



THE
PERFORMETER®

A Financial Statement Analysis of
The City of Sand Springs, Oklahoma
As of and for the year ended June 30, 2018



Crawford & Associates, P.C.

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 specific activities, funds or units

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

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

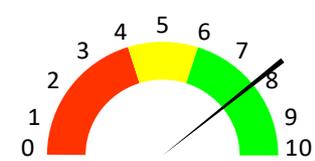
Financial position ratios – that measure financial health at year end

Financial performance ratios - that measure changes in the 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

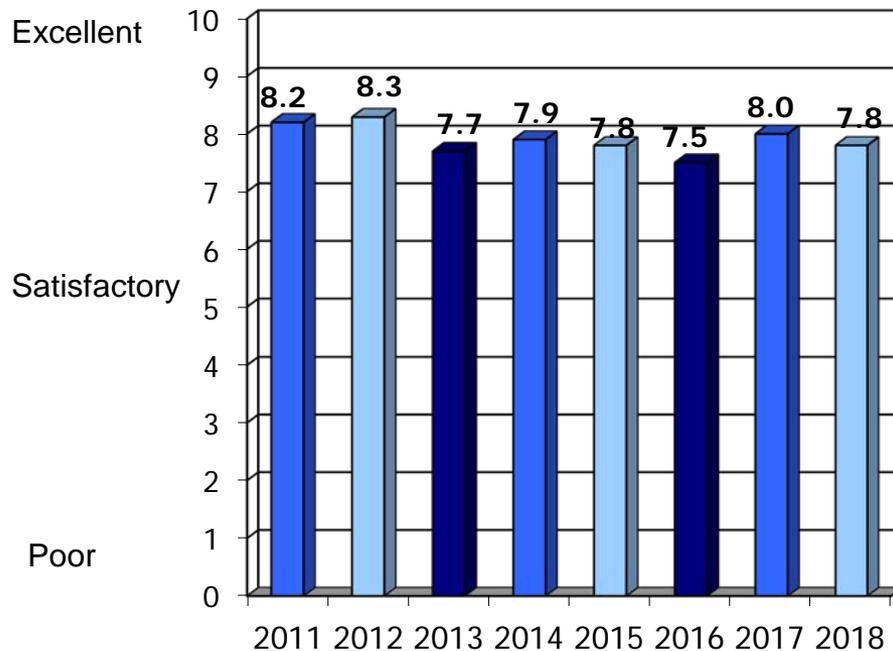


Performer® Reading

For the 2018 fiscal year, the readings by ratio category were as follows:

Financial Position	8.2
Financial Performance	9.3
Financial Capability	<u>4.8</u>
Total	7.8

Overall Reading

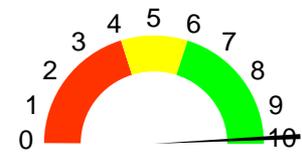


The strongest component of the ratings in the current year is the City's financial performance, followed closely by the City's financial position. The City's financial capability as of and for the year ended June 30, 2018, reflects a near satisfactory rating. The 2018 overall reading of 7.8 indicates the evaluator's opinion that Sand Springs' overall financial health and performance declined slightly during 2018, but continues to remain well above satisfactory.

Performer[®] Ratios

Financial Position Ratios

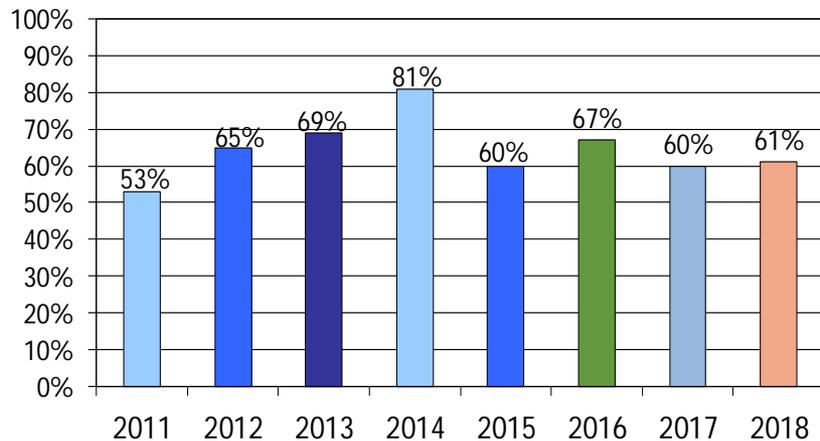
Unrestricted Net Position	How does our overall economic condition look?
General Fund Unassigned Fund Balance	How do our governmental rainy day funds look?
Capital Asset Condition	How much estimated useful life do we have left in our capital assets?
OPEB Plan Funding Ratio	Will we able to pay for retiree health care in the future?
Assets to Debt	Who really owns our government's assets?
Current Ratio	What is our ability to pay our employees and vendors on time?
Quick Ratio	How is our short-term cash position?



Level of Unrestricted Net Position

How does our overall economic condition 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 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, 2018, the City's total unrestricted net position approximated \$24 million or 61% of annual total revenues. This exceeds our model's excellent level of 50%, representing a slight improvement from the prior year.

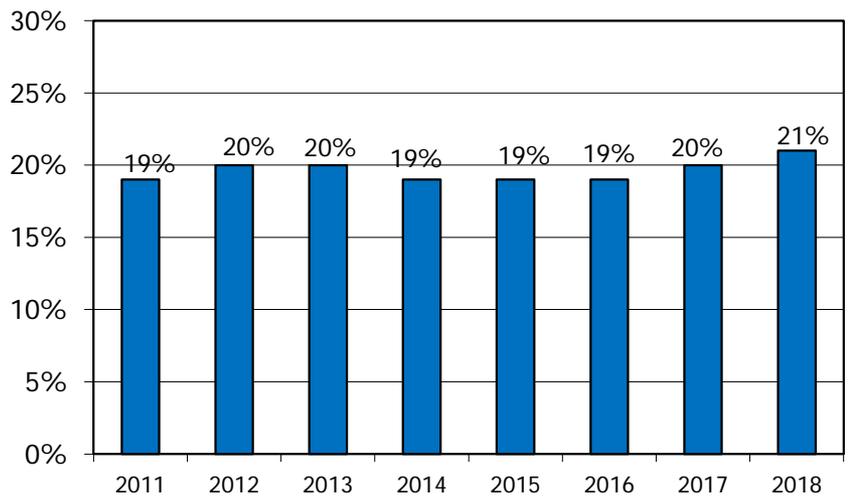
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
34%	44%	48%	53%	65%	69%	81%	60%	67%	60%	61%



Level of Budgetary Unassigned Fund Balance

How do our rainy day funds look?

General Fund Unassigned Budgetary 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's General Fund has at a point in time to carryover into the next fiscal year to fund budgetary emergencies, shortfalls or other unexpected needs. In this analysis, the General Fund's unassigned fund balance is considered, along with any unassigned fund balance deficits of the City's other governmental funds. In our model, 10% is considered a minimum responsible level, while 30% is considered desirable.

For the year ended June 30, 2018, the City's unobligated and unassigned fund balance of the General Fund (including any unassigned fund balance deficits of the City's other governmental funds) was approximately \$4,067,043, or 21% of annual General Fund revenues. This level exceeds our model's satisfactory range and remains consistent with prior years.

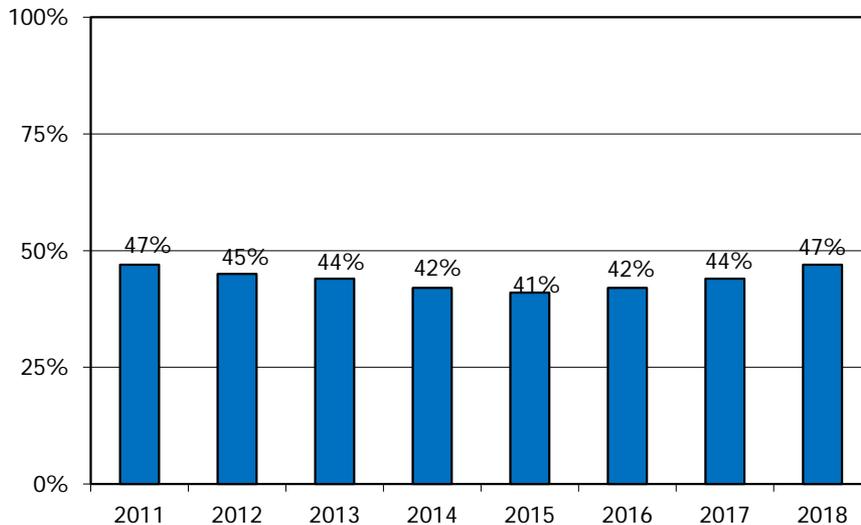
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
19%	20%	19%	19%	20%	20%	19%	19%	19%	20%	21%



Capital Asset Condition

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

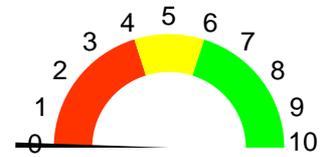
Percentage of Capital Assets' Useful Life Remaining



The capital asset condition ratio compares 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.

At June 30, 2018, the City's depreciable capital assets amounted to \$223.1 million while accumulated depreciation totaled \$118.2 million. This indicates that, on the average, the City's capital assets have less than half, or 47%, of their useful lives remaining. This is below the desired minimum of 50% however, it does represent an improving 3 year trend.

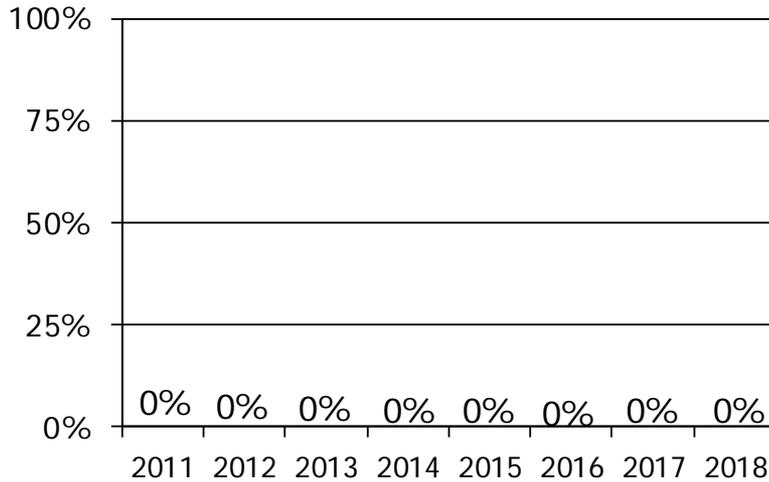
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
49%	48%	49%	47%	45%	44%	42%	41%	42%	44%	47%



OPEB Plan Funding Ratio

Will we be able to pay for retiree health care in the future?

Percentage of Total OPEB Liability Funded



The OPEB funding ratio compares the net position of an OPEB trust fund (if any) created for the set aside of monies for the payment of future benefits with the total OPEB liability calculated for plan benefits. An “actuarial fully advance funded” plan would reflect a funding percentage of 100%. Whereas a “pay-as-you-go” plan would report a funding percentage of 0%. The City has adopted a pay-as-you-go funding strategy for the OPEB benefits.

An accounting standard implemented in 2018 requires certain future retiree post employment healthcare costs to be recognized while the employee is providing service. The City has adopted a pay-as-you-go plan. As a result, there is no plan net position to offset the total OPEB liability of approximately \$2.1 million, and the ability to pay for these future benefits will be dependent on future resources and appropriations made to fund these costs.

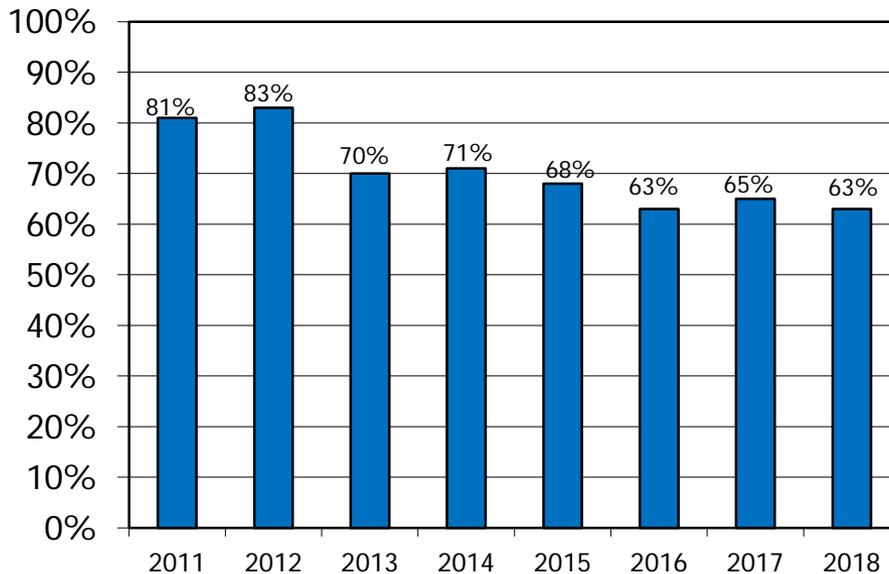
2010	2011	2012	2013	2014	2015	2016	2017	2018
0%	0%	0%	0%	0%	0%	0%	0%	0%



Assets to Debt

Who really owns our government's assets?

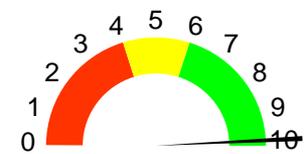
Percentage of Equity in Assets



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, 2018, 37% of the City's \$209.9 million of total assets were funded with debt or other obligations. In other words, the City had a 63% equity position in its assets. Although a slight decrease from the ratio of the prior year, it is still considered well above satisfactory, and indicates that for each dollar of City assets owned, it owes 37 cents of that dollar to others.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
75%	77%	79%	81%	83%	70%	71%	68%	63%	65%	63%



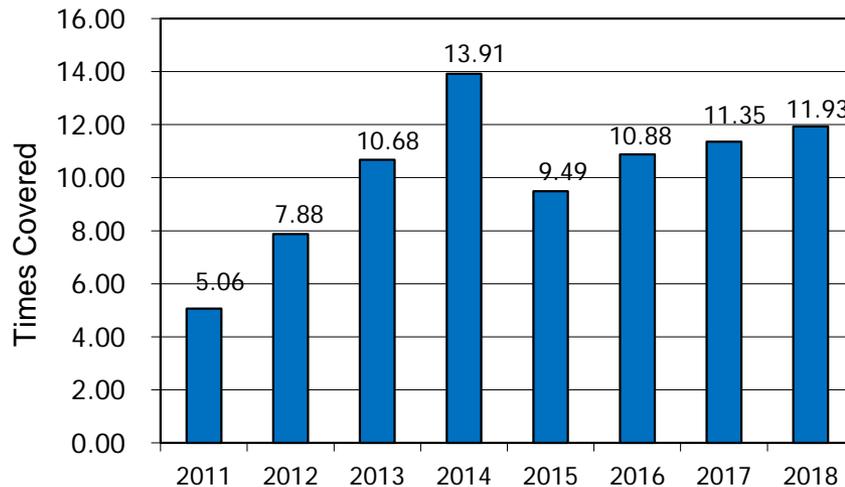
Current Ratio

What is our ability to pay our employees and vendors on time?

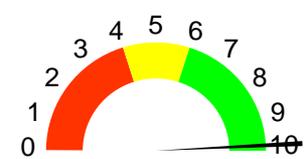
The current ratio is one measure of the City's ability to pay its short-term obligations. The current ratio compares total current assets and liabilities. A current ratio of 2.00 to 1 indicates good current liquidity and an ability to meet the short-term obligations.

At June 30, 2018 the City had a government-wide ratio of current assets to current liabilities of 11.93 to 1. This indicates that the City had almost twelve times the amount of current assets needed to pay current liabilities. This is an increase from the prior year and is considered an excellent indicator of liquidity.

Current Assets Compared to Current Liabilities



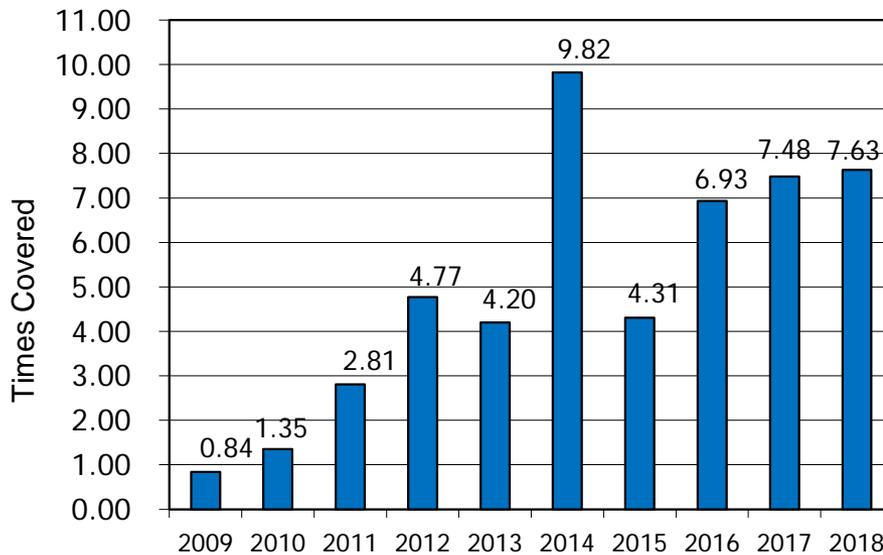
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
8.06	5.01	4.47	5.06	7.88	10.68	13.91	9.49	10.88	11.35	11.93



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 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, 2018, the City had a government-wide ratio of cash and cash equivalents to current operating liabilities of 7.63 to 1. This indicates that the City had a little over seven and one-half times the amount of cash and short-term investments needed to pay current liabilities, which is an increase from the prior year, and an excellent indicator of liquidity. . .

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
0.48	0.84	1.35	2.81	4.77	4.20	9.82	4.31	6.93	7.48	7.63

Financial Position Ratios

Summary and Comparison to Prior Years

Ratio	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Unrestricted Net Position	81%	60%	67%	60%	61%
General Fund Unassigned Fund Balance	19%	19%	19%	20%	21%
Capital Asset Condition	42%	41%	42%	44%	47%
OPEB Plan Funding	0%	0%	0%	0%	0%*
Assets to Debt	71%	68%	63%	65%	63%
Current Ratio	13.91	9.49	10.88	11.35	11.93
Quick Ratio	9.82	4.31	6.93	7.48	7.63
Financial Position Performer Score	8.2	8.7	8.7	8.9	8.2

* 2018 is the first year that OPEB affects the ratio scoring

Performer[®] Ratios

Financial Performance Ratios

Change in Net Position	Did our overall economic financial position 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 pay for themselves?
Debt Service Coverage	What was our ability to pay the government's revenue bond investors when payments were due?
Sales Tax Growth	What is the state of our local economy?

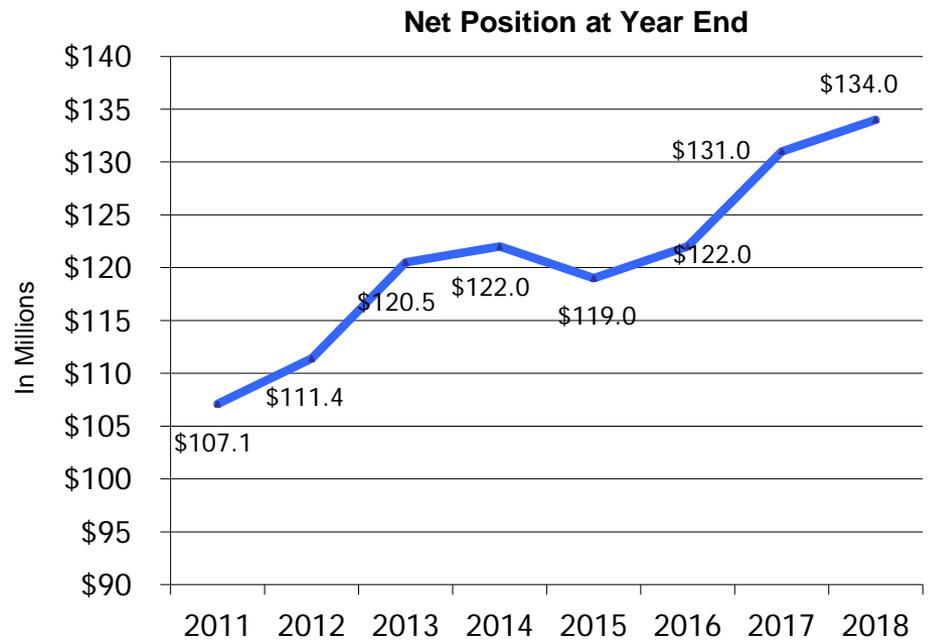


Change in Net Position

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

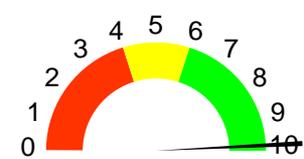
Net position includes all assets of the City, except for fiduciary funds held for the benefit of others. It is measured as the difference between total assets, including capital assets, and deferred outflows, and total liabilities, including long-term debt, and any deferred inflows. Net position increases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

For the year ended June 30, 2018, total net position increased by \$5.5 million or 4.3% from the restated prior year ending net position.



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
+9.6%	+3.1%	+5.0%	+5.8%	+4.0%	+8.6%	+1.2%*	+4.8%	+2.4%	+7.5%*	+4.3%

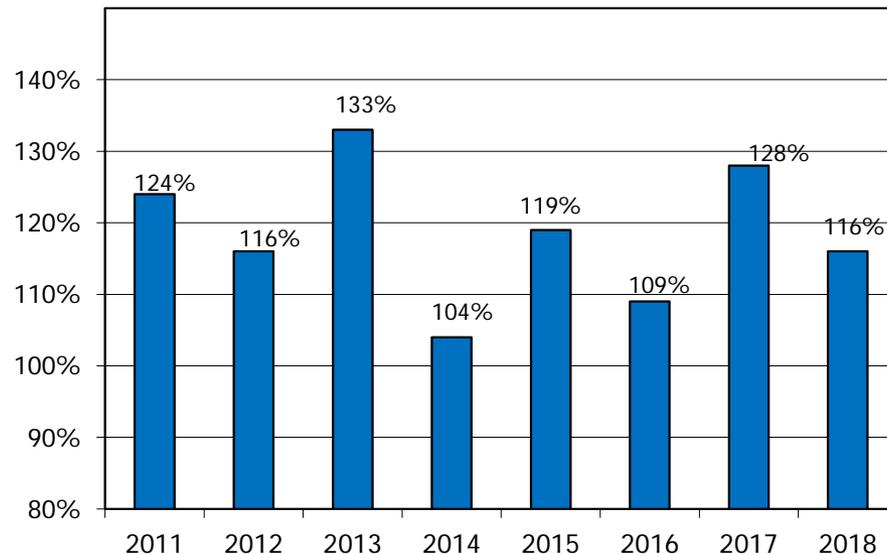
* Restated years for pension and OPEB changes



Interperiod Equity

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

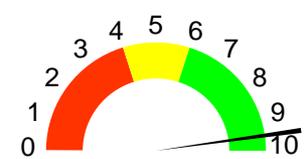
Current Year Revenues as a Percentage of Current Year Costs



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, 2018, the City's total costs were fully funded by current year tax and rate payers, and current year revenues.

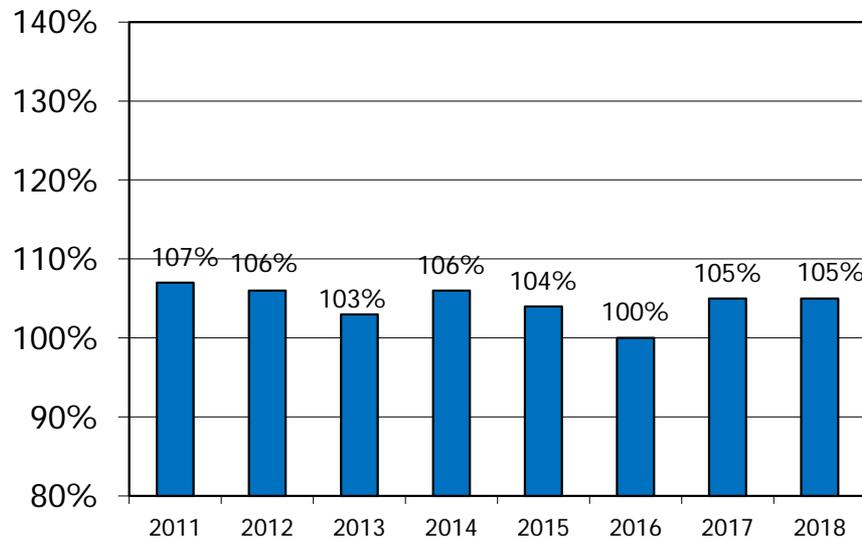
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
129%	111%	119%	124%	116%	133%	104%	119%	109%	128%	116%



BTA Self-Sufficiency

Did current year business-type activities pay for themselves?

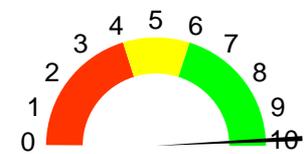
Percentage of BTA Expenses Covered By BTA Revenues



The self-sufficiency ratio indicates the level at which business-type activities 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, 2018, the City's total business-type activities as a whole were fully self-sufficient and did not require the use of subsidies or prior year reserves to fund current year costs. In 2018, all activities generated a net income except for wastewater, airport and golf course, which were subsidized by other activities or resources.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
94%	97%	98%	107%	106%	103%	106%	104%	100%	105%	105%



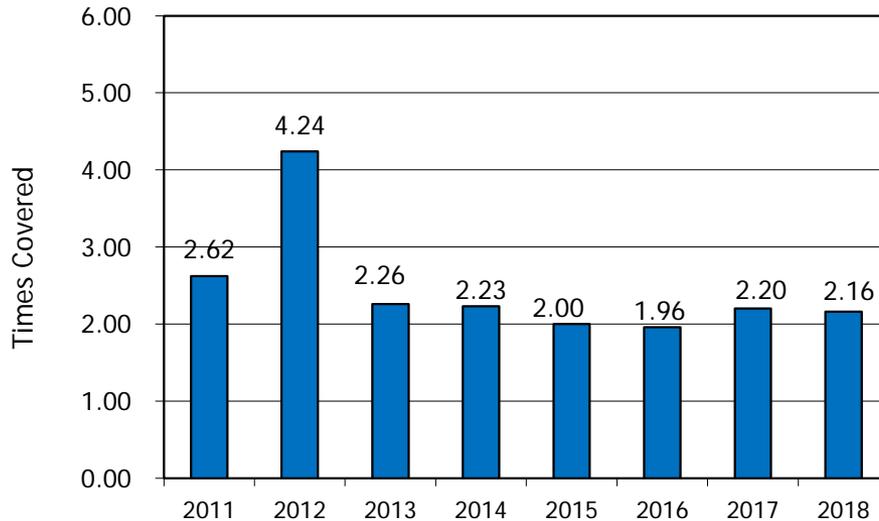
Debt Service Coverage

What was our ability to pay the government's revenue bond investors when payments were due?

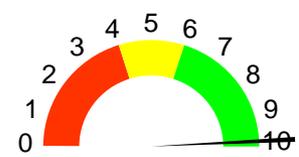
The debt service coverage ratio compares the City's debt service requirements on revenue bonds and notes to the net operating cash generated by the revenue streams pledged for payment. A debt service ratio of greater than 1.00 indicates a sufficient ability to make the debt service payments from net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

For the year ended June 30, 2018, the City experienced a favorable debt service coverage ratio of 2.16. This indicates the City generated nearly two and one fifth times the amount of cash necessary to pay the debt service requirements on its revenue bonds and notes. The ratio is a slight decline from the ratio of the prior year.

Number of Times Net Pledged Revenues Cover Annual Debt Service



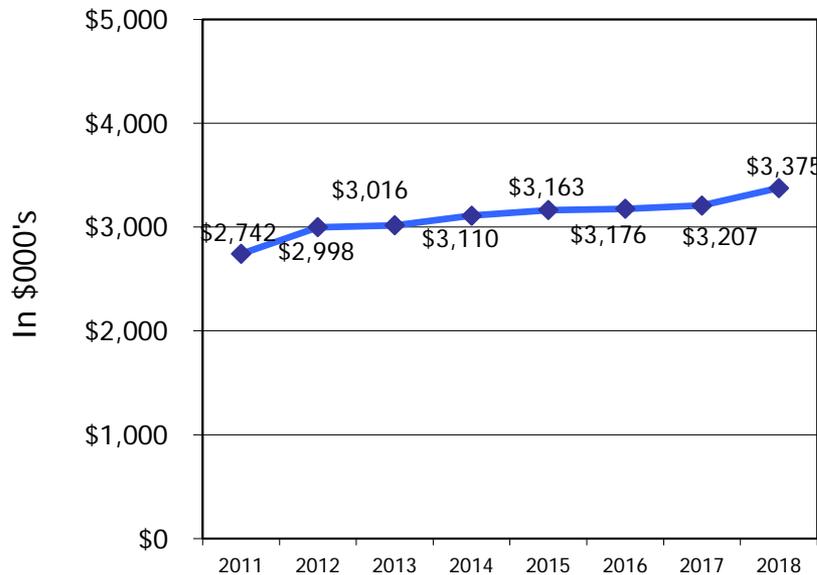
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
2.30	2.48	2.38	2.62	4.24	2.26	2.23	2.00	1.96	2.20	2.16



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 annual governmental activities.

Sales tax growth is a measure of the change in the local economy from the prior year in terms of the change per one-cent tax collected.

For the year ended June 30, 2018, the City experienced an increase in sales and use tax per one-cent tax of 5.2% from the prior year, continuing an eight year trend of improvements.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
+3.2%	-1.2%	-8.6%	+3.9%	+9.4%	+0.6%	+3.1%	+1.7%	+0.4%	+1.0%	+5.2%

Financial Performance Ratios

Summary and Comparison to Prior Years

Ratio	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Change in Net Position	1.2%	4.8%	2.4%	7.5%	4.3%
Interperiod Equity	105%	119%	109%	128%	116%
BTA Self Sufficiency	106%	104%	100%	105%	105%
Debt Service Coverage	2.23	2.00	1.96	2.2	2.16
Sales Tax Growth	3.1%	1.7%	0.4%	1.0%	5.2%
Financial Performance Performer Score	8.7	8.7	7.6	8.9	9.3

Performer[®] Ratios

Financial Capability Ratios

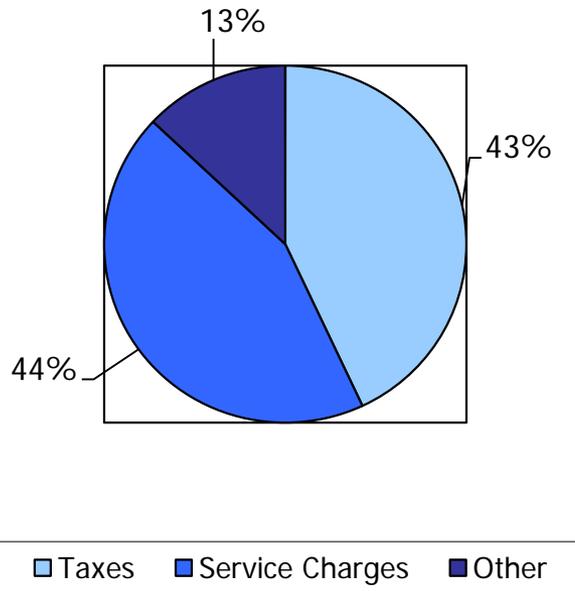
Revenue Dispersion	How much of our revenue is within our direct control?
Debt Service Load	How heavily is our budget loaded with payments to retire long-term debt?
Bonded Debt Per Capita	What is the debt burden on our property tax payers?
Legal Debt Limit Remaining	Will we be legally able to issue more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

2018 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, 2018, the City had direct control over 44% (service charges) of its revenues. This ratio indicates the City has some limited exposure, as do most cities, to financial difficulties due to reliance (56%) on taxes that require voter approval and on grants, contributions and other revenue.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
65%	55%	56%	55%	52%	59%	50%	54%	52%	59%	56%



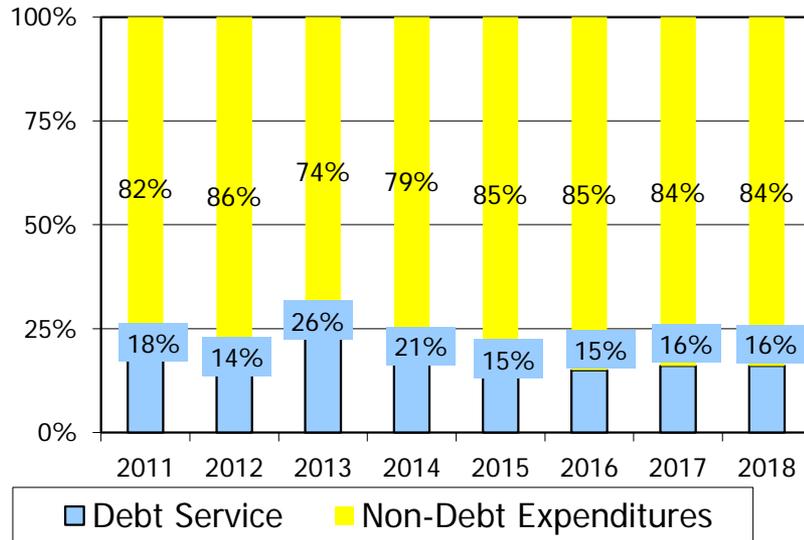
Debt Service Load

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

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

For the year ended June 30, 2018, the City's total non-capital expenditures amounted to \$28.1 million of which \$4.6 million (or 16%) were payments for principal and interest on long-term debt. This is an indicator of an above satisfactory solvency and indicates that for every dollar the City spent on non-capital items, 16 cents of that dollar was used for debt service.

Percentage of Debt Service and Non-Debt Expenditures



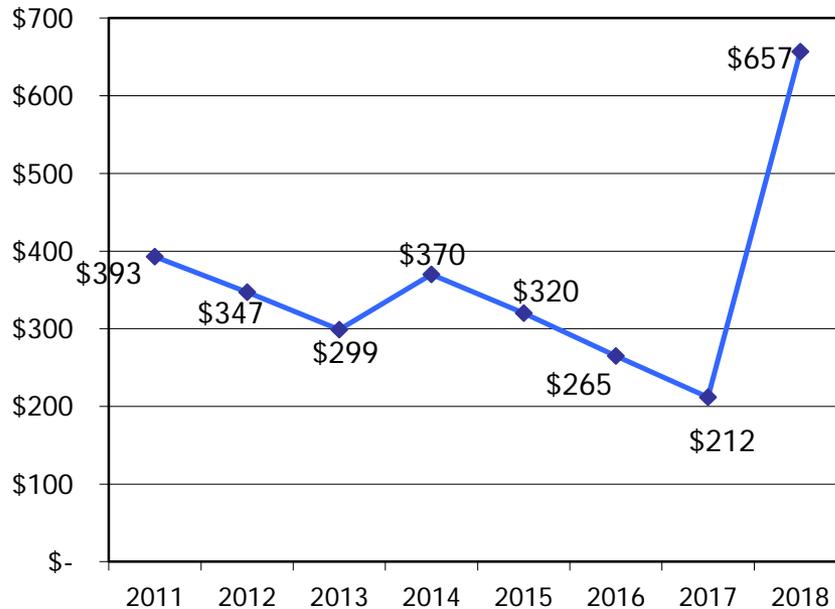
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
17%	16%	18%	18%	14%	26%	21%	15%	15%	16%	16%



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, 2018, the City had \$13.1 million of general obligation bonds outstanding. The City's general bonded debt per capita in 2018 amounted to \$657. This is a significant increase in the ratio from the prior year due to the issuance of \$9.7 million of G.O. bonds, but is still considered an above satisfactory general bonded debt burden in our model.

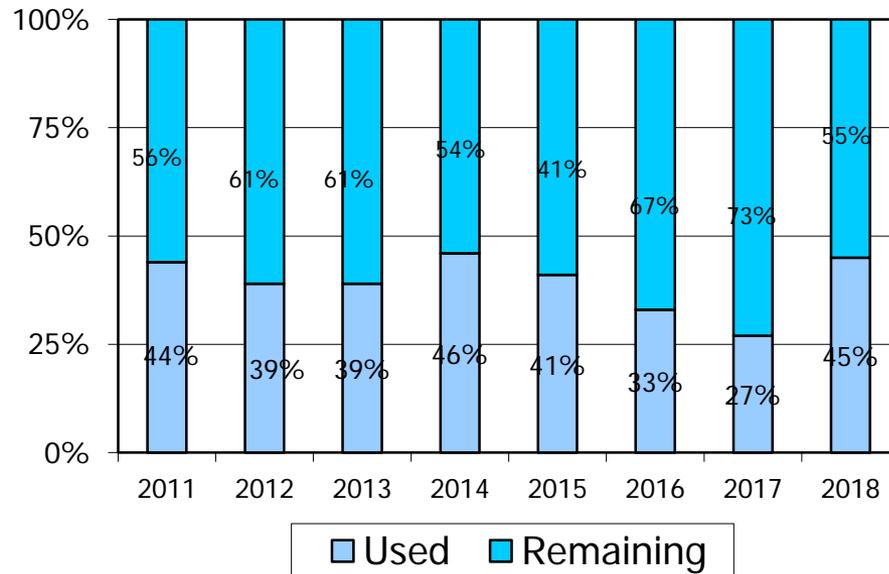
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
\$546	\$497	\$440	\$393	\$347	\$299	\$370	\$320	\$265	\$212	\$657



Legal Debt Limit Remaining

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

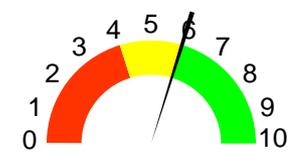
Percentage of Legal Debt Limit Used Versus Remaining



Oklahoma law limits certain types of general obligation debt to no more than 10% of the City's net assessed valuation of taxable property.

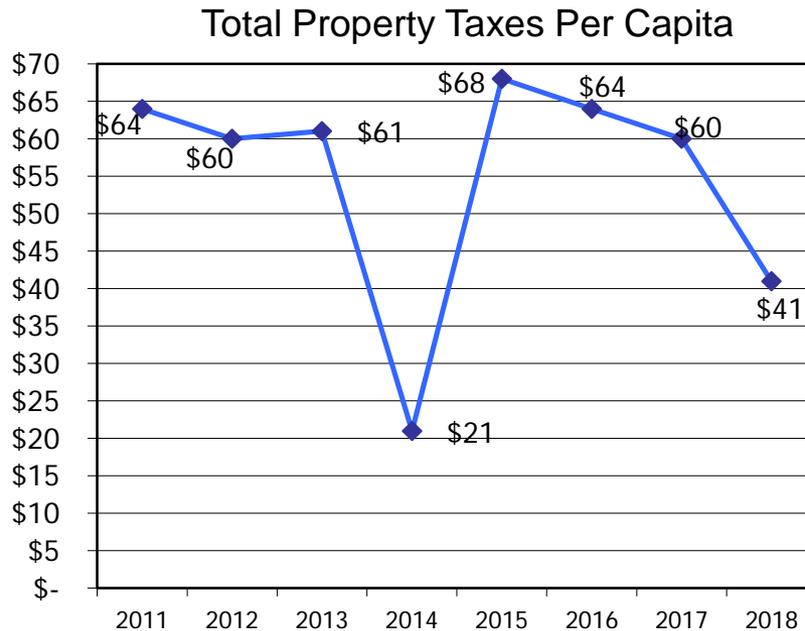
For the year ended June 30, 2018, the City had \$6.2 million of general obligation debt applicable to this legal debt limit. This means that at year end the City had \$7.4 million or 55% of its legal general obligation debt limit remaining.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
36%	44%	53%	56%	61%	61%	54%	59%	67%	73%	55%



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.

For the year ended June 30, 2018, total property taxes levied amounted to approximately \$815,001 or \$41 per capita. This indicates a better than satisfactory property tax burden in our model and an improvement in the ratio from prior year. However we anticipate an increase in the ratio in subsequent years due to the 2018 issuance of \$9.7 million of new G.O. bond debt.

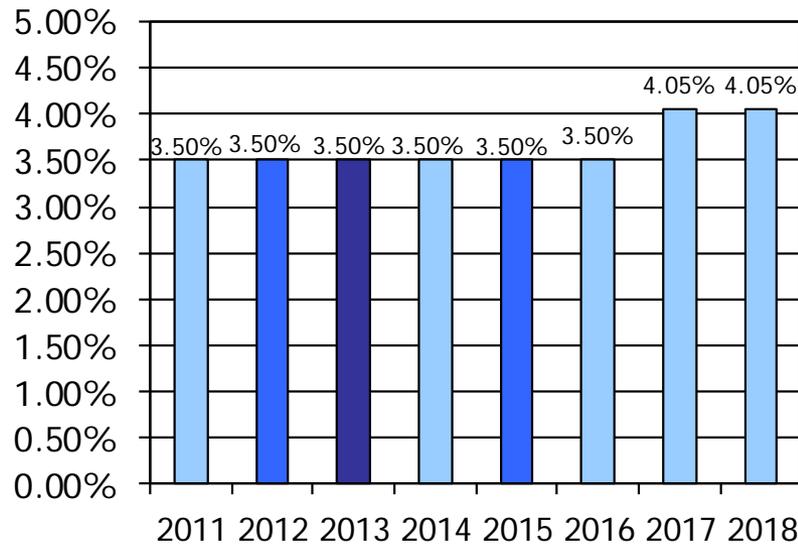
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
\$67	\$67	\$66	\$64	\$60	\$61	\$21	\$68	\$64	\$60	\$41



Local Sales Taxes 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 weaker terms of increase ability margin.

For the year ended June 30, 2018, as was the case for all of FY 2017, the City's sales tax rate in effect for FY 2018 was 4.05%.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	4.05%	4.05%
Taxes in millions	\$10.2	\$10.1	\$9.2	\$9.6	\$10.5	\$10.5	\$10.9	\$11.1	\$11.1	\$12.0	\$13.7

Financial Capability Ratios

Summary and Comparison to Prior Years

Ratio	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue Dispersion	50%	54%	52%	59%	56%
Debt Service Load	21%	15%	16%	16%	16%
General Bonded Debt per Capita	\$370	\$320	\$265	\$212	\$657
Remaining Legal Debt Margin	54%	59%	67%	73%	55%
Property Taxes per Capita	\$21	\$68	\$64	\$60	\$41
Sales Tax Rate	3.50%	3.50%	3.50%	4.05%	4.05%
Financial Capability Performer Score	5.4	5.5	5.8	5.5	4.8

Thank You

We would like to commend and thank the City of Sand Springs management and its governing body for allowing us to present this financial analysis. We hope it serves 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.
