PERFORMETER®

THE PERFORMETER®

A Financial Statement Analysis of
The City of Bixby, Oklahoma
As of and for the year ended June 30, 2020

Crawford & Associates, P.C.

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 0-10

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 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

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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 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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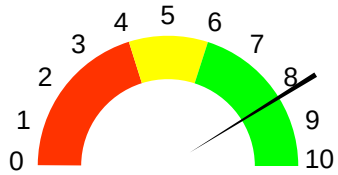
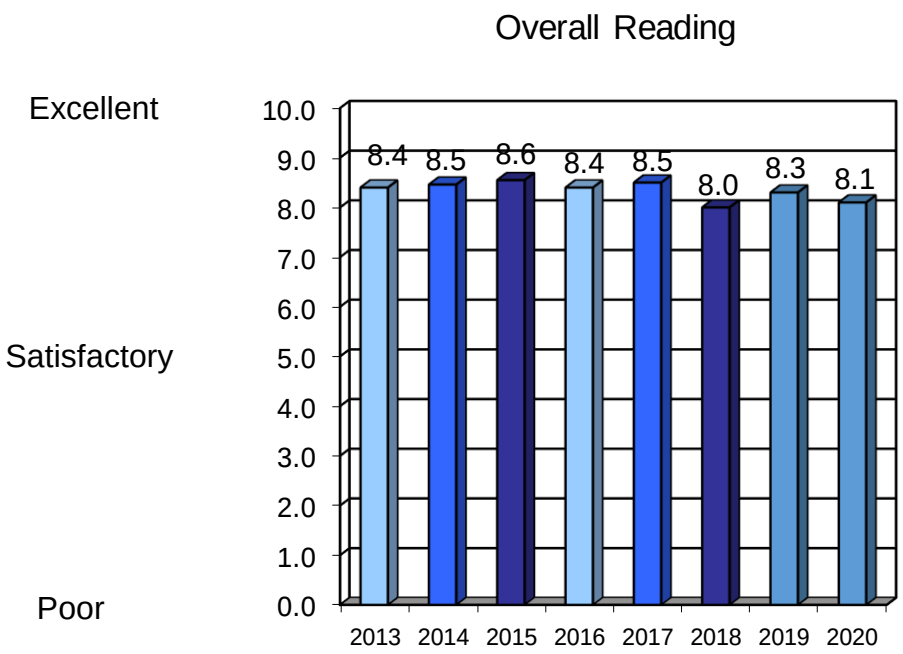


Performeter® Reading



For the 2020 fiscal year, the readings by ratio category were as follows:

Financial Position	9.6
Financial Performance	9.6
Financial Capability	4.1

The strongest components of the ratings are the City's financial position and financial performance in the current year, both of which scored a 9.6. In addition, the City's financial capability as of and for the year ended June 30, 2020 reflects a slightly below satisfactory rating. The 2020 overall reading of 8.1 indicates the evaluator's opinion that Bixby's overall financial health and performance continues to be well above satisfactory, but experienced a slight decrease when compared to the score of the prior year.

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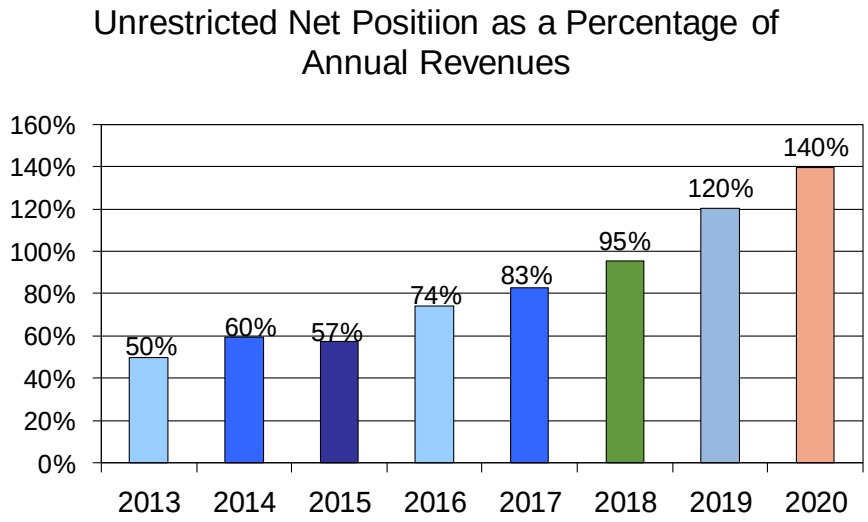
Performeter® Ratios

Financial Position Ratios

Unrestricted Net Position	How does our overall economic condition look?
Unassigned Fund Balance	How do our rainy day funds look?
Capital Asset Condition	How much estimated useful life do we have left in our capital assets?
Asset 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?



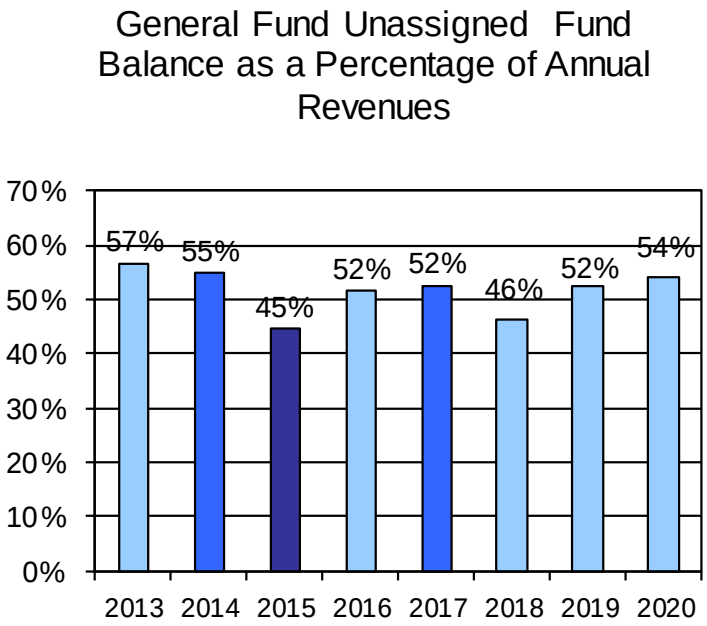
The level of total unrestricted net position is an indication of the amount of unexpended and available resources the City has at a point in time to fund emergencies, shortfalls or other unexpected needs. In our model, 50% is considered excellent, while 30% is considered a desired minimum.

For the year ended June 30, 2020, the City's total unrestricted net position approximated $58 million or 140% of annual total revenues. This exceeds our model's desired minimum of 30% and is considered excellent. This ratio has continued to increase over the past several years.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
22.7%	32.8%	49.8%	59.5%	57.1%	73.9%	82.6%	95.2%	120.2%	139.8%

Level of Unassigned Fund Balance

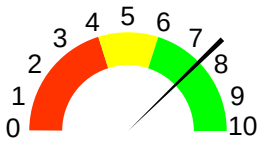
How do our rainy day funds look?



The level of 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 specific projects or functions, budgetary emergencies, shortfalls or other unexpected needs. In this analysis, only the General Fund is considered. In our model, 10% is considered a minimum responsible level, while 30% is considered desirable.

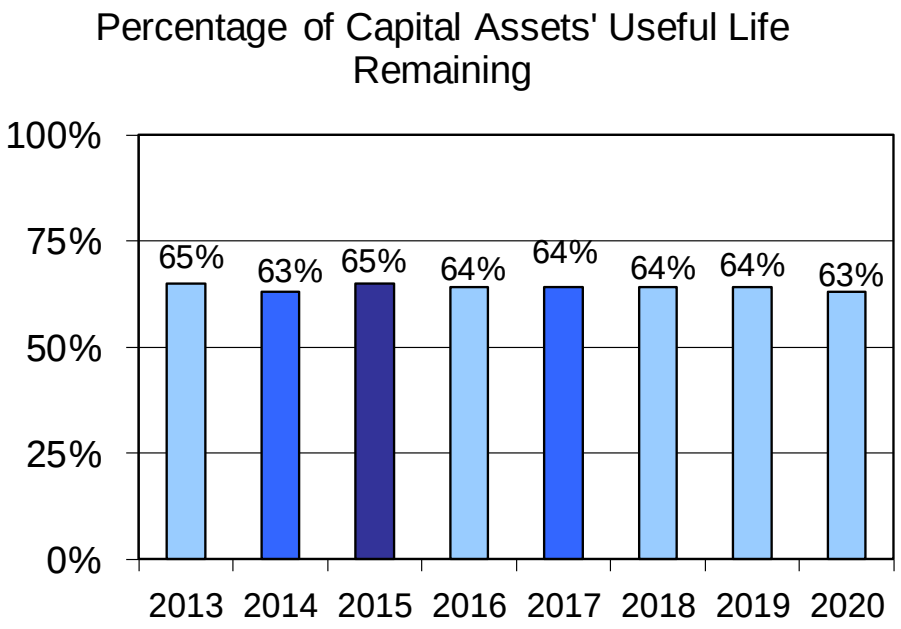
For the year ended June 30, 2020, the City's total unassigned fund balance of the General Fund amounted to $6.0 million or 54% of annual General Fund revenues. This is considered an excellent financial indicator.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
46.3%	53.8%	56.7%	54.8%	44.6%	51.6%	52.3%	46.4%	52.4%	54.2%



Capital Asset Condition

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



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, 2020, the City's depreciable capital assets amounted to $202.6 million while accumulated depreciation totaled $75.5 million. This indicates that, on the average, the City's capital assets have a little less than two-thirds, or 63%, of their useful lives remaining. This is a favorable financial indicator and is considered well above satisfactory. In addition, this ratio has remained relatively consistent with previous years ratios.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
66%	67%	65%	63%	65%	64%	64%	64%	64%	63%

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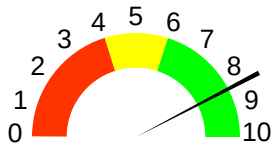
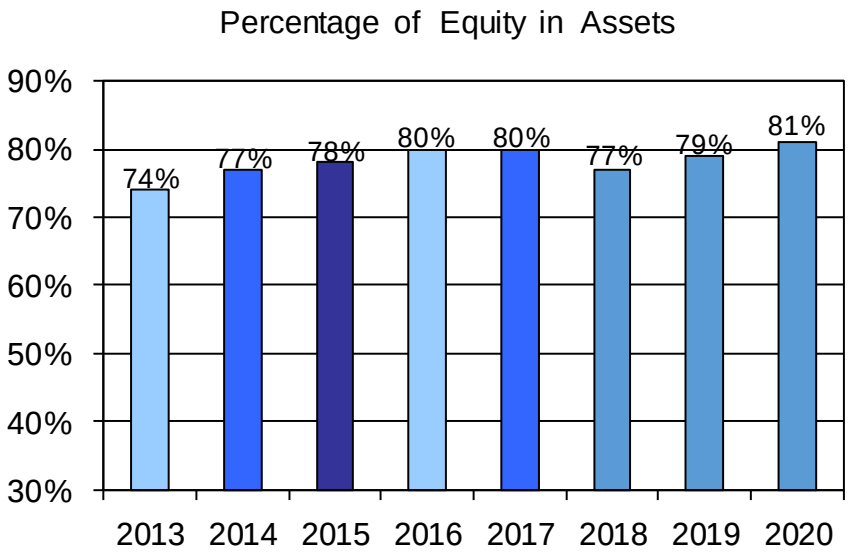


Assets to Debt

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, 2020, approximately one-fourth (19%) of the City's $248 million of total assets were funded with debt or other obligations, leaving an 81% equity position in total assets. This is considered a well above satisfactory financial indicator and indicates that for each dollar of City assets owned, it owes 19 cents of that dollar to others. This ratio has remained relatively consistent with prior years.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
69%	71%	74%	77%	78%	80%	80%	77%	79%	81%

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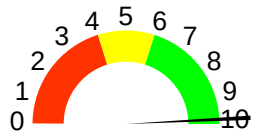
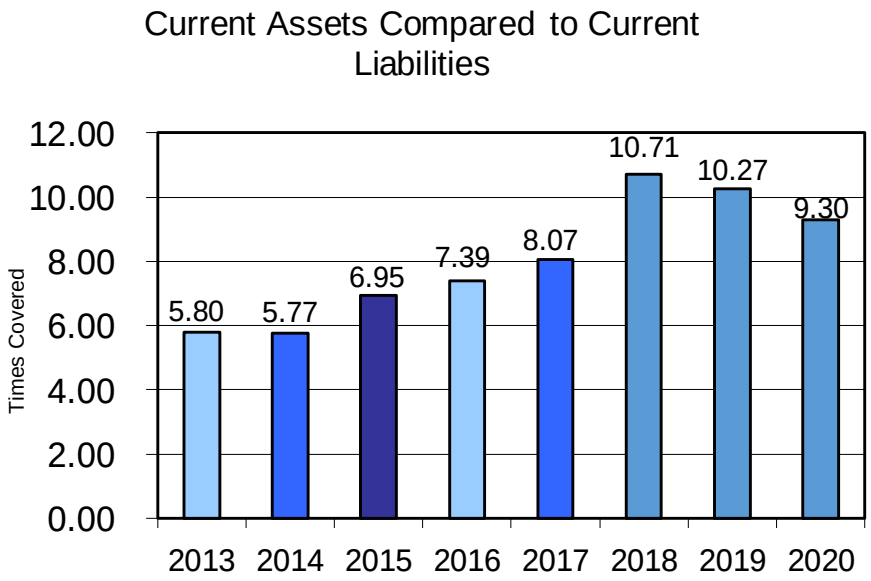


Current Ratio

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, 2020 the City had a government-wide ratio of current assets to current liabilities of 9.3 to 1. This indicates that the City had nine times the amount of current assets needed to pay current liabilities. This is considered an excellent liquidity ratio, and has exceeded our model's desired level each year.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
7.53	5.07	5.80	5.77	6.95	7.39	8.07	10.71	10.27	9.30

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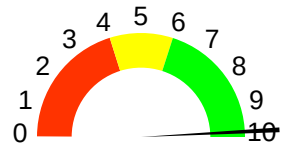
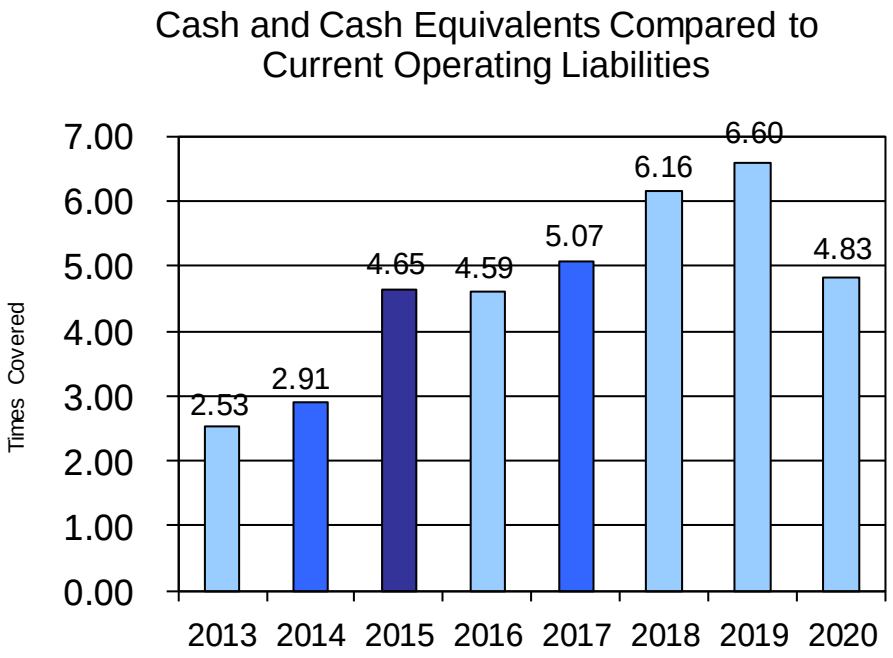


Quick Ratio

How is our short-term cash position?



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, 2020, the City had a government-wide ratio of cash and cash equivalents to current operating liabilities of 4.83 to 1. This indicates that the City had almost five times the amount of cash and short-term investments needed to pay current liabilities. This is considered an excellent indicator but a decrease when compared to the ratio of the prior period.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1.40	1.56	2.53	2.91	4.65	4.59	5.07	6.16	6.60	4.83

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Performeter® Ratios

Financial Performance Ratios

Change in Net Position	Did our overall economic 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 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?

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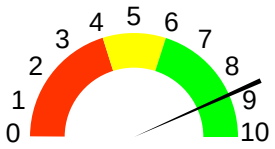
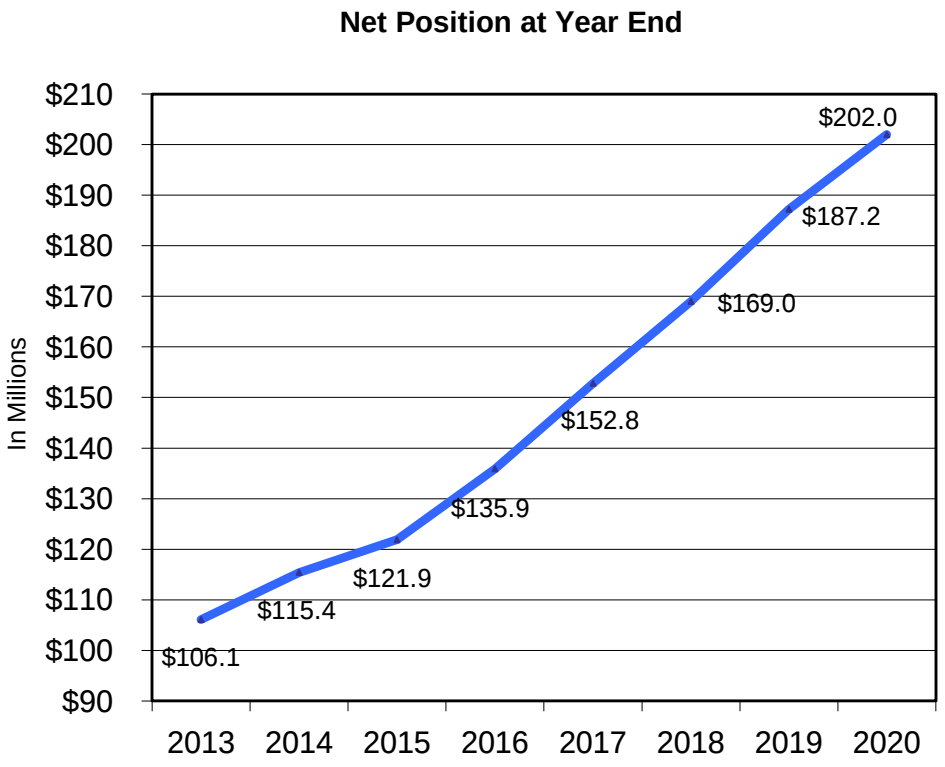


Change in Net Position

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



Net position includes all financial assets, deferred outflows, liabilities, and deferred inflows of the City, except for fiduciary funds held for the benefit of others. It is measured as the residual difference between these 4 elements, which includes capital assets, and long-term debt. Net position typically increases as a result of earning more revenue than expenses incurred in the fiscal year.

For the year ended June 30, 2020, total net Position increased by $15 million or approximately 7.9% from the prior year. This increase is indicative of revenues exceeding expenses in the fiscal year for the City as a whole and is considered an excellent indicator.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
+17.0%	+5.0%	+5.9%	+8.3%	+11.8%	+11.5%	+12.4%	+10.6%	+10.8%	+7.9%

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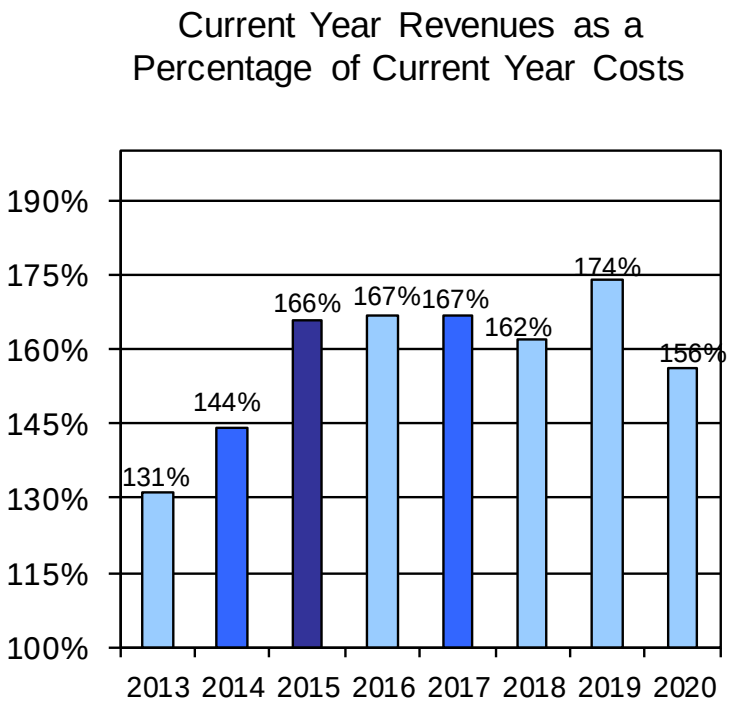
Interperiod Equity

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



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.

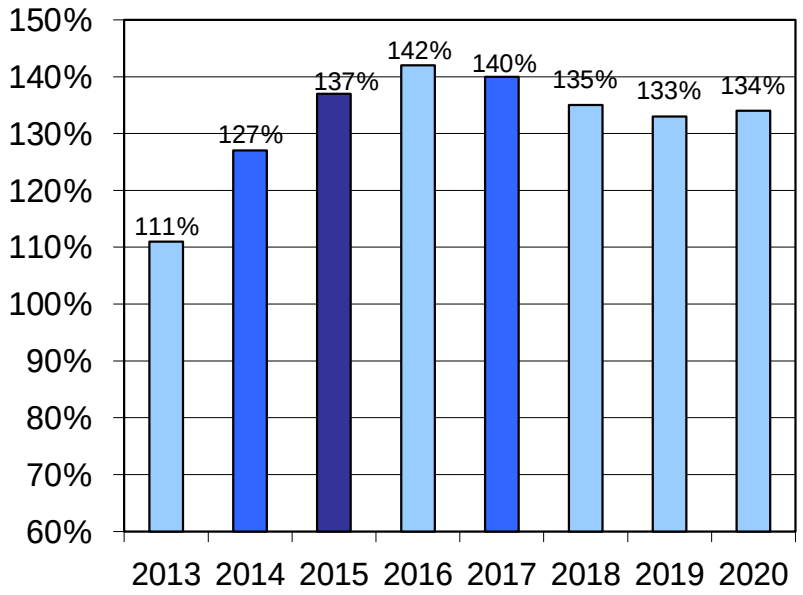
For the year ended June 30, 2020, the City's total costs were more than fully funded by current year tax and rate payers, and other current year revenues. This ratio is relatively consistent with prior years, and any unusual spikes or declines in this ratio are usually a result of significant grant activity in an individual year.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
162.6%	125.8%	130.9%	144%	165.7%	166.6%	166.8%	161.9%	174.4%	155.7%

BTA Self-Sufficiency

Did current year business-type activities pay for themselves?

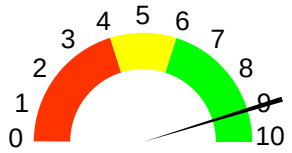
Percentage of BTA Expenses Covered By BTA Revenues



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.

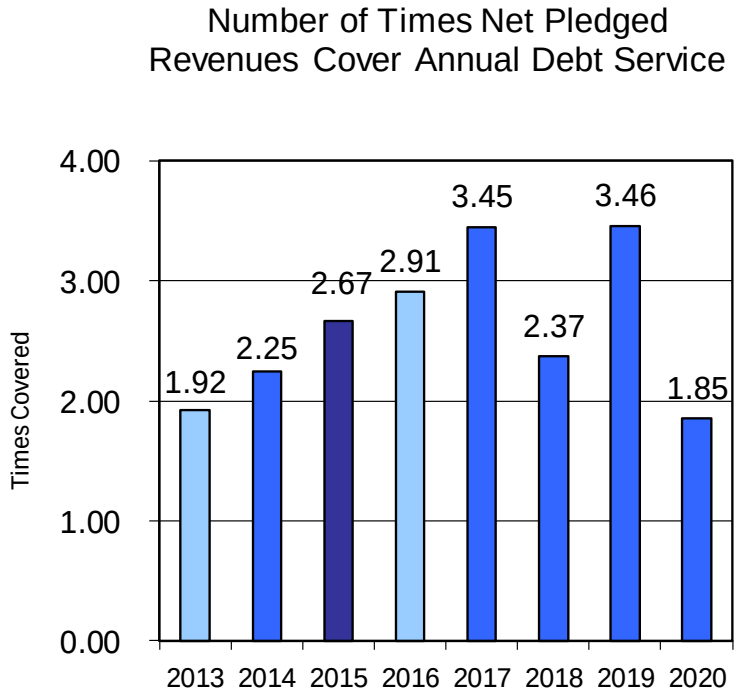
For the year ended June 30, 2020, the City's total business-type activities were fully self-sufficient in total and did not require the use of subsidies or the use of prior year reserves to fund current year costs. In 2020, individually, the water and wastewater functions were self-sufficient.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
107%	103%	111%	127%	137%	142%	140%	135%	133%	134%



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 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, 2020, the City experienced a very favorable debt service coverage ratio of 1.85. This indicates the City generated almost two times the amount of cash necessary to pay the debt service requirements on its revenue bonds and notes. Although this represents a decrease in the ratio when compared to the prior period, it still remains a near excellent indicator.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2.75	3.20	1.92	2.25	2.67	2.91	3.45	2.37	3.46	1.85

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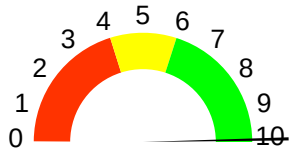
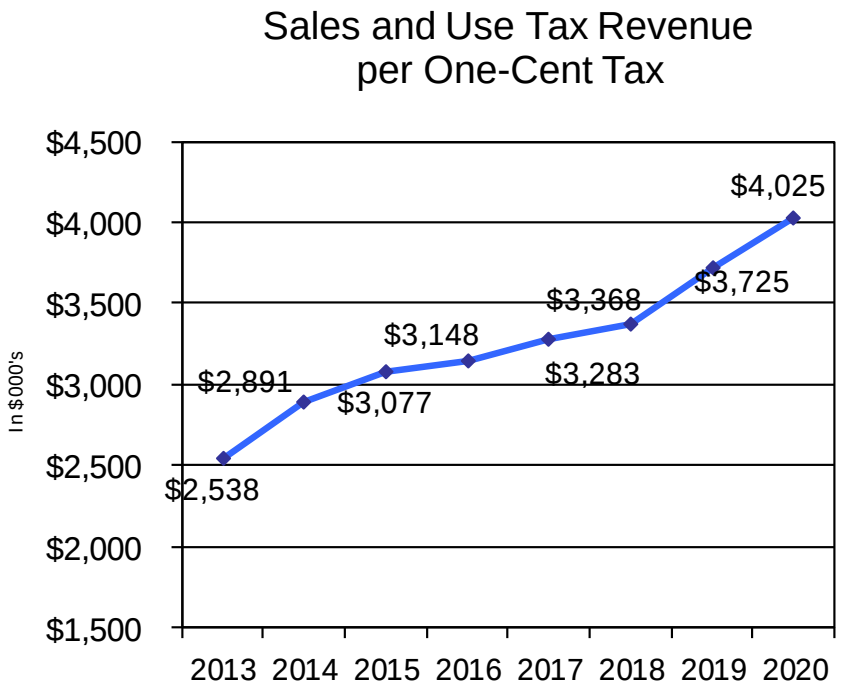


Sales Tax Growth

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 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, 2020, the City experienced an increase in sales and use tax per one-cent tax of 8.1% from the prior year, sustaining a ten-year positive trend in the local economy.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
+4.1%	+6.8%	+15.3%	+13.9%	+6.4%	+2.3%	+4.3%	+2.6%	+10.6%	+8.1%

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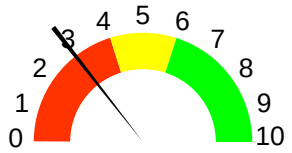
Performeter® Ratios

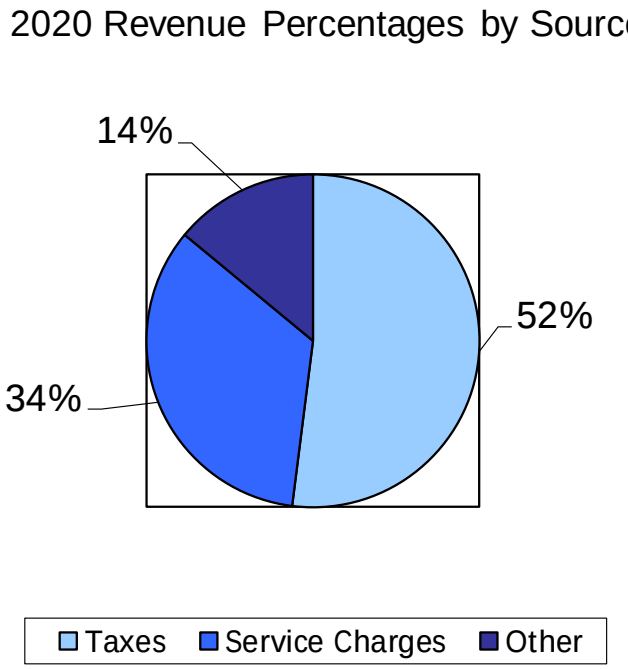
Financial Capability Ratios

Revenue Dispersion	How heavily are we relying on revenue sources beyond our direct control?
Debt Service Load	How much of our annual budget is loaded with disbursements to pay off 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

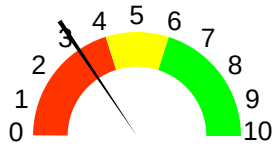
How heavily are we relying on revenue sources beyond our direct control?



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.

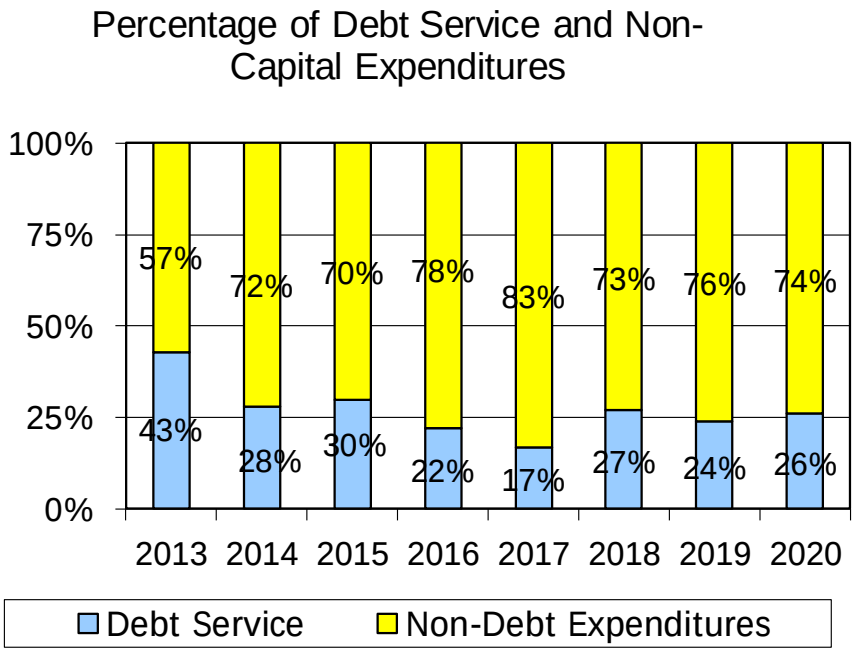
For the year ended June 30, 2020, the City had direct control over 34% (service charges) of its revenues. This ratio remains relatively consistent when compared to the prior years. In addition, his ratio indicates the City has significant exposure, as do most cities, to financial difficulties due to reliance (66%) on taxes that require voter approval and on grants, contributions and other revenues.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
30%	39%	40%	41%	36%	37%	33%	33%	33%	34%



Debt Service Load

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



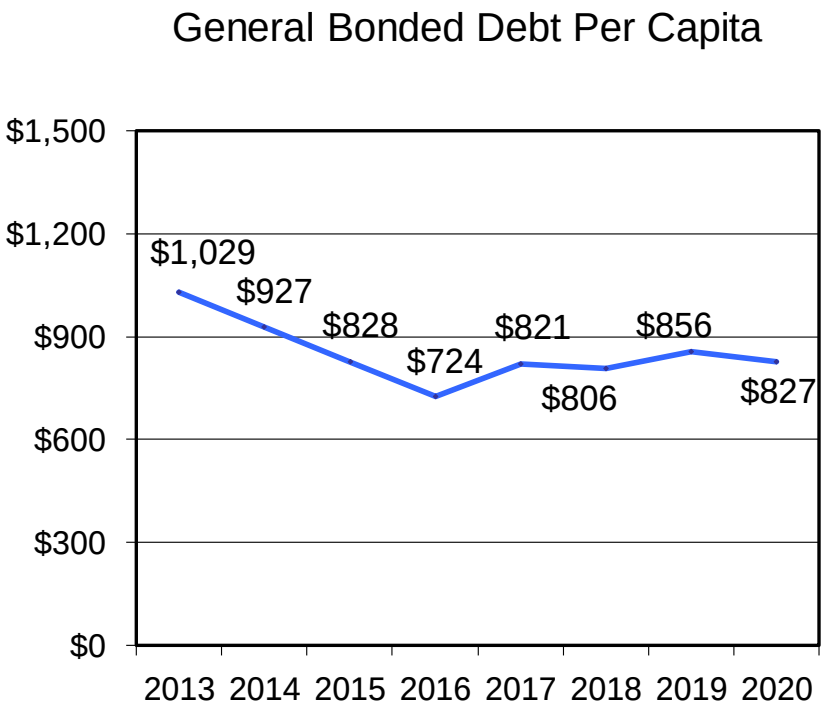
The debt service load ratio measures the extent to which the City's non-capital expenditures were comprised of debt service payments on long-term debt.

For the year ended June 30, 2020, the City's total non-capital expenditures amounted to $30 million of which $7.7 million (or 26%) were payments for principal and interest on long-term debt. This is a below satisfactory indicator of solvency and indicates that for every dollar the City spent on non-capital items, 26 cents of that dollar was used for debt service.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
26%	22%	43%	28%	30%	22%	17%	27%	24%	26%

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, 2020, the City had $19.0 million in general obligation bonded debt outstanding. Therefore, it has a per capita general bonded debt burden of $827 on its citizens and taxpayers. In our model, this is considered to be a relatively high bonded debt per capita ratio.

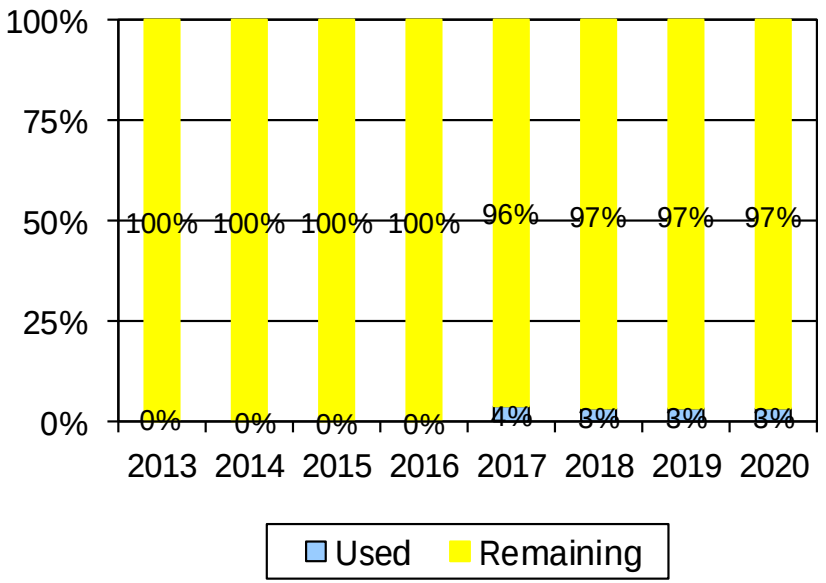
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
$1,353	$1,259	$1,029	$927	$828	$724	$821	$806	$856	$827

Legal Debt Limit Remaining

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

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

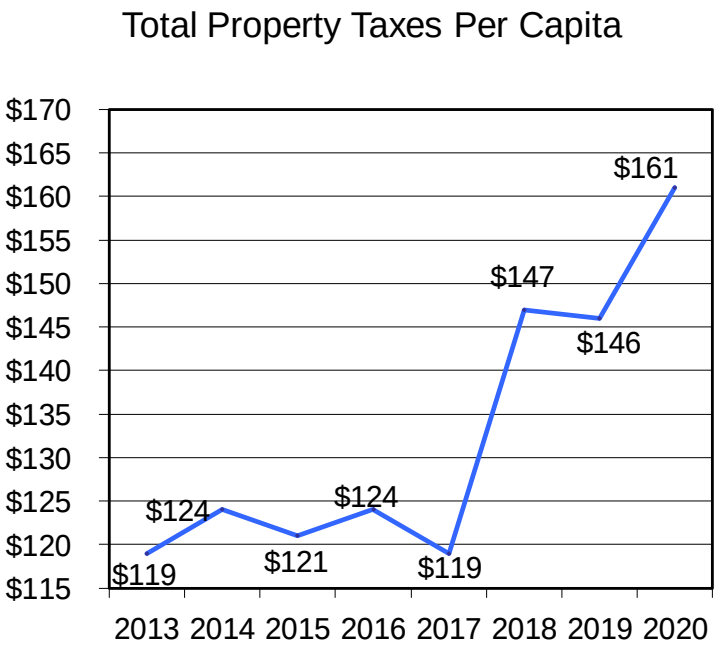
For the year ended June 30, 2020, the City has $975,000 of general obligation debt applicable to this legal debt limit. Based upon a review of the City's outstanding general obligation debt issues, 3% of the City's general obligation debt currently outstanding ($19.0 million) is subject to this legal debt limit. Therefore, the City has retained 97% of its capacity to issue general obligation bond debt. This is an excellent indicator of future capability, and is indicative of a significant ability to issue further general obligation bond debt.



2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
100%	100%	100%	100%	100%	100%	96%	97%	97%	97%

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, 2020, the City had levied property taxes of $3.7 million. This indicates that there is a per capita property tax burden of $161. This is considered a relatively high ratio in our model and an increase during the past year.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
$120	$127	$119	$124	$121	$124	$119	$147	$146	$161

Thank You

We would like to commend and thank the City of Bixby's management and its governing body for allowing us to present this financial analysis. We hope it serves as a useful and understandable complement to your annual financial report.

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