



THE
PERFORMETER®

A Financial Statement Analysis of
The City of Edmond, Oklahoma
As of and for the year ended June 30, 2011



Crawford & Associates, P.C.

What is a Performer[®]?

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

How to Use the Performer[®]

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

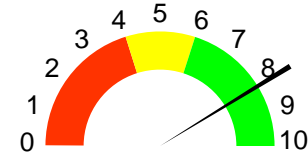
Use the comparisons to prior years to monitor trends in financial indicators

Limitations of the Performer[®]

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

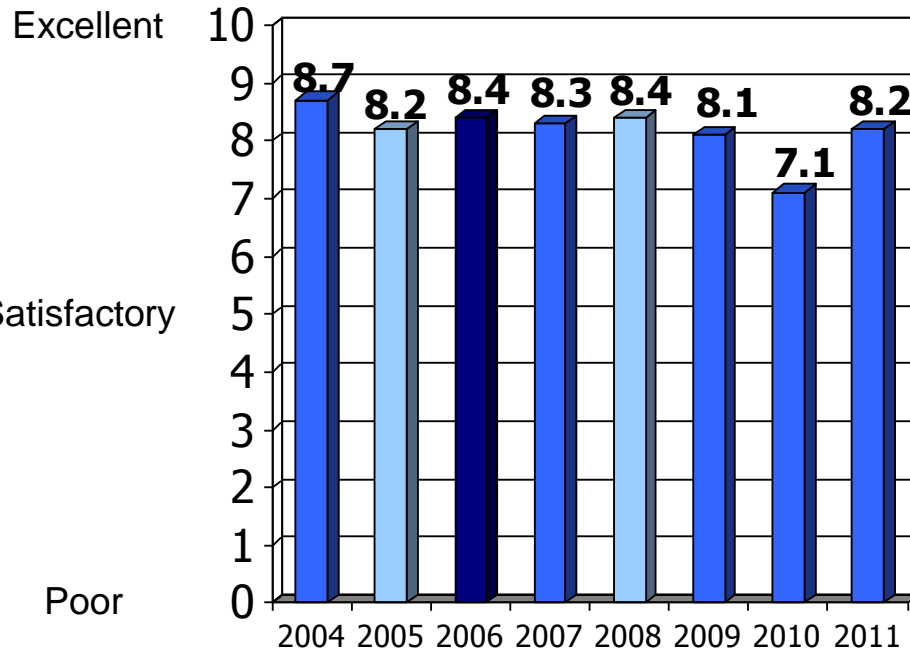


Performer® Reading

For the 2011 fiscal year, the readings by ratio category were as follows:

Financial Position	6.9
Financial Performance	9.3
Financial Capability	8.4

Overall Reading

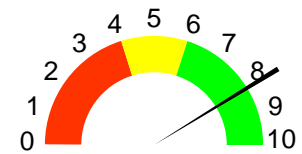


The strongest components of the ratings were the City's financial performance and capability over the past year. The City's financial position at June 30, 2011 also reflects relatively good ratings. The 2011 overall reading of **8.2** indicates the evaluator's opinion that Edmond's overall financial health and performance improved significantly from the prior year, however it is relatively consistent with a number of prior years.

Performer[®] Ratios

Financial Position Ratios

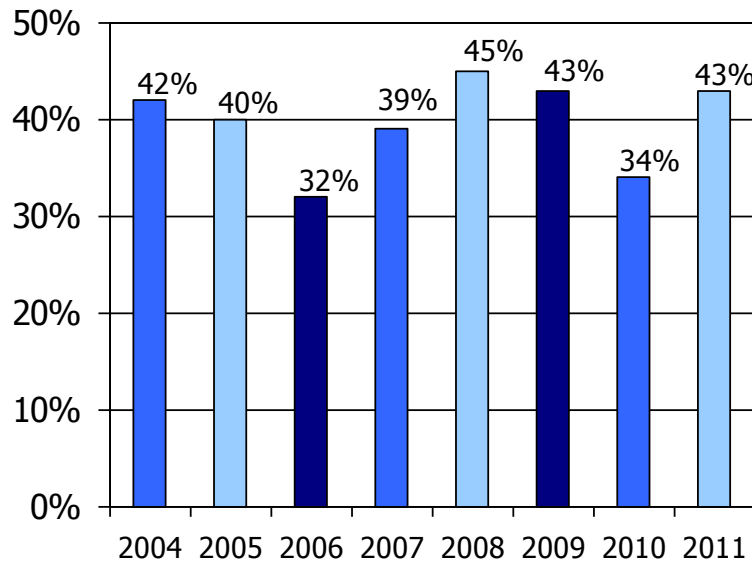
Unrestricted Net Assets	How do our total rainy day funds look?
General Fund Budgetary Fund Balance	How does our General Fund budgetary fund balance carryover position look?
Capital Asset Condition	How much life do we still have left in our capital assets?
Pension Plan Funding	Will our employees be happy 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 Assets

How do our total rainy day funds look?

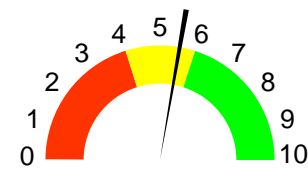
Unrestricted Net Assets as a Percentage of Annual Revenues



The level of total unrestricted net assets 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, 2011, the City's total unrestricted net assets approximated \$77.6 million or 43% of annual total revenues. This level continues to be above satisfactory, and is an increase from the prior year.

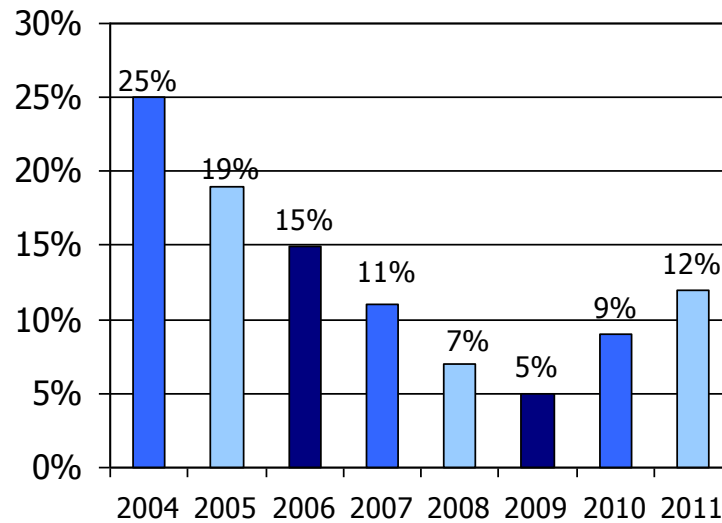
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
46%	42%	40%	32%	39%	45%	43%	34%	43%	



Level of General Fund Budgetary Fund Balance

How does our General Fund budgetary carryover position look?

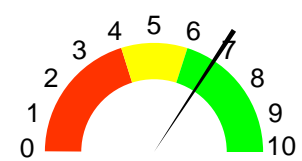
General Fund Budgetary Unassigned Fund Balance as a Percentage of Annual Revenues



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, 2011, the City's unassigned fund balance of the General Fund amounted to \$5.2 million or 11.9% of annual General Fund revenues. This level improved over the last period and is considered slightly above satisfactory.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
25%	25%	19%	15%	11%	7%	5%	9%	12%	

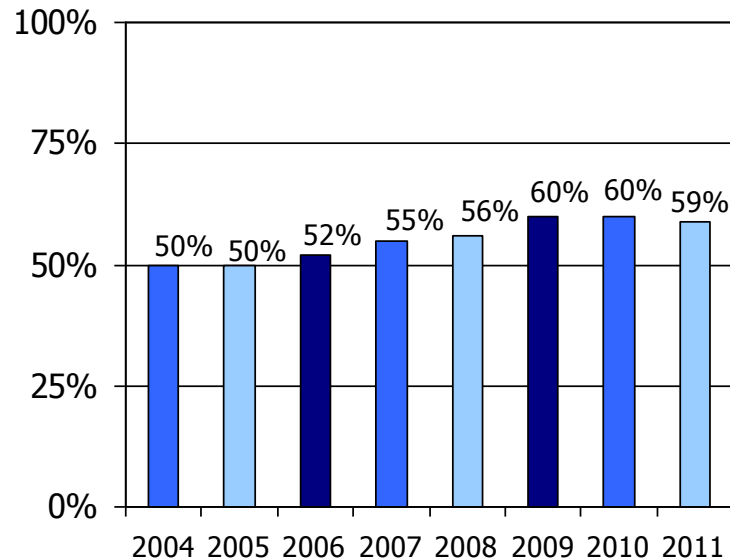


Capital Asset Condition

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

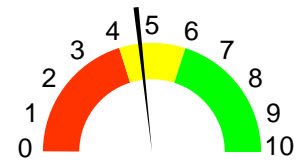
The capital asset condition ratio compares depreciable capital assets cost to accumulated depreciation to determine the overall percentage of useful life remaining. A low percentage could indicate an upcoming need to replace a significant amount of capital assets.

Percentage of Capital Assets' Useful Life Remaining



At June 30, 2011, the City's depreciable capital assets amounted to \$714 million while accumulated depreciation totaled \$296 million. This indicates that, on the average, the City's capital assets have more than half (59%) of their useful lives remaining. This is an above satisfactory financial indicator in our model and continues a relatively consistent trend. Prior periods shown on this slide have been restated to conform with the City's restatement of capital assets.

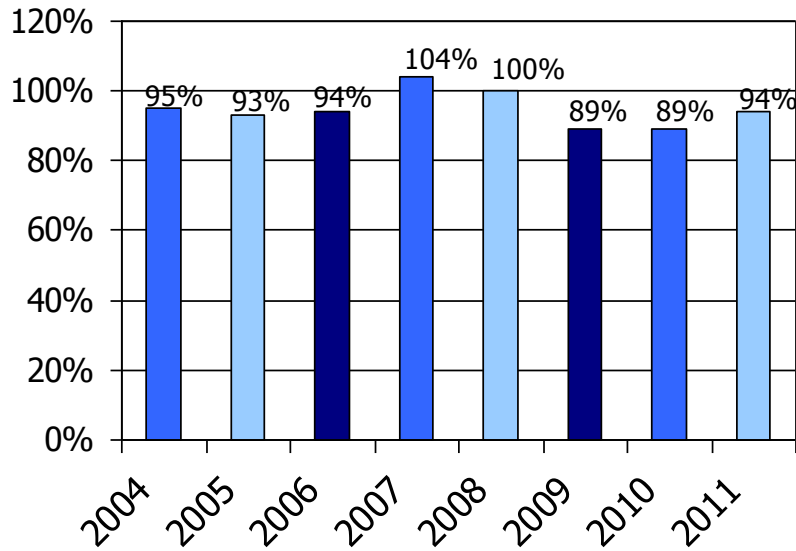
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
51%	50%	50%	52%	55%	56%	60%	60%	59%	



Pension Plan Funding Ratio

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

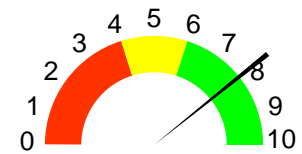
Pension Plan Assets as a Percentage of Accrued Liability



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

At June 30, 2011, the City's pension plan assets were 94% of the accrued pension benefit liability, indicating the plan was not fully funded, from an actuarial perspective, at the last valuation date. This ratio is an improvement from the prior period, however, it is considered a slightly below satisfactory indicator.

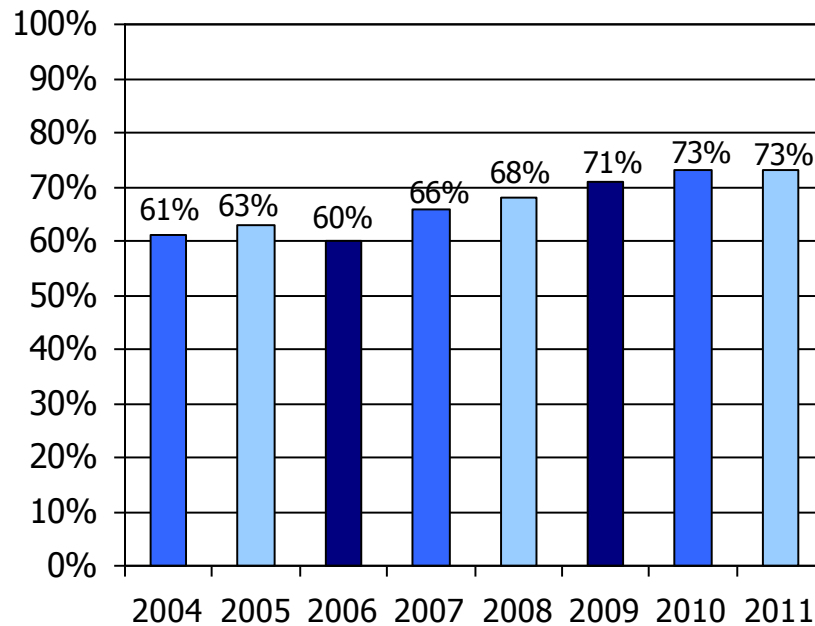
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
97%	95%	93%	94%	104%	100%	89%	89%	94%	



Assets to Debt

Who really owns the City?

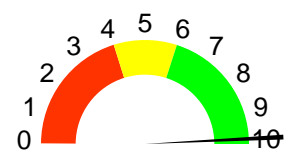
Percentage of Equity in Assets



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, 2011, just under one-third (27%) of the City's \$611 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 is also consistent with that of the prior year.

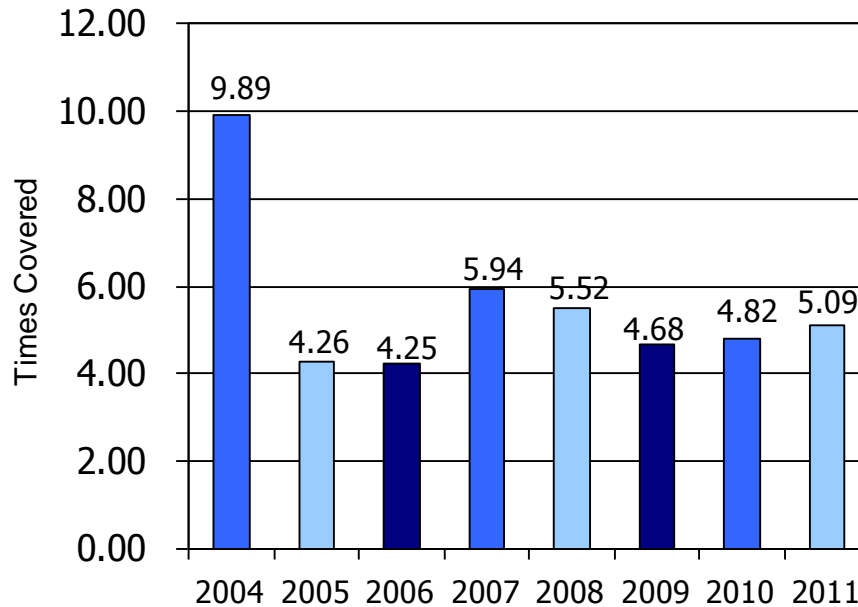
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
64%	61%	63%	60%	66%	68%	71%	73%	73%	



Current Ratio

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

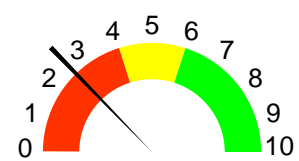
Current Assets Compared to Current Liabilities



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, 2011 the City had a government-wide ratio of current assets to current liabilities of 5.09 to 1. This indicates that the City had 5.1 times the amount of current assets needed to pay current liabilities. This is considered an excellent indicator of liquidity, and a slight increase when compared to the ratio of the prior year.

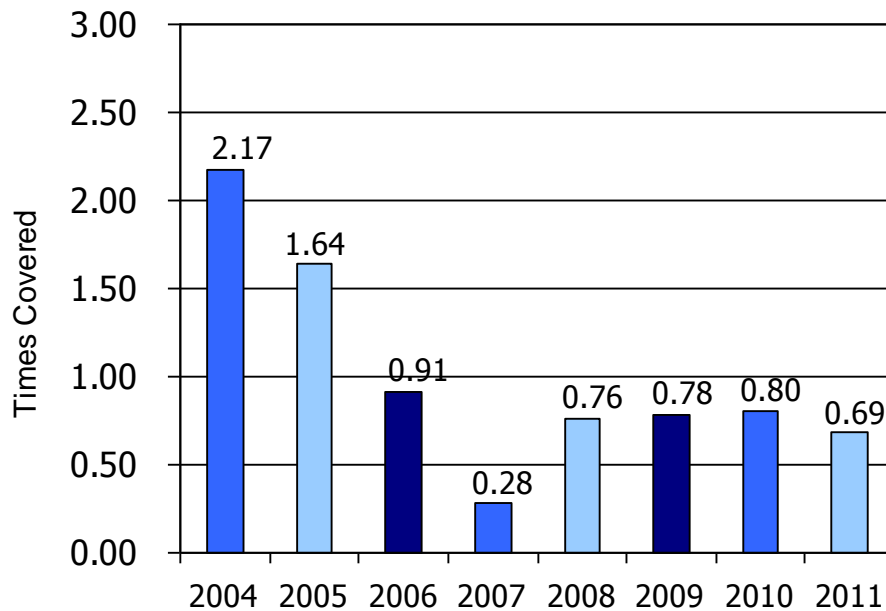
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
10.9	9.89	4.26	4.25	5.94	5.52	4.68	4.82	5.09	



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, 2011, the City had a government-wide ratio of cash and cash equivalents to current operating liabilities of 0.69 to 1. This indicates that the City had less than one times the 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. This is considered an unfavorable ratio in our model and a decrease from the prior year. However, 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.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.25	2.17	1.64	0.91	0.28	0.76	0.78	0.80	0.69	

Financial Position Ratios

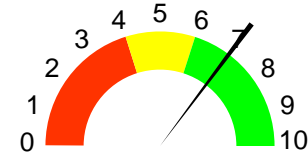
Summary and Comparison to Prior Years

Ratio	FY 2009	FY 2010	FY 2011
Unrestricted Net Assets	43%	34%	43%
General Fund Budgetary Fund Balance	5%	9%	12%
Capital Asset Condition	61%	61%	59%
Pension Plan Funding	89%	89%	94%
Assets to Debt	71%	73%	73%
Current Ratio	4.68	4.82	5.09
Quick Ratio	.78	.80	.69
Financial Position Performer Score	7.1	6.3	6.9

Performer[®] Ratios

Financial Performance Ratios

Change in Net Assets	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?



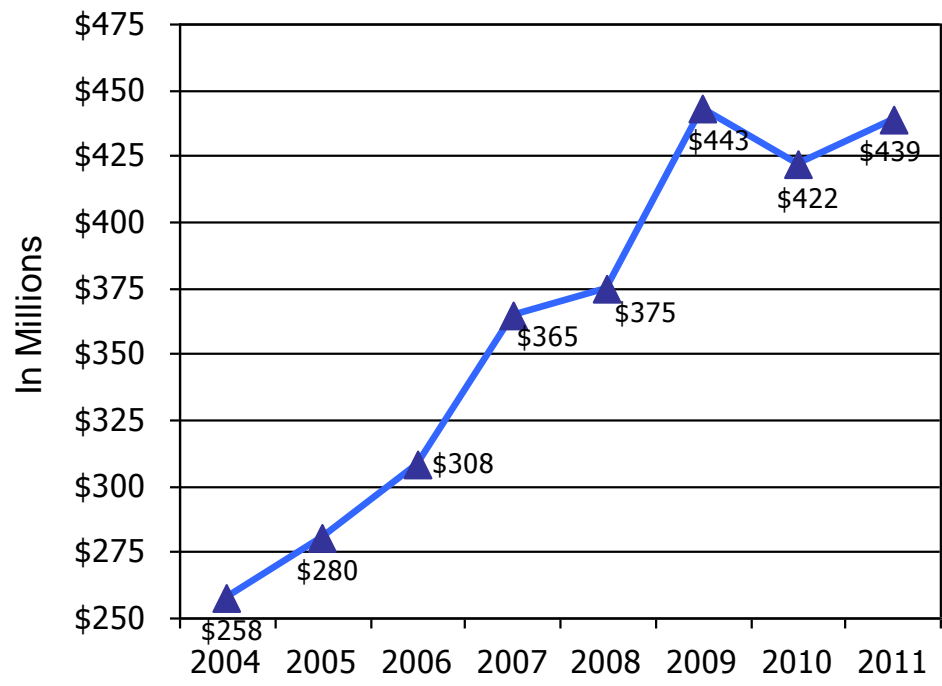
Change in Net Assets

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

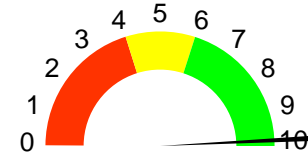
Net assets include all assets of the City, except for fiduciary funds held for the benefit of others. It is measured as the difference between total assets, including capital assets, and total liabilities, including long-term debt. Net assets increase as a result of earning more revenue than expenses incurred in the fiscal year.

For the year ended June 30, 2011, total net assets increased by \$16.7 million or 4% from the prior year. This increase continues a long-term trend of an overall increase in total net assets. Prior periods shown on this slide have been restated to conform with the City's restatement of capital assets.

Net Assets at Year End



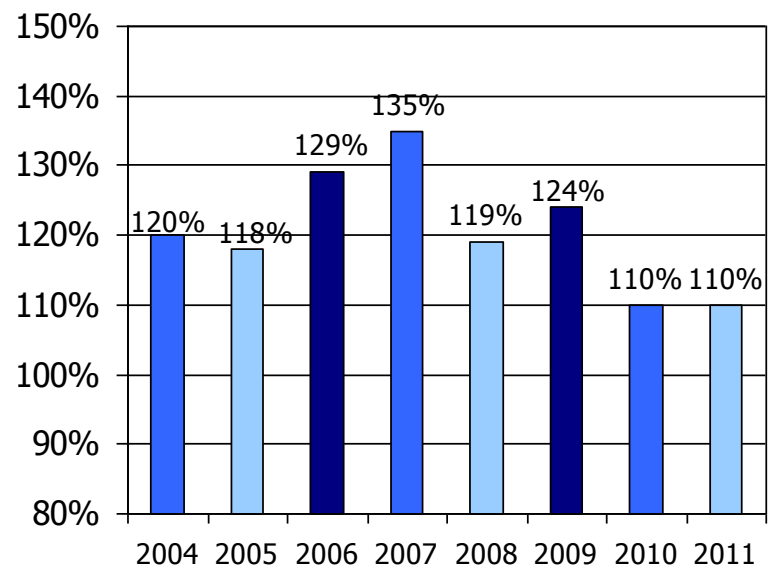
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
+5.0%	+9.2%	+8.2%	+10.0%	+18.5%	+2.7%	+18.1%	-4.7%	+4.0%	



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, 2011, the City's total costs were fully funded by current year tax and rate payers, with current year revenues, excluding fund balance carryovers, generating a level of 110.1% of current year costs. This is consistent with the ratio from the prior year.

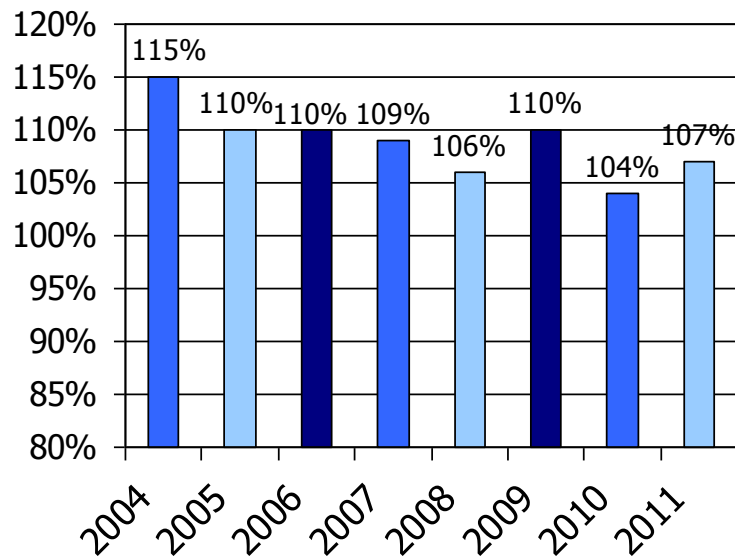
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
111%	120%	118%	129%	135%	119%	124%	110%	110%	



BTA Self-Sufficiency

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

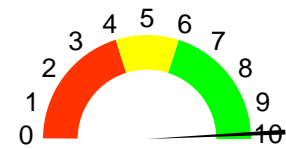
Percentage of BTA Expenses Covered
By BTA Revenues



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, 2011, the City's business-type activities were 106.6% self-sufficient in total. This indicates that all of the current year costs were funded by current year revenues in addition to generating additional resources for transfer to the City's governmental activities. This is an increase from the ratio calculated in the prior year.

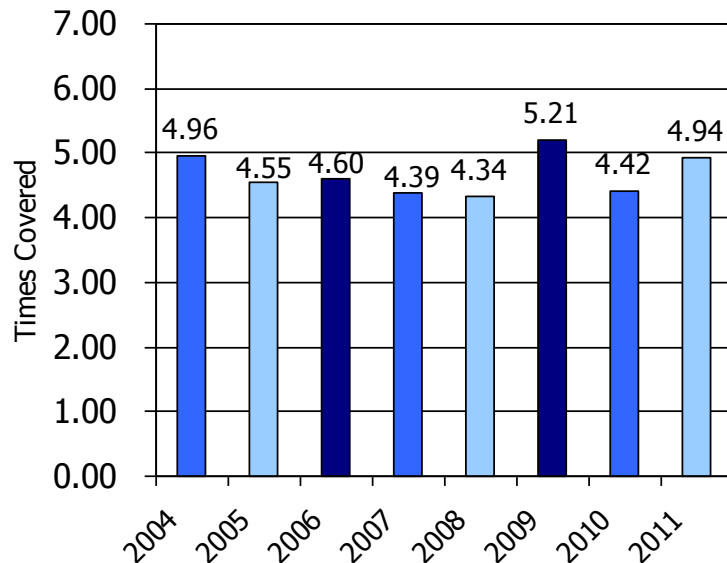
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
114%	115%	110%	110%	109%	106%	110%	104%	107%	



Debt Service Coverage

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

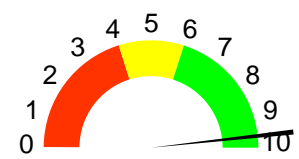
Number of Times Net Pledged Revenues Cover Annual Debt Service



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, 2011, the City experienced a favorable debt service coverage ratio of 4.94, a slight increase from the ratio in the prior year. This indicates the City generated almost five times the amount of cash necessary to pay the debt service requirements on its revenue bonds and notes.

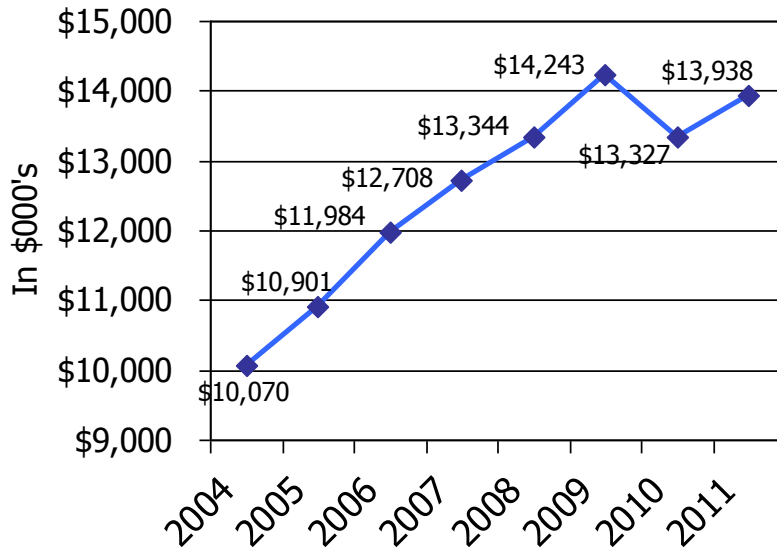
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.22	4.96	4.55	4.60	4.39	4.34	5.21	4.42	4.94	



Sales Tax Growth

What is the state of our local economy?

Sales and Use Tax Revenue per One-Cent Tax



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, 2011, the City experienced an increase in sales and use tax collections for all 3.25 cents of tax in the amount of \$1,985,825 or 4.6% from the prior year.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
+4.5%	+10.2%	+8.2%	+9.9%	+6.0%	+5.0%	+6.7%	-6.4%	+4.6%	

Financial Performance Ratios

Summary and Comparison to Prior Years

Ratio	FY 2009	FY 2010	FY 2011
Change in Net Assets	9.0%	3.8%	4.0%
Interperiod Equity	124%	110%	110%
BTA Self Sufficiency	110%	104%	107%
Debt Service Coverage	5.21	4.42	4.94
Sales Tax Growth	6.7%	-6.4%	4.6%
Financial Performance Performer Score	10.0	7.3	9.3

Performeter® Ratios

Financial Capability Ratios

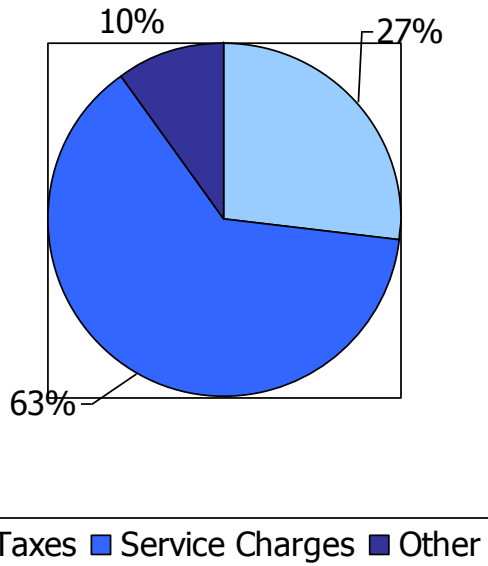
Revenue Dispersion	How much of our revenue is beyond our direct control?
Debt Service Load	How heavily is our budget loaded with payments to retire long-term debt?
Bonded Debt Per Capita	What is the debt burden on our property tax payers?
Legal Debt Limit Remaining	Will we be legally able to issue more 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?

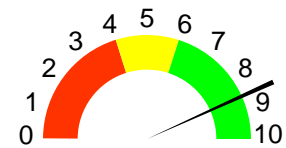
2011 Revenue Percentages by Source



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, 2011, the City had direct control over 63% (service charges) of its revenues. This ratio indicates the City has some limited exposure, as do most cities, to financial difficulties due to reliance (37%) on taxes that require voter approval and on grants, contributions and other revenue.

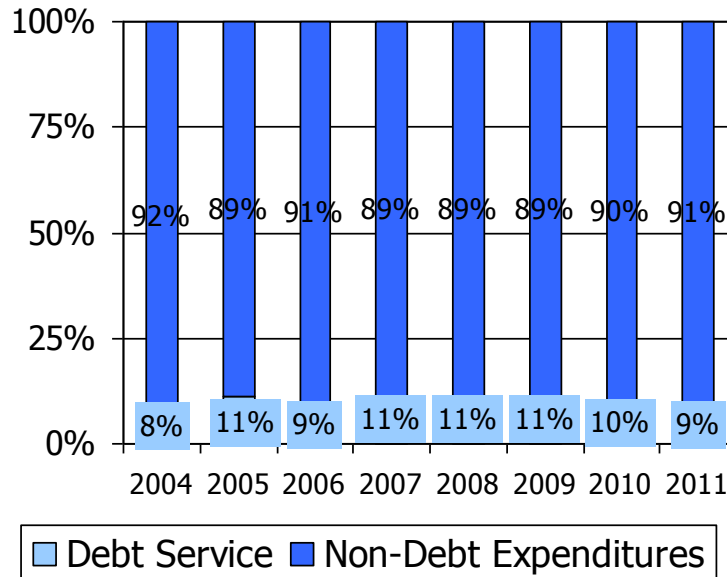
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
33%	36%	40%	42%	47%	41%	44%	41%	37%	



Debt Service Load

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

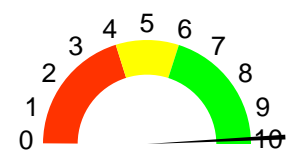
Percentage of Debt Service and Non-Debt Expenditures



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, 2011, the City's total non-capital expenditures amounted to \$153.2 million of which \$14.2 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.

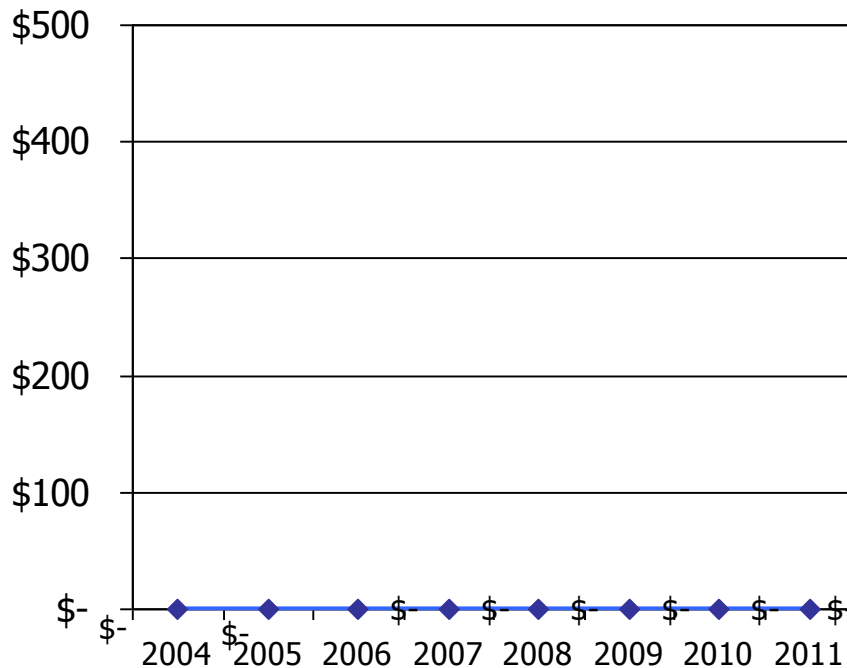
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
8%	8%	11%	9%	11%	11%	11%	10%	9%	



Bonded Debt Per Capita

What is the debt burden on our property tax payers?

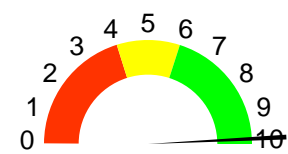
General Bonded Debt Per Capita



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, 2011, the City continued to have no general obligation bonded debt outstanding. Therefore, it has no general bonded debt burden on its citizens and taxpayers.

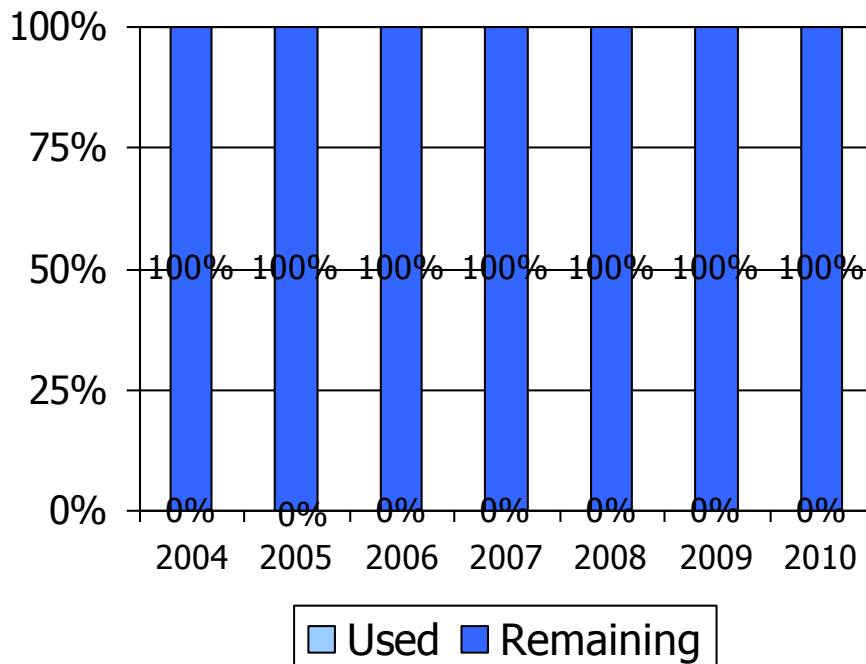
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	



Legal Debt Limit Remaining

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

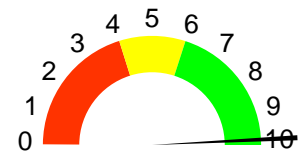
Percentage of Legal Debt Limit Used Versus Remaining



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 \$807 million at June 30, 2011.

For the year ended June 30, 2011, the City continued to have no general obligation debt applicable to this legal debt limit. This means that at June 30, 2011, the City had \$80.7 million or 100% of its general bonded debt legal limit remaining.

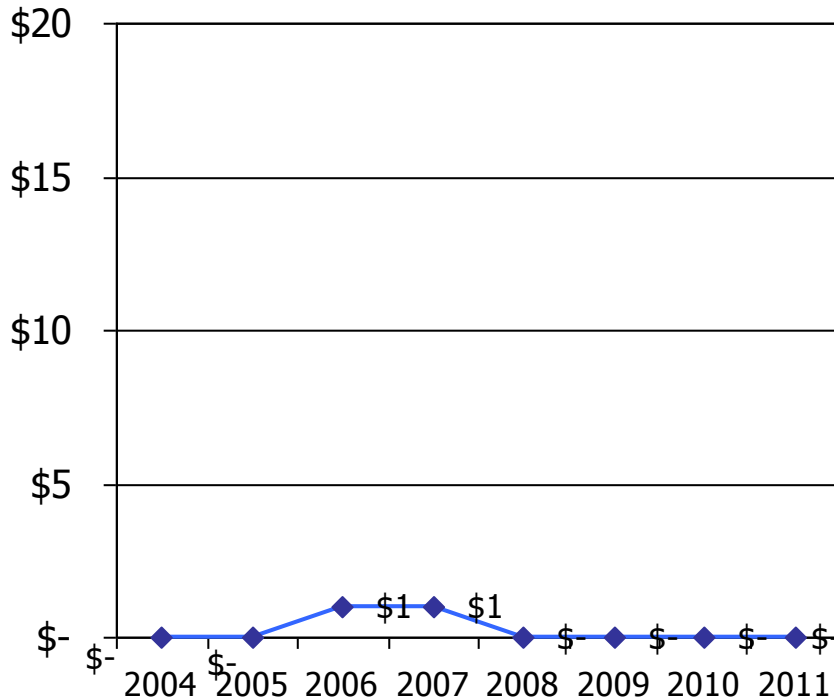
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
100%	100%	100%	100%	100%	100%	100%	100%	100%	



Property Taxes Per Capita

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

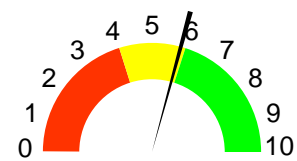
Total Property Taxes Per Capita



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, 2011, the City had no general obligation bond debt service or judgments outstanding, and therefore, had no property tax levied in 2011. This is an excellent indicator in our model.

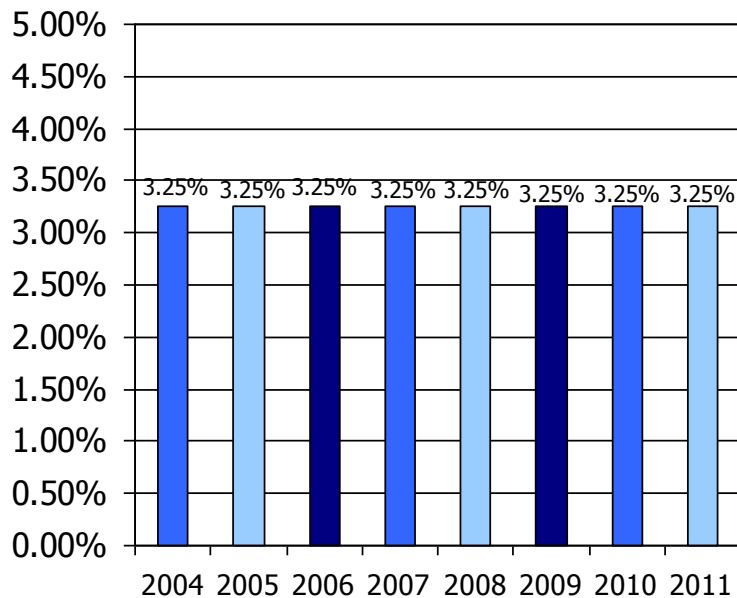
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$0	



Local Sales Tax Rate

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

Sales Tax Rate



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, 2011, as has been the case for all years presented, the City's sales tax rate in effect was 3.25%.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	
Taxes in 000s	\$29.7	\$32.7	\$35.4	\$38.9	\$41.3	\$43.4	\$46.3	\$43.3	\$45.3	

Financial Capability Ratios

Summary and Comparison to Prior Years

Ratio	FY 2009	FY 2010	FY 2011
Revenue Dispersion	44%	41%	37%
Debt Service Load	11%	10%	9%
General Bonded Debt per Capita	\$0	\$0	\$0
Remaining Legal Debt Margin	100%	100%	100%
Property Taxes per Capita	\$0	\$0	\$0
Sales Tax Rate	3.25%	3.25%	3.25%
Financial Capability Performer Score	8.1	8.2	8.4

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.
