PERFORMETER®

THE PERFORMETER®

A Financial Statement Analysis of
The City of Edmond, Oklahoma
As of and for the year ended June 30, 2015

Crawford & Associates, P.C.

What is a Performeter®?

An analysis that takes governmental financial statements and converts them into useful and understandable measures of financial performance

Financial ratios and a copyrighted analysis methodology are used to arrive at an overall rating of 1-10

The overall reading is a barometer of the City's financial health and performance

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How to Use the Performeter®

Use the individual ratios to identify financial warning signs – the ratios are combined into three categories

- Financial position ratios – that measure financial health at year end
- Financial performance ratios - that measure changes in financial position from the prior year
- Financial capability ratios - that measure the ability to raise revenue or issue debt in the future, if needed

Use the overall rating as a collective benchmark of financial health and success of the City as a whole

Use the comparisons to prior years to monitor trends in financial indicators

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Limitations of the Performeter®

The Performeter® should not be used as the only source of financial information to evaluate financial health and performance

The analysis is an overall rating of the City as a whole and not of specific activities, funds or units

The Performeter® is based on Crawford & Associates' professional judgment and is limited as to its intended use

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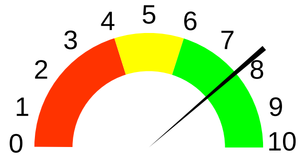
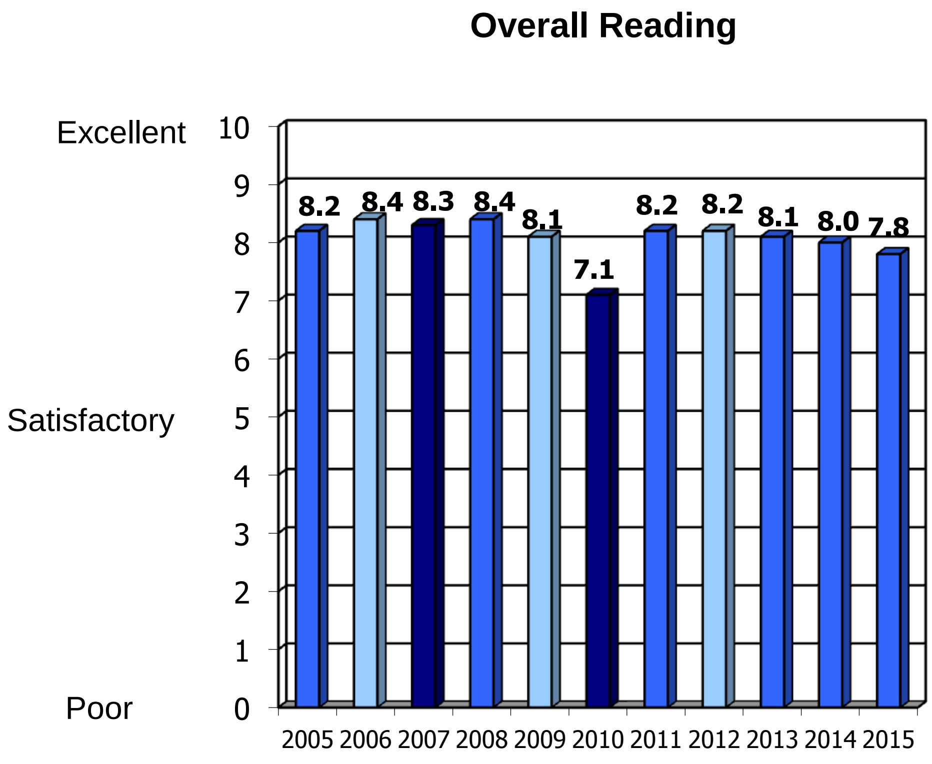


Performeter® Reading

For the 2015 fiscal year, the readings by ratio category were as follows:

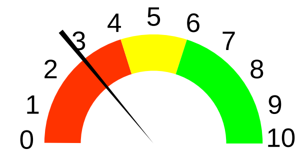
Financial Position	5.3
Financial Performance	9.8
Financial Capability	8.1



The strongest components of the ratings were the City's financial performance and financial capability over the past year, however the City's financial position at June 30, 2015 also reflects a slightly above satisfactory rating. The 2015 overall reading of **7.8** indicates the evaluator's opinion that Edmond's overall financial health remains well above satisfactory, and remains relatively consistent with a number of prior periods.

Financial Position Ratios

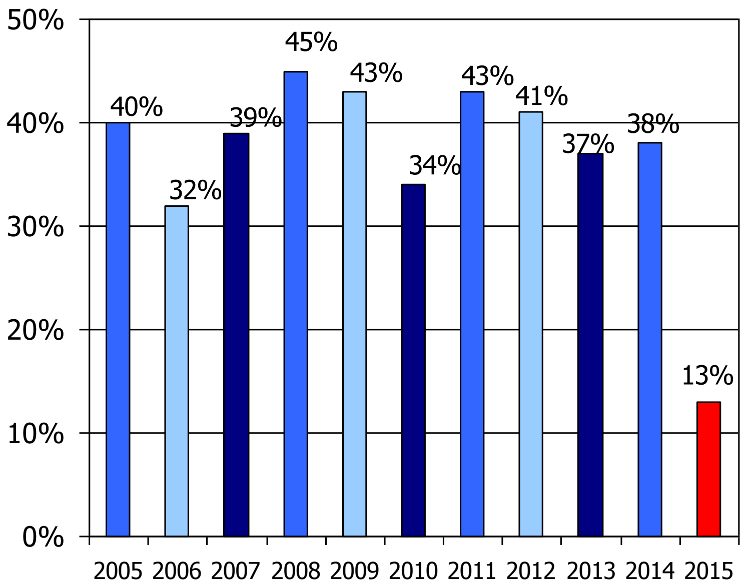
Unrestricted Net Position	How do our total rainy day funds look?
General Fund Unassigned Budgetary Fund Balance	How does our General Fund unassigned budgetary fund balance carryover position look?
Capital Asset Condition	How much life do we still have left in our capital assets?
Non-Uniformed Employee Pension Plan Funding	Will our non-uniformed employees be happy with us when they retire?
Assets to Debt	Who really owns the City?
Current Ratio	Will our employees and vendors be pleased with our ability to pay them on time?
Quick Ratio	How is our short-term cash position?



Level of Unrestricted Net Position

How do our total rainy day funds look?

Unrestricted Net Position as a Percentage of Annual Revenues



The level of total unrestricted net position is an indication of the amount of unexpended and available resources the City has in all funds combined at a point in time to fund emergencies, shortfalls or other unexpected needs. In our model, 50% is considered excellent, while 30% is considered a desired minimum.

For the year ended June 30, 2015, the City's total unrestricted net position approximated $32.6 million or 13% of annual total revenues. This year's ratio was affected by the implementation of GASB Pension Statements 68 and 71 regarding the reporting of the City's net pension liabilities and related accounts, including an allocated share of the net pension liabilities of the State's Fire and Police Pension Systems.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
42%	40%	32%	39%	45%	43%	34%	43%	41%	37%	38%	13%

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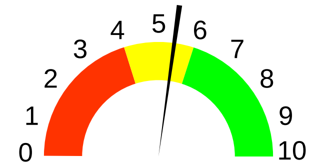
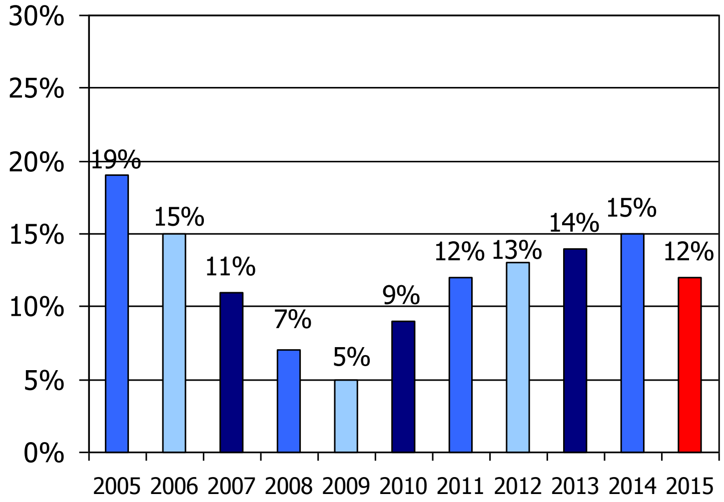


Level of General Fund Unassigned Budgetary Fund Balance

How does our General Fund budgetary carryover position look?



The level of budgetary unassigned fund balance is an indication of the amount of unexpended, unencumbered and available resources the City has at a point in time to carryover into the next fiscal year to fund budgetary emergencies, shortfalls or other unexpected needs. In our model, 10% is considered a minimum responsible level, while 30% is considered desirable.

For the year ended June 30, 2015, the City's unassigned fund balance of the General Fund amounted to $6.1 million or 11.6% of annual General Fund revenues. This represents a slight decline in the ratio when compared to the ratio of the prior period, yet remains a slightly above satisfactory level.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
25%	19%	15%	11%	7%	5%	9%	12%	13%	14%	15%	12%

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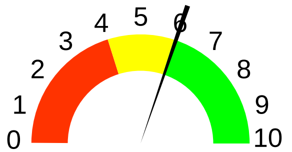
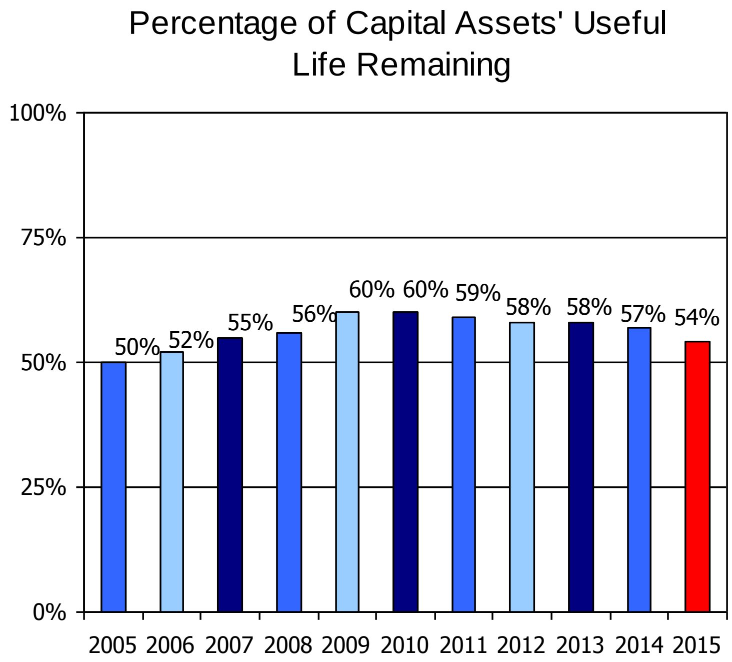


Capital Asset Condition

How much useful life do we have left in our capital assets?



The capital asset condition ratio compares depreciable capital assets cost to accumulated depreciation to determine the overall percentage of useful life remaining. A low percentage could indicate an upcoming need to replace a significant amount of capital assets. For comparison purposes, we have removed the consideration of the cost of land and current construction-in-progress.

At June 30, 2015, the City's depreciable capital assets amounted to $836 million while accumulated depreciation totaled $388 million. This indicates that, on average, the City's capital assets have more than one-half (54%) of their useful lives remaining. This remains an above satisfactory financial indicator in our model and continues a relatively consistent trend.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
50%	50%	52%	55%	56%	60%	60%	59%	58%	58%	57%	54%

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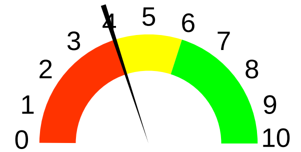
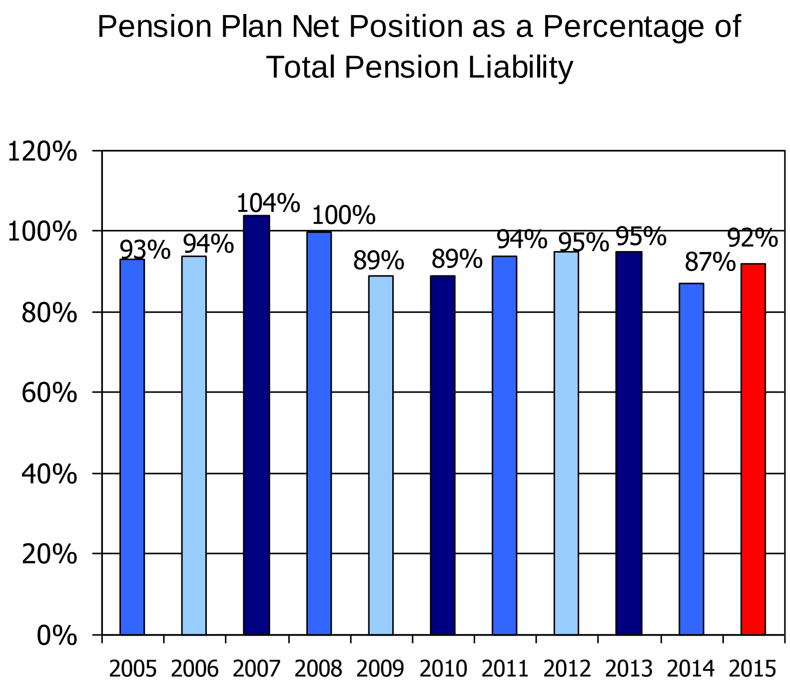


Non-Uniformed Employee Pension Plan Funding Ratio

Will we be able to pay our non-uniformed employees when they retire?



The pension funding ratio compares the actuarial fair value of the pension plan's net position to the total pension liability for pension benefits. A percentage less than 100% indicates the plan is underfunded at the valuation date.

At June 30, 2015, the City's pension plan net position was 92% of the total pension liability, indicating the plan was not fully funded, from an actuarial perspective, at the last valuation date. This ratio is higher than the prior period in part due to the use of an actuarial accounting perspective promulgated by new GASB pension accounting standards, rather than an actuarial funding perspective that was applied from previous GASB standards.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
95%	93%	94%	104%	100%	89%	89%	94%	95%	95%	87%	92%

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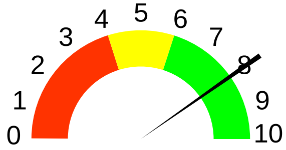
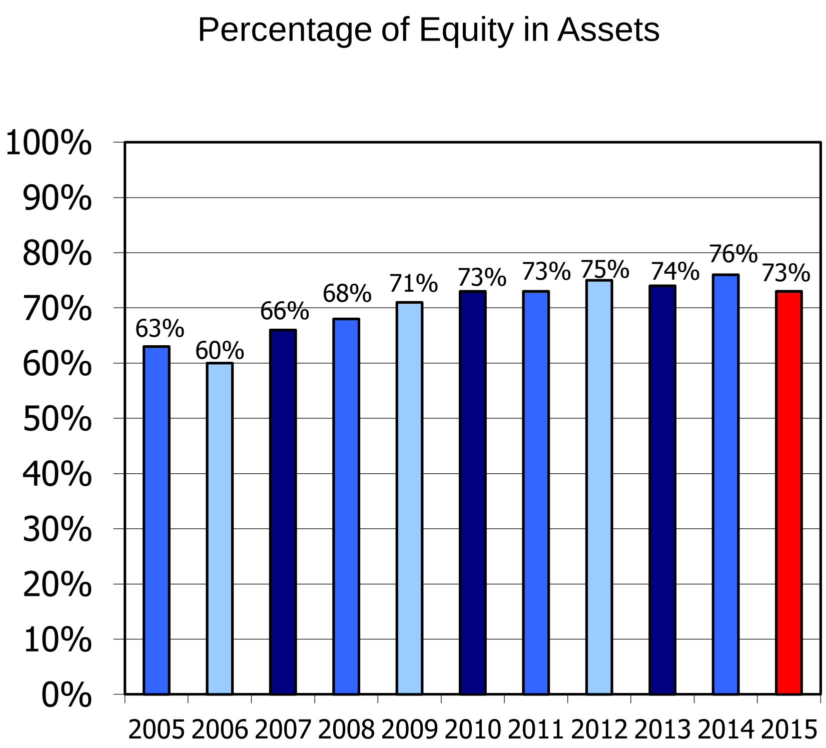


Assets to Debt

Who really owns the City?



The assets to debt ratio measures the extent to which the City had funded its assets with debt. The higher the percentage, the more equity the City has in its assets.

At June 30, 2015, approximately one quarter (27%) of the City's $754 million of total assets were funded with debt or other obligations. This is considered an above satisfactory financial indicator and indicates that for each dollar of City assets owned, it owes 27 cents of that dollar to others. This ratio was also somewhat negatively affected by the addition of net pension liabilities mentioned on the previous slide.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
61%	63%	60%	66%	68%	71%	73%	73%	75%	74%	76%	73%

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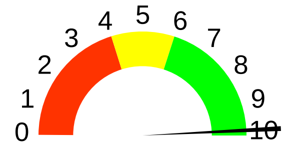
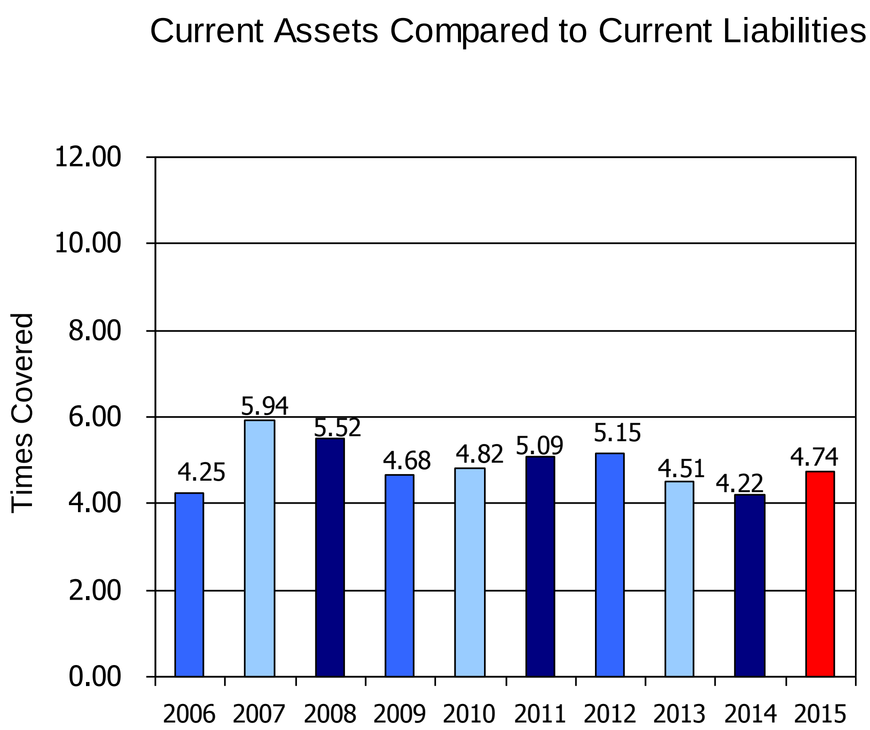


Current Ratio

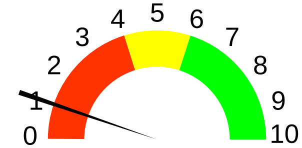
Will our employees and vendors be pleased with our ability to pay them on time?



The current ratio is one measure of the City's ability to pay its short-term obligations. The current ratio compares total current assets and liabilities. A current ratio of 2.00 to 1 indicates a satisfactory current liquidity and an ability to meet the short-term obligations.

At June 30, 2015, the City had a government-wide ratio of current assets to current liabilities of 4.74 to 1. This indicates that the City had slightly more than 4.7 times the amount of current assets needed to pay current liabilities. This is considered an excellent indicator of liquidity and represents an improvement of the ratio when compared to the ratio of the prior period.

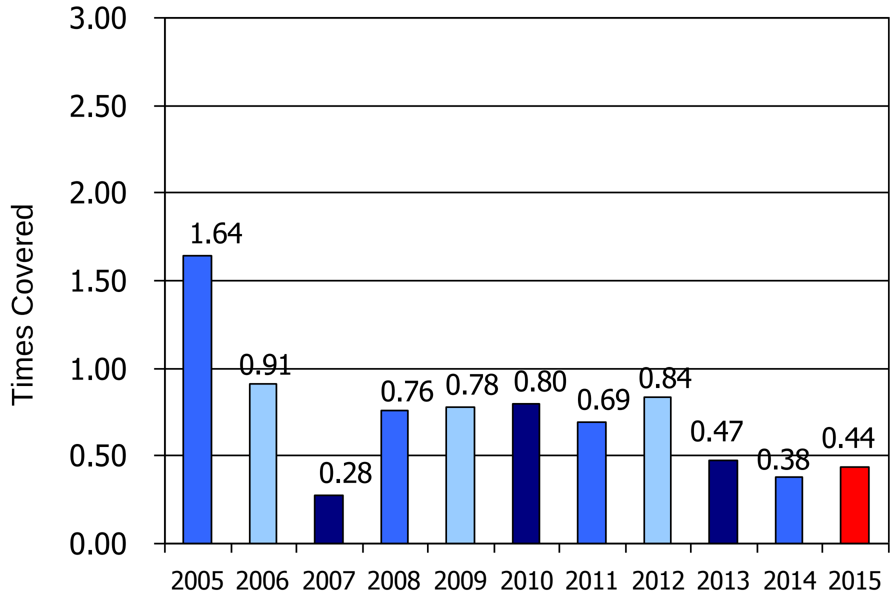
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
9.89	4.26	4.25	5.94	5.52	4.68	4.82	5.09	5.15	4.51	4.22	4.74



Quick Ratio

How is our short-term cash position?

Cash and Cash Equivalents Compared to Current Operating Liabilities



The quick ratio is another, more conservative, measure of the City's ability to pay its short-term operating obligations. The quick ratio compares total cash and short-term investments to current liabilities. A quick ratio of 1.00 to 1 indicates adequate current liquidity and an ability to meet the short-term obligations with cash.

At June 30, 2015, the City had a government-wide ratio of cash and cash equivalents to current operating liabilities of 0.44 to 1. This indicates that the City had nearly one-half of of the minimum amount of cash and cash equivalents needed to pay short-term operating obligations at year end. This ratio is primarily the result of the City maximizing invested cash until obligations are due. Although this is considered an unfavorable ratio in our model, it does represent an improvement of the ratio from its counterpart in the prior period. The City's aggressive investment policy may result, on occasion, in a need to liquidate certain investments in order to meet some short-term obligations.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2.17	1.64	0.91	0.28	0.76	0.78	0.80	0.69	0.84	0.47	0.38	0.44

Financial Position Ratios

Summary and Comparison to Prior Years

Ratio	FY 2012	FY 2013	FY 2014	FY 2015
Unrestricted Net Position	41%	37%	38%	13%
General Fund Unassigned Budgetary Fund Balance	13%	14%	15%	12%
Capital Asset Condition	58%	58%	57%	54%
Pension Plan Funding	95%	95%	87%	92%
Assets to Debt	75%	74%	76%	73%
Current Ratio	5.15	4.51	4.22	4.74
Quick Ratio	.84	.47	.38	.44
Financial Position Performeter Score	**6.9**	**6.4**	**6.3**	**5.3**

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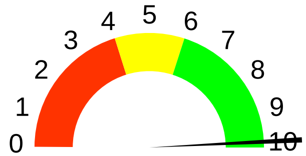
Performeter® Ratios

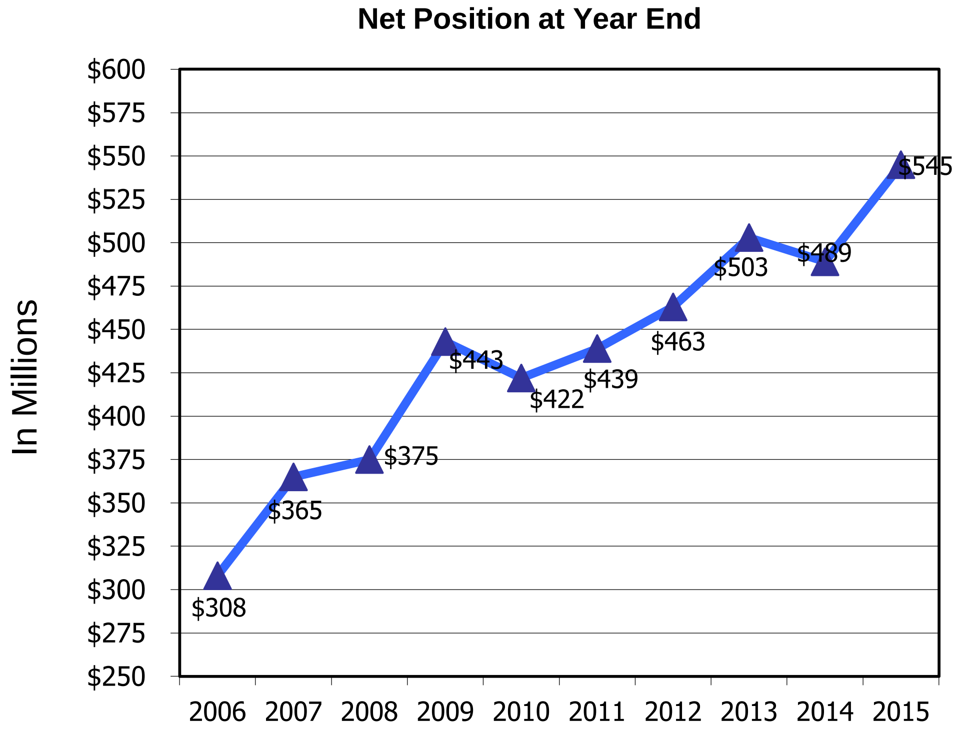
Financial Performance Ratios

Change in Net Position	Did our overall financial condition improve, decline, or remain steady from the past year?
Interperiod Equity	Who paid for the costs of current year services – current, past, or future tax and rate payers?
BTA Self-Sufficiency	Did current year business-type activities, such as utilities, airport, and golf activities, pay for themselves?
Debt Service Coverage	Were our revenue bond investors pleased with our ability to pay them on time?
Sales Tax Growth	What is the state of our local economy?



Change in Net Position

Did our overall financial condition improve, decline or remain steady from the past year?



- Net position include all assets and deferred outflows, and all liabilities and deferred inflows of the City, except for fiduciary funds held for the benefit of others. It is measured as the difference between total assets and deferred outflows, including capital assets, and total liabilities and deferred inflows, including long-term debt. Net position increases as a result of earning more revenue than expenses incurred in the fiscal year.
- For the year ended June 30, 2015, total net position increased by $56 million, or 11.4% from the restated prior year beginning net position.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
+9.2%	+8.2%	+10.0%	+18.5%	+2.7%	+18.1%	-4.7%	+4.0%	+5.6%	+8.6%	-2.9% *	+11.4%

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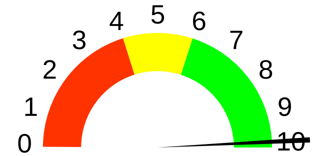
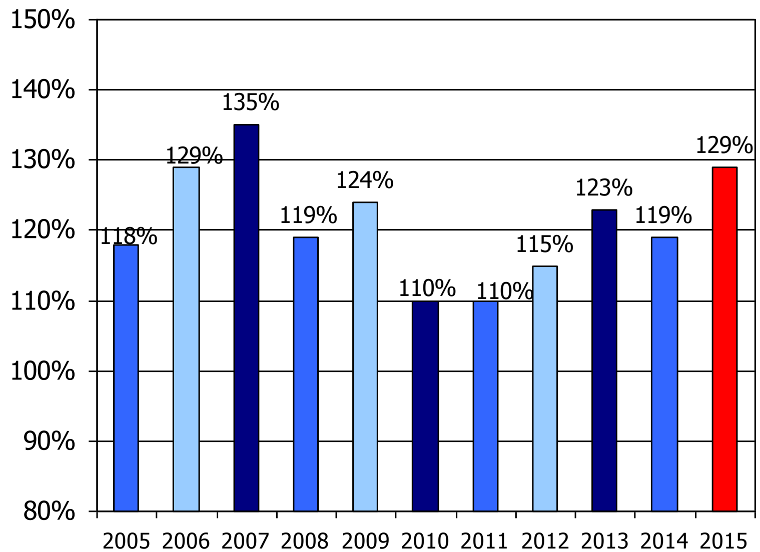
* Restated in each of the past two years for pension changes



Interperiod Equity

Who paid for the costs of current year services – current, past or future tax and rate payers?

Current Year Revenues as a Percentage of Current Year Costs



Interperiod equity is achieved when the cost of current services are paid by current year tax and rate payers. When current year costs are subsidized by prior year resources carried over or from debt proceeds, it can be said that interperiod equity was not achieved, and either past or future tax and rate payers helped fund the costs of current year services.

For the year ended June 30, 2015, the City's total costs were fully funded by current year tax and rate payers, with current year revenues, excluding fund balance carryovers, generating revenues at a level of 129% of current year costs. This is an improvement when compared to the ratio of the prior period.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
120%	118%	129%	135%	119%	124%	110%	110%	115%	123%	119%	129%

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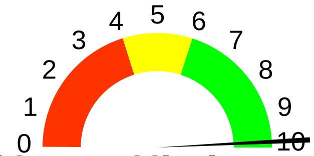
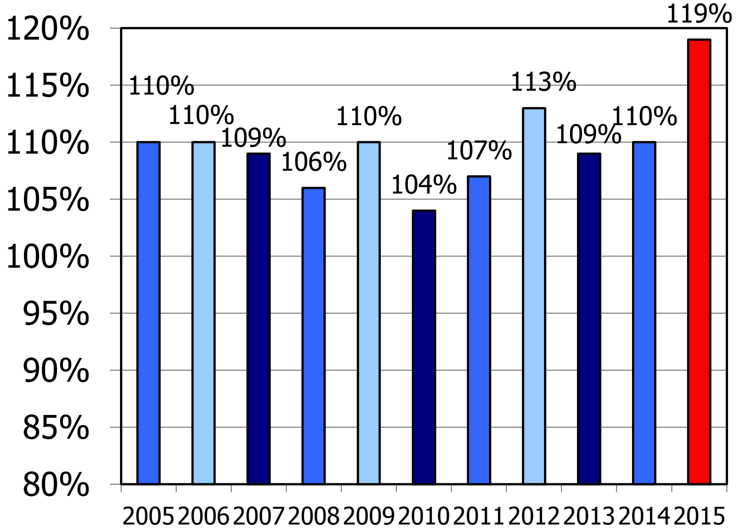


BTA Self-Sufficiency

___________ Did current year business-type activities, such as utilities, pay for themselves?

Percentage of BTA Expenses Covered By BTA Revenues



The self-sufficiency ratio indicates the level at which business-type activities (utilities) covered their current costs with current year revenues, without having to rely on subsidies or use of prior year reserves.

For the year ended June 30, 2015, the City's business-type activities were 118.8% self-sufficient in total. This indicates that all of the current year costs of the City's business-type activities were funded by current year revenues, in addition to generating some additional resources. This is an improvement in the ratio when compared to the ratio of the prior period.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
115%	110%	110%	109%	106%	110%	104%	107%	113%	109%	110%	119%

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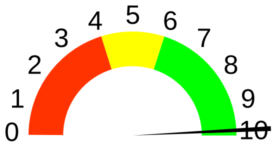
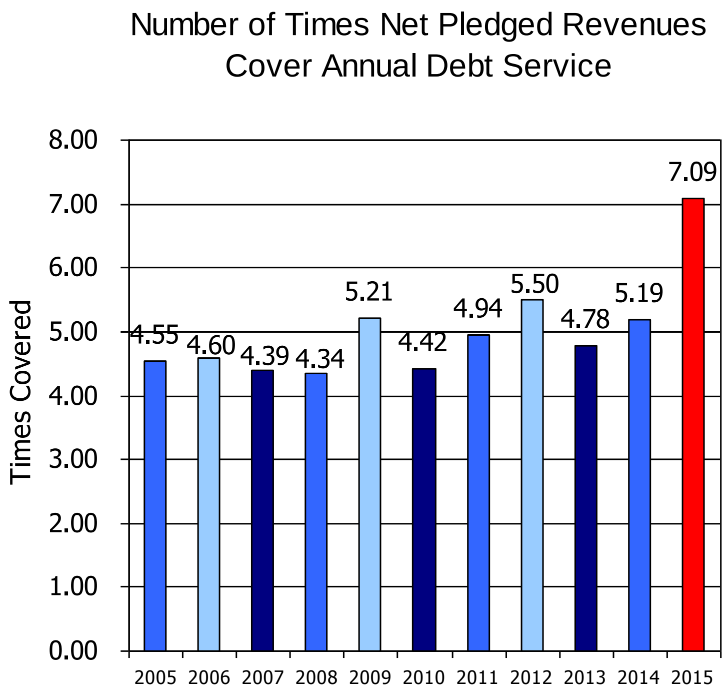


Debt Service Coverage

Were our revenue bond investors pleased with our ability to pay them on time?



The debt service coverage ratio compares the City's debt service requirements on revenue bonds to the net operating cash generated by the revenue streams pledged for payment. A debt service ratio of greater than 1.00 indicates a sufficient ability to make the debt service payments from net revenue from operations.

For the year ended June 30, 2015, the City experienced an extremely favorable debt service coverage ratio of 7.09, an improvement from the ratio of the prior period. This indicates the City generated slightly over seven times the amount of cash necessary to pay the debt service requirements on its revenue bonds and notes.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
4.96	4.55	4.60	4.39	4.34	5.21	4.42	4.94	5.50	4.78	5.19	7.09

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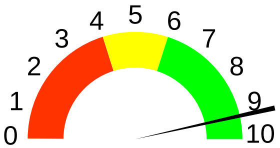
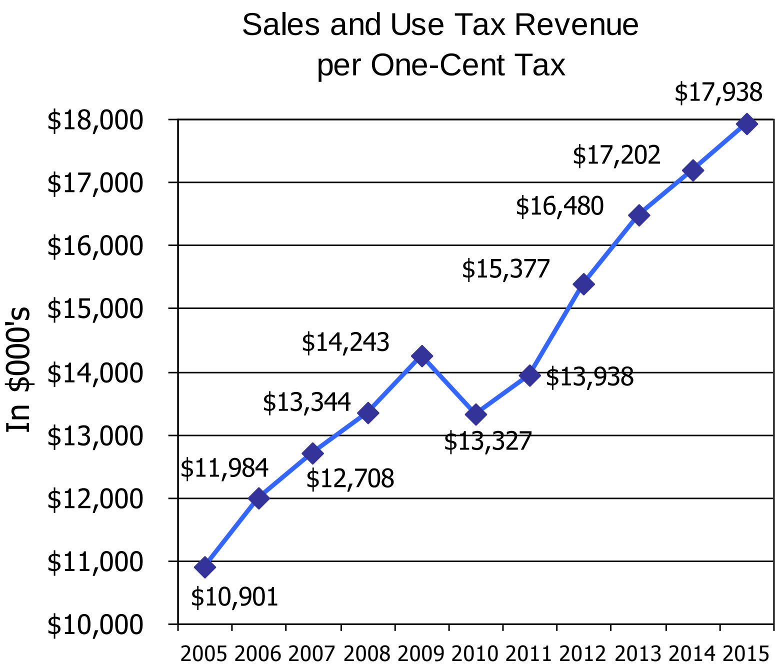


Sales Tax Growth

What is the state of our local economy?



Due to the inability of Oklahoma municipalities to levy a property tax for operations, the City is highly dependent on sales and use tax revenue to fund its general governmental activities.

Sales tax growth is a measure of the state of our local economy by comparing revenue collected to the prior year in terms of the change per one-cent tax.

For the year ended June 30, 2015, the City experienced an increase in sales and use tax collections in the amount of $2,758,316 or 4.3% from the prior year. The Sales Tax Rate of 3.75% was in effect for the entire year.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
+10.2%	+8.2%	+9.9%	+6.0%	+5.0%	+6.7%	-6.4%	+4.6%	+10.3%	+7.2%	+4.4%	+4.3%

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Financial Performance Ratios

Summary and Comparison to Prior Years

Ratio	FY 2012	FY 2013	FY 2014	FY 2015
Change in Net Position	5.6%	8.6%	7.2%	11.4%
Interperiod Equity	115%	123%	119%	129%
BTA Self Sufficiency	113%	109%	110%	119%
Debt Service Coverage	5.50	4.78	5.19	7.09
Sales Tax Growth	10.3%	7.2%	4.4%	4.3%
Financial Performance Performeter Score	**9.5**	**9.8**	**9.6**	**9.8**

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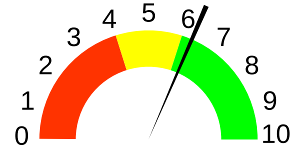
Performeter® Ratios

Financial Capability Ratios

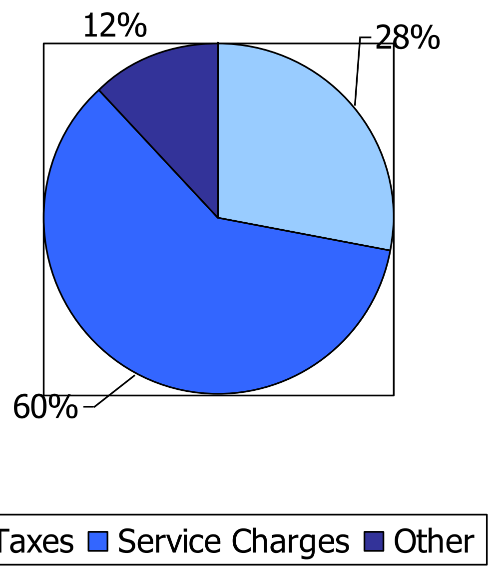
Revenue Dispersion	How much of our revenue is beyond our direct control?
Debt Service Load	How heavily is our budget loaded with payments to retire long-term debt?
Bonded Debt Per Capita	What is the debt burden on our property tax payers?
Legal Debt Limit Remaining	Will we be legally able to issue more long-term debt if needed?
Property Taxes Per Capita	Will our citizens be willing to approve property tax increases if needed?
Local Sales Tax Rate	Will our citizens be willing to approve sales tax increases if needed?



Revenue Dispersion

How heavily are we relying on revenue sources beyond our direct control?

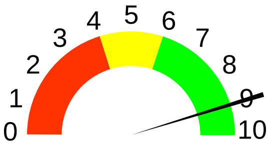
2015 Revenue Percentages by Source



The percentage dispersion of revenue by source indicates how dependent the City is on certain types of revenue. The more dependent the City is on revenue sources beyond its direct control, such as taxes requiring voter approval or revenues from other governments such as grants, the less favorable the dispersion.

For the year ended June 30, 2015, the City had direct control over 60% (service charges) of its revenues. This ratio indicates the City has limited exposure, as do most cities, to financial difficulties due to reliance (40%) on taxes that require voter approval and on grants, contributions and other revenue.

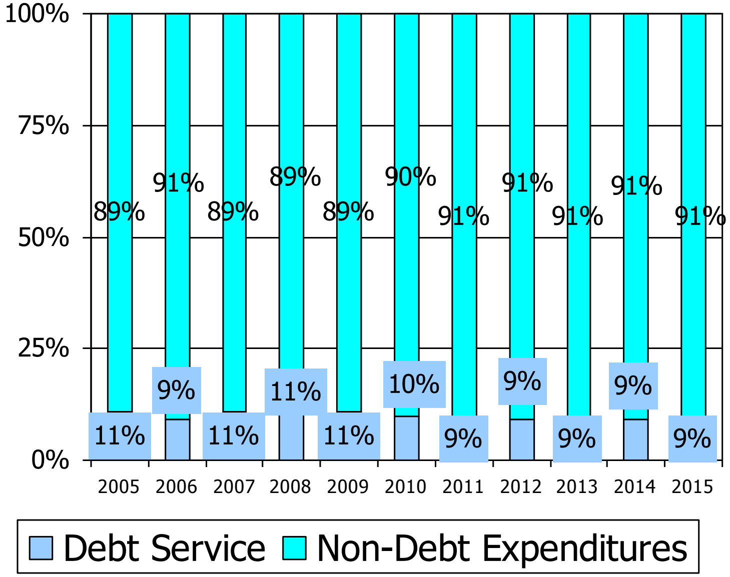
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
36%	40%	42%	47%	41%	44%	41%	37%	32%	42%	39%	40%



Debt Service Load

How much of our annual budget is loaded with disbursements to pay off long-term debt?

Percentage of Debt Service and Non-Debt Expenditures



The debt service load ratio measures the extent to which the City's non-capital expenditures City-wide were comprised of debt service payments on long-term debt.

For the year ended June 30, 2015, the City's total non-capital expenditures amounted to $175 million, of which $15 million (or 9%), were payments for principal and interest on long-term debt. In our model, this is a favorable financial indicator and indicates that for every dollar the City spent on non-capital items, only 9 cents of that dollar was used for debt service.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
8%	11%	9%	11%	11%	11%	10%	9%	9%	9%	9%	9%

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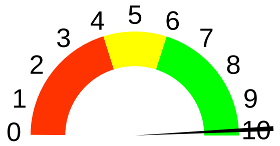
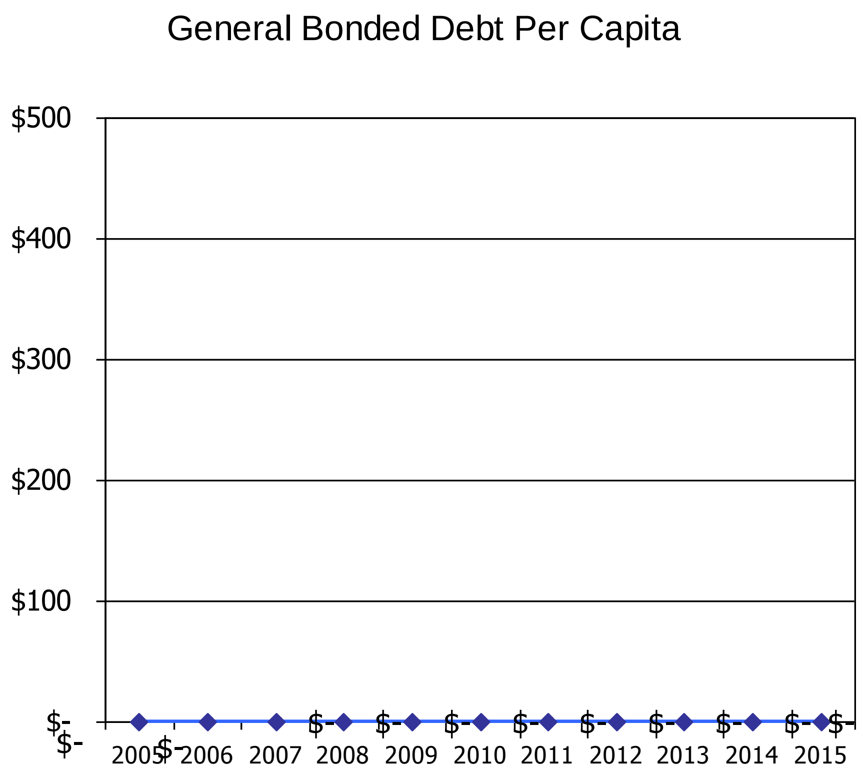


Bonded Debt Per Capita

What is the debt burden on our property tax payers?



The financial ratio of general bonded debt per capita is an indication of the City's debt burden on its citizens and other taxpayers related to general obligation debt payable from property taxes. The ratio does not consider debt payable from enterprise activities or alternate revenues.

For the year ended June 30, 2015, the City continued to have no general obligation bonded debt outstanding. Therefore, it has no general bonded debt burden on its citizens and taxpayers.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

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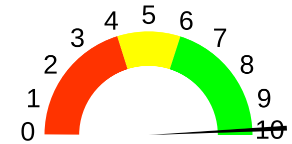
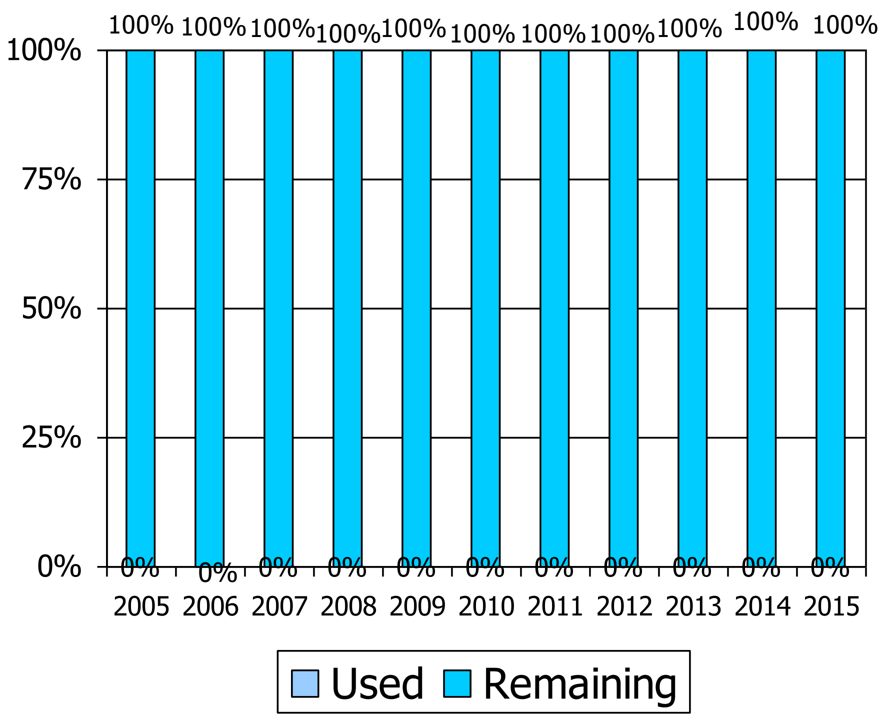


Legal Debt Limit Remaining

Will we be legally able to issue more long-term debt, if needed?

Percentage of Legal Debt Limit Used Versus Remaining



Oklahoma law limits certain types of general obligation debt to no more than 10% of the City's net assessed valuation of taxable property, which approximated $961 million at June 30, 2015.

For the year ended June 30, 2015, the City continued to have no general obligation debt applicable to this legal debt limit. This means that at June 30, 2015, the City had $96.1 million, or 100% of its general bonded debt legal limit remaining.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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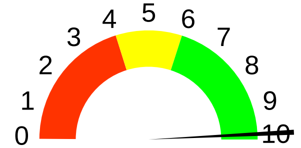
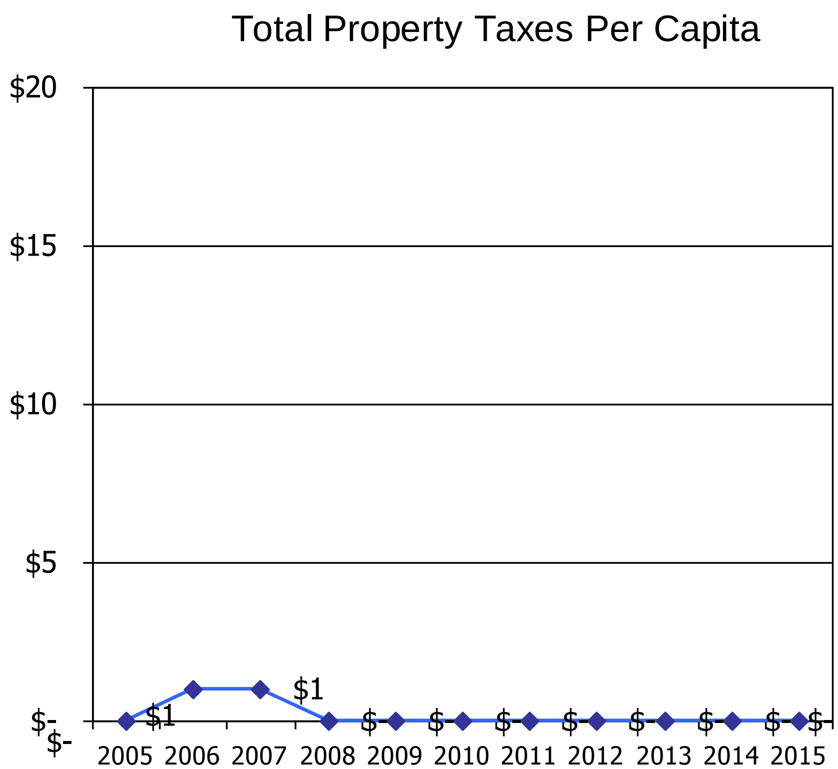


Property Taxes Per Capita

Will our citizens be willing to approve property tax increases, if needed?



The financial ratio of property taxes per capita is an indication of the City's property tax burden on its citizens and other taxpayers. Constitutionally, Oklahoma municipalities may only levy a property tax to retire general obligation bonded debt and judgments.

For the year ended June 30, 2015, the City had no general obligation bond debt service or judgments outstanding, and therefore, had no property tax levied in 2015. This is an excellent indicator in our model.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
$0	$0	$1	$1	$0	$0	$0	$0	$0	$0	$0	$0

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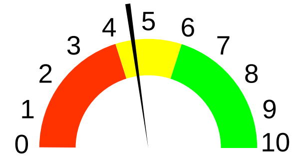
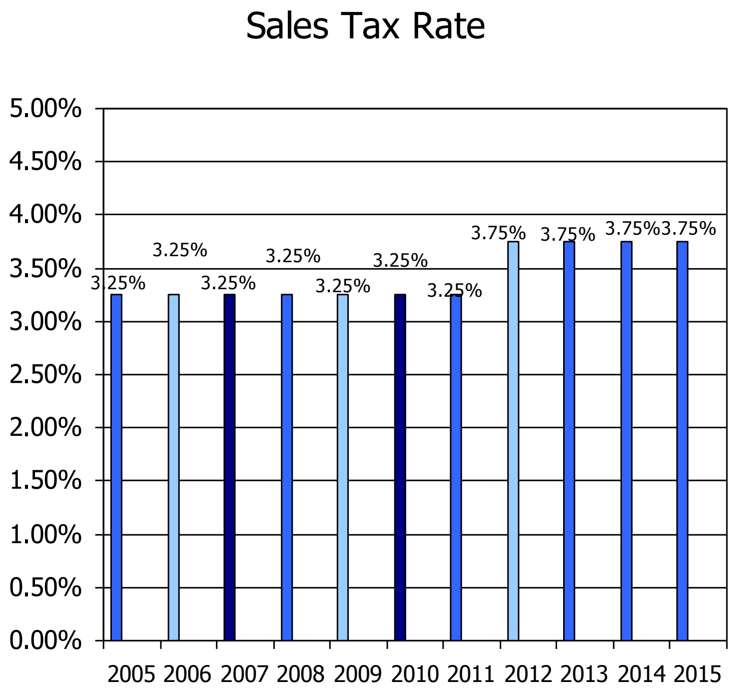


Local Sales Tax Rate

Will our citizens be willing to approve sales tax increases, if needed?



For Oklahoma municipalities, sales tax is the primary source of funding for general government operations. Sales tax rates cannot be increased without voter approval. In our model, a 2% tax rate is considered excellent from the financing margin perspective, while 5% rate is considered a high rate and therefore weak in terms of increase ability margin.

For the year ended June 30, 2015, the City's sales tax rate in effect was 3.75%.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.75%	3.75%	3.75%	3.75%
Taxes in 000s	$32.7	$35.4	$38.9	$41.3	$43.4	$46.3	$43.3	$45.3	$51.2	$61.8	$64.5	$67.3

Financial Capability Ratios

Summary and Comparison to Prior Years

Ratio	FY 2012	FY 2013	FY 2014	FY 2015
Revenue Dispersion	32%	42%	39%	40%
Debt Service Load	9%	9%	9%	9%
General Bonded Debt per Capita	$0	$0	$0	$0
Remaining Legal Debt Margin	100%	100%	100%	100%
Property Taxes per Capita	$0	$0	$0	$0
Sales Tax Rate	3.75%	3.75%	3.75%	3.75%
Financial Capability Performeter Score	**8.2**	**8.1**	**8.0**	**8.1**

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Thank You

We would like to commend and thank the City of Edmond management, its governing body and audit committee for allowing us to present this financial analysis. We hope it continues to serve as a useful and understandable compliment to your annual financial report.

Visit our website at crawfordcpas.com for other useful tools for state and local governments.

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