, Depletion, Amortization	$ 16,111,035	$ 16,245,135	$ 15,684,328	$ 15,059,346	$ 14,562,319	$ 15,493,101	$ 14,702,889	$ 14,290,198	$ 13,866,207	$ 13,354,385	$ 14,936,894	20.1%
Other	$ 601,840	$ 613,081	$ 648,052	$ 409,507	$ 466,039	$ 721,678	$ 912,293	$ 564,810	$ 520,297	$ 501,389	$ 595,899	0.8%
Total Expenditures	$ 92,404,934	$ 87,409,547	$ 78,604,828	$ 64,845,325	$ 68,018,923	$ 69,746,983	$ 68,583,390	$ 68,782,697	$ 76,503,458	$ 69,071,137	$ 74,397,122	100.0%
Operating Income (Loss)	$ 4,420,640	$ 4,238,957	$ 9,625,468	$ 11,221,581	$ 11,010,681	$ 7,806,988	$ 8,213,241	$ 9,088,600	$ (168,969)	$ (1,056,528)	$ 6,440,066	
Non-Operaring Expenses & Transfers	$ 3,818,757	$ 357,272	$ 1,464,404	$ (4,324,760)	$ 8,353,082	$ (744,040)	$ (779,729)	$ 547,051	$ 11,486,307	$ 8,666,918	$ 2,884,526	
											$ -	
Net Change in Net Assets	$ 8,239,397	$ 4,596,229	$ 11,089,872	$ 6,896,821	$ 19,363,763	$ 7,062,948	$ 7,433,512	$ 9,635,651	$ 11,317,338	$ 7,610,390	$ 9,324,592	
Unrestricted Net Assets (Deficit) Beginning of Year	$ 1,989,601	$ (3,146,444)	$ (2,610,820)	$ (5,144,336)	$ (23,903,305)	$ 3,680,764	$ 7,468,145	$ 4,990,340	$ 1,599,502	$ 7,170,454	$ (790,610)	
Unrestricted Net Assets (Deficit) End of Year	$ 10,228,998	$ 1,449,785	$ 8,479,052	$ 1,752,485	$ (4,539,542)	$ 10,743,712	$ 14,901,657	$ 14,625,991	$ 12,916,840	$ 14,780,844	$ 8,533,982	
Ending Unrestricted Net Assets as % of Expenditures (1)	11.1%	1.7%	10.8%	2.7%	-6.7%	15.4%	21.7%	21.3%	16.9%	21.4%	11.5%	
Ending Unrestricted Net Assets at GFOA 25% Average(1)	$ 23,101,234	$ 21,852,387	$ 19,651,207	$ 16,211,331	$ 17,004,731	$ 17,436,746	$ 17,145,848	$ 17,195,674	$ 19,125,865	$ 17,267,784	$ 18,599,281	
Ending Unrestricted Net Assets as % = GFOA 25% Average (1)	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Excess Unrestricted Ending Net Assets Vs. GFOA 25% Average (1	$ (12,872,236)	$ (20,402,602)	$ (11,172,155)	$ (14,458,846)	$ (21,544,273)	$ (6,693,034)	$ (2,244,191)	$ (2,569,683)	$ (6,209,024)	$ (2,486,940)	$ (10,065,298)	
Excess % Unrestricted Net Assets More (Less) than GFOA 25% Av	-125.8%	-1407.3%	-131.8%	-825.0%	474.6%	-62.3%	-15.1%	-17.6%	-48.1%	-16.8%	-117.9%	
Cash & Cash Equivalents - End of Year	$ 12,934,914	$ 9,557,523	$ 5,257,282	$ 12,236,276	$ 4,960,931	$ 10,781,127	$ 13,156,356	$ 10,169,871	$ 10,323,808	$ 13,404,785	$ 8,533,982	
Cash & Cash Equivalents as % of Expenditures (1)	14.0%	10.9%	6.7%	18.9%	7.3%	15.5%	19.2%	14.8%	13.5%	19.4%	11.5%	

Data Source: Audited Financial Reports - Ohio State Auditor GAAP Basis Governmental Funds
(1) Calculated Fields

All information deemed to be reliable, however, it is not gauranteed. All reports graphs are for averaging, trending, and comparative purposes only.

City of Akron - Summit County, Ohio 2003-2012 Analysis Report

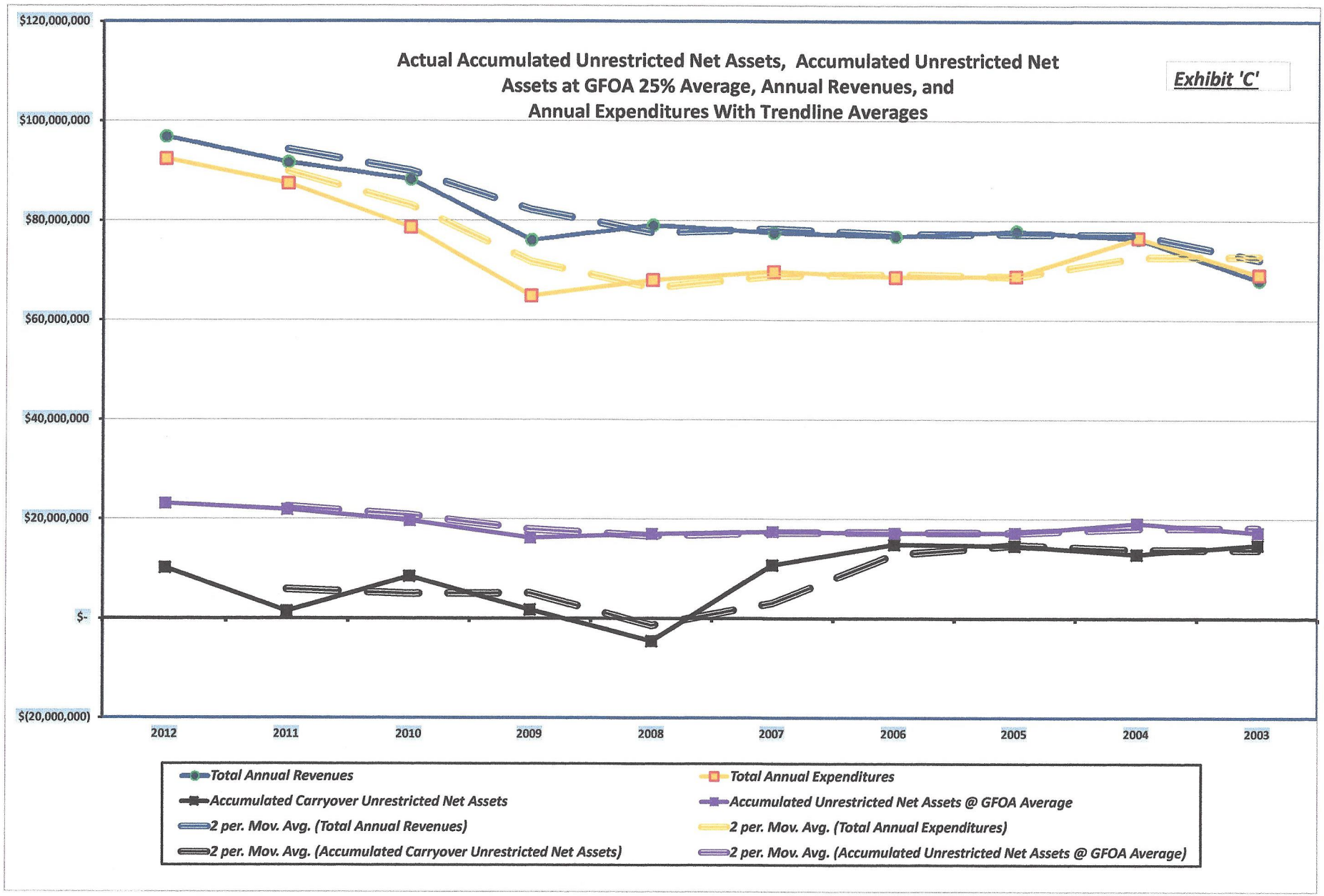
Historical Report of Proprietary Funds - Variance Report 2012 Vs. 10 Year Average

Exhibit 'B'

Description	2012	2012 % of Total	Annual 10 Year Average (1)	Annual 10 Year % of Total (1)	Variance 2012 to 10 Yr Average (1)	Variance 2012 to 10 Yr % (1)
Revenues:	$ -					
Charges for Services	$ 94,363,680	97.5%	$ 78,512,432	97.1%	$ 15,851,248	20.2%
Other	$ 2,461,894	2.5%	$ 2,324,756	2.9%	$ 137,138	5.9%
Total Revenues	**$ 96,825,574**	**100.0%**	**$ 80,837,188**	**100.0%**	**$ 15,988,386**	**19.8%**
Expenditures:						
Personnel Services	$ 20,966,855	22.7%	$ 21,688,367	29.2%	$ (721,512)	-3.3%
Direct Expenses	$ 48,668,360	52.7%	$ 31,410,065	42.2%	$ 17,258,295	54.9%
Rentals and Leases	$ 1,700,213	1.8%	$ 896,494	1.2%	$ 803,719	89.7%
Utilities	$ 3,975,188	4.3%	$ 4,396,922	5.9%	$ (421,734)	-9.6%
Insurance	$ 381,443	0.4%	$ 472,481	0.6%	$ (91,038)	-19.3%
Depreciation, Depletion, Amortization	$ 16,111,035	17.4%	$ 14,936,894	20.1%	$ 1,174,141	7.9%
Other	$ 601,840	0.7%	$ 595,899	0.8%	$ 5,941	1.0%
Total Expenditures	**$ 92,404,934**	**100.0%**	**$ 74,397,122**	**100.0%**	**$ 18,007,812**	**24.2%**
Operating Income (Loss)	**$ 4,420,640**		**$ 6,440,066**		**$ (2,019,426)**	**-31.4%**
Non-Operaring Expenses & Transfers	$ 3,818,757		$ 2,884,526		$ 934,231	**32.4%**
Net Change in Net Assets	**$ 8,239,397**		**$ 9,324,592**		**$ (1,085,195)**	**-11.6%**
Unrestricted Net Assets (Deficit) Beginning of Year	**$ 1,989,601**		**$ (790,610)**		**$ 2,780,211**	**351.7%**
Unrestricted Net Assets (Deficit) End of Year	**$ 10,228,998**		**$ 8,533,982**		**$ 1,695,016**	**19.9%**
Ending Unrestricted Net Assets as % of Expenditures (1)	**11.1%**		**11.5%**		**-0.4%**	

Data Source: Audited Financial Reports - Ohio State Auditor GAAP Basis Governmental Funds
(1) Calculated Fields

City of Akron - Summit County, Ohio 2003-2012 Analysis Report



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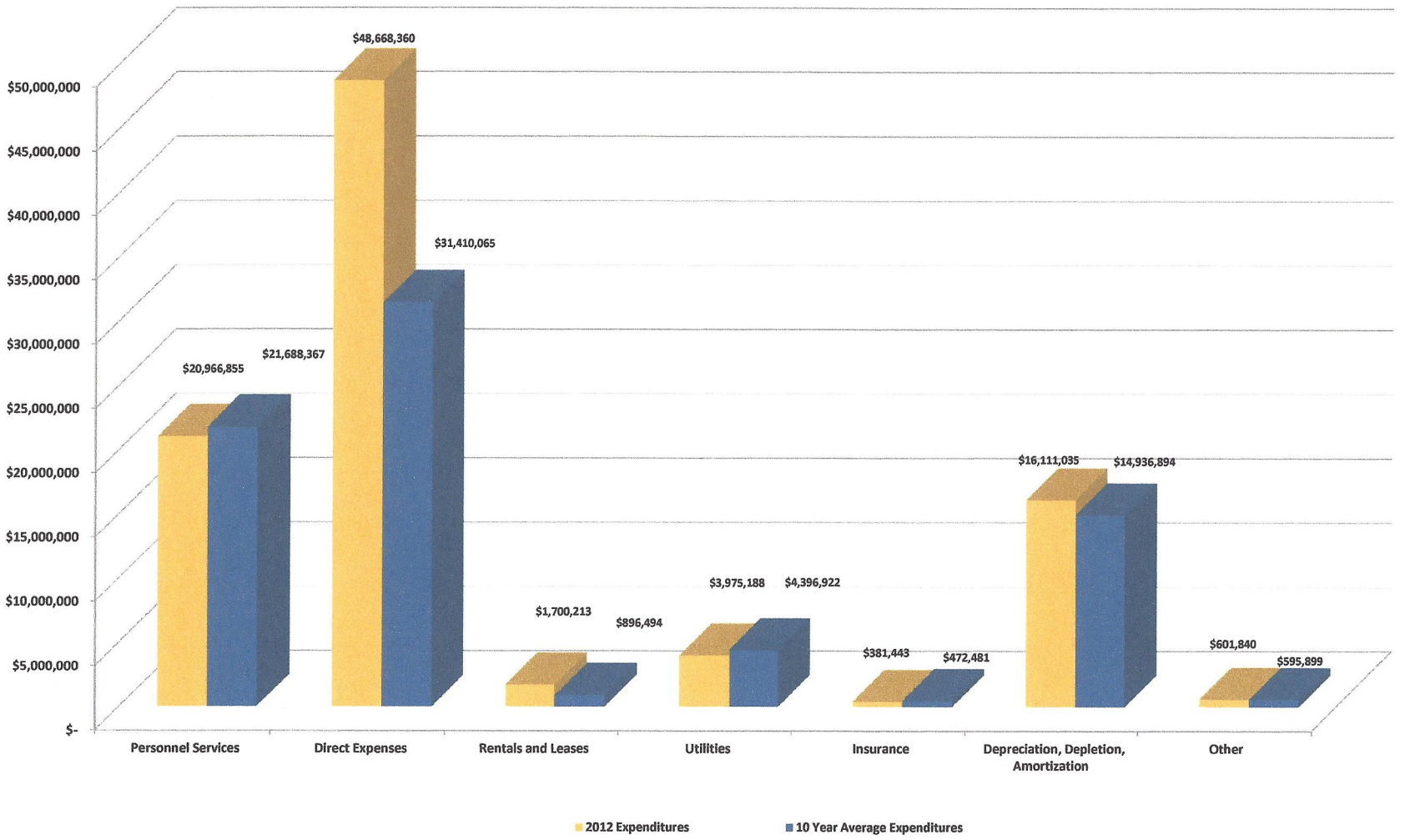
Comparative 2012 Vs. 10 Year Average Expenditures by Category

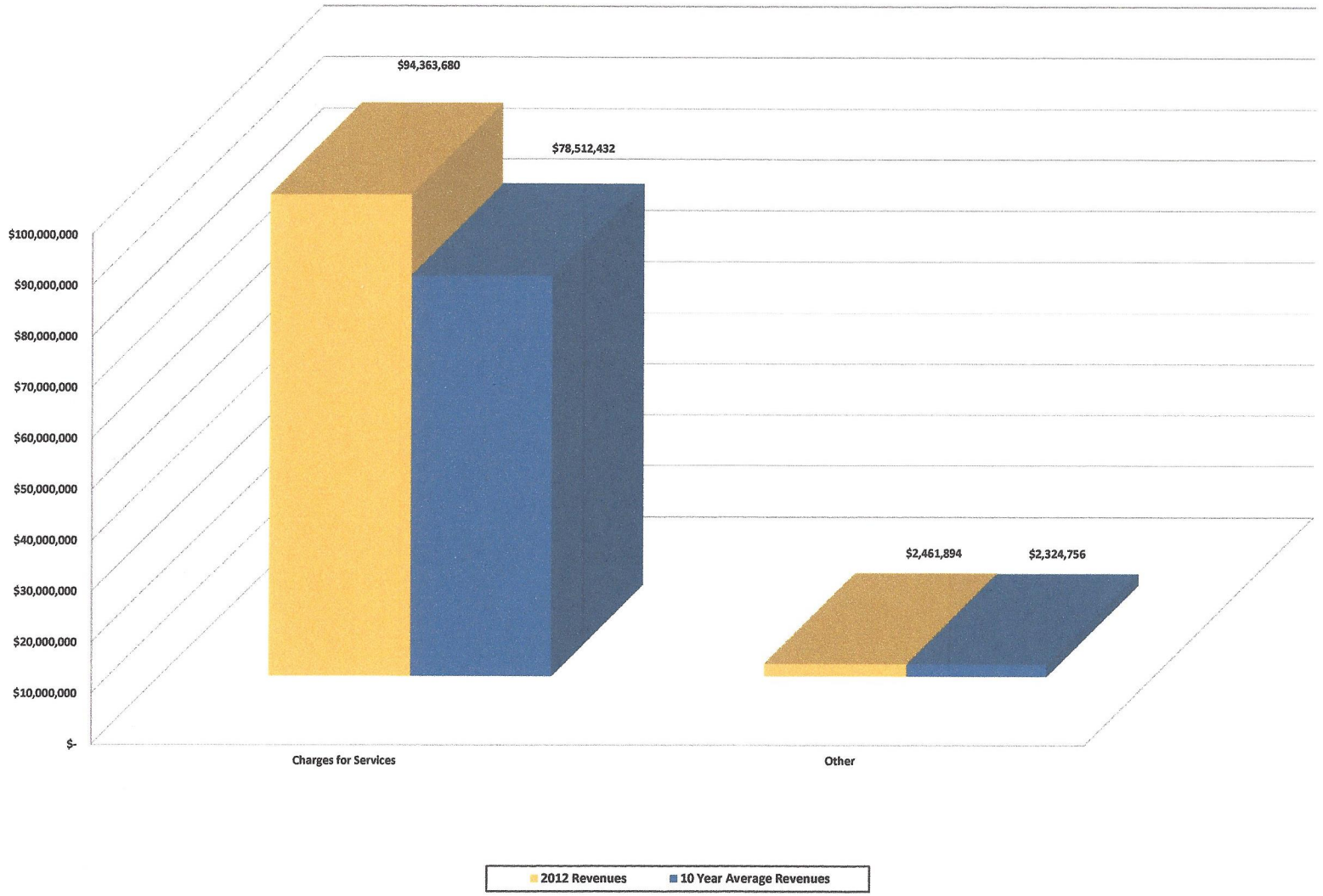
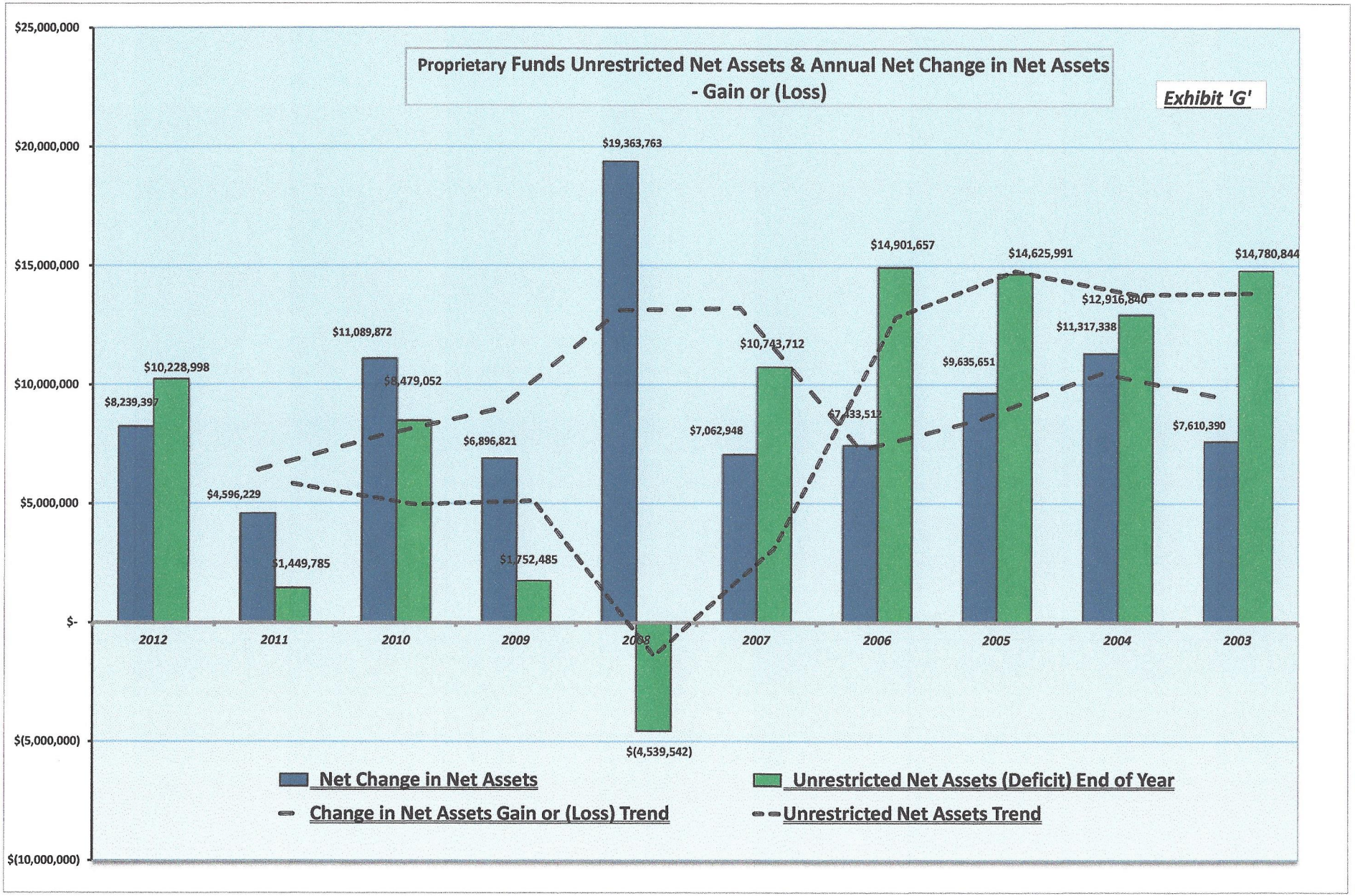
Exhibit 'D'



City of Akron - Summit County, Ohio 2003-2012 Analysis Report

Comparative 2012 Vs. 10 Year Average Revenues by Source

Exhibit 'E'



City of Akron - Summit County, Ohio 2003-2012 Analysis Report