



CITY OF SAPULPA

FISCAL YEAR 2024

A Financial Statement Analysis Tool Using Indicators of Financial
Health and Success



WHAT IS THE PERFORMETER®?

- An analysis that takes a government's 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 ratings from 0-10.
- The overall rating is a barometer of the entity's financial health and performance.

HOW TO USE THE PERFORMETER®

- Use the individual ratios to identify financial warning signals.
- Use the overall rating as a collective benchmark of financial health and success of the entity as a whole.
- Use the comparisons to prior years to monitor trends in financial indicators.

LIMITATIONS OF THE PERFORMETER®

- The Performeter® should not be used as the only source of financial information to evaluate the entity's performance and condition.
- The analysis is an overall rating of the entity 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

PERFORMETER® RATING



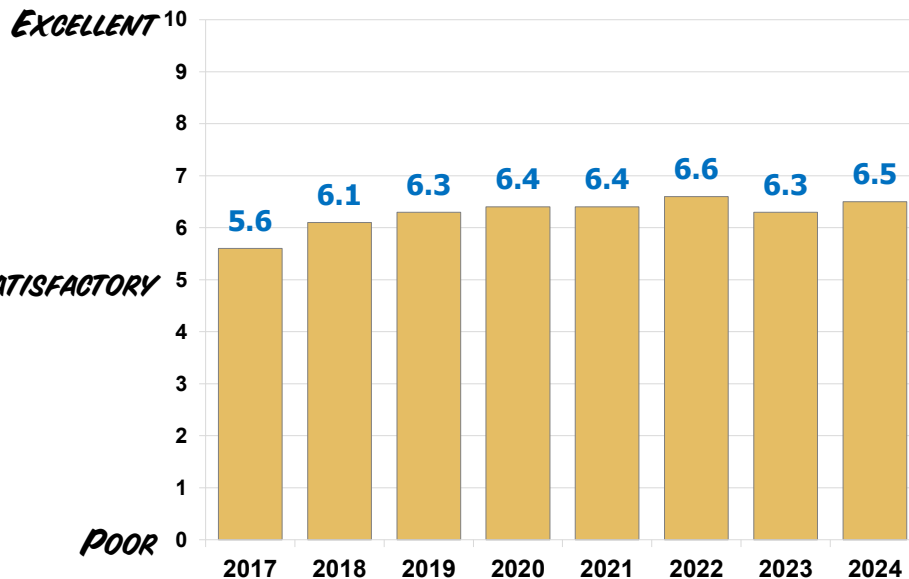
WHAT IS THE STATE OF OUR OVERALL FINANCIAL CONDITION?

For the 2024 fiscal year, the ratings by ratio category were as follows:

Financial Position	7.0
Financial Performance	7.5
Financial Capability	<u>4.3</u>
Overall Rating	6.5

The strongest component of the ratings was the City's financial performance over the past year. The City's financial position at June 30, 2024, also reflects an above satisfactory rating, with financial capability rating being just below satisfactory. The 2024 overall score of 6.5 indicates the evaluator's opinion that Sapulpa's overall financial health remains above satisfactory and is relatively consistent with the scores of the prior years shown.

OVERALL RATING



FY 24 OVERALL PERFORMETER® RATING: 6.5

FINANCIAL POSITION RATINGS

- This set of ratings serves to illustrate “point-in-time” measures of the entity’s financial status, solvency, and liquidity as of the date of its most recent annual financial statements.



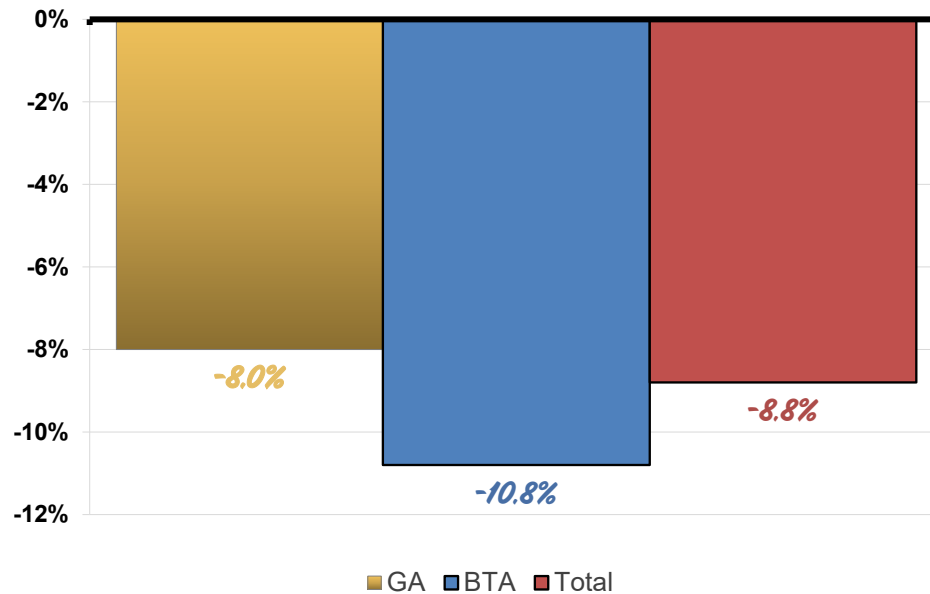
FINANCIAL POSITION RATINGS

Unrestricted Net Position	How do our total rainy day funds look?
General Fund Unassigned Fund Balance	How does our General Fund unassigned fund balance carryover position look?
Capital Asset Condition	How much life do we still have left in our capital assets?
OPEB Plan Funding	Will our employees be happy with us when they retire as far as health is concerned?
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 (DEFICIT) AS A % 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, 2024, the City's total unrestricted net position was in a deficit, or negative position, of approximately of \$4.1 million, or 9% of annual total revenues. This is below our model's desired minimum level but does represent an improvement in the ratio when compared to the prior year. This deficit is caused primarily by the City reporting its share of the unfunded liability of the State's Fire Pension System of \$12.1 million.

2017	2018	2019	2020	2021	2022	2023	2024
-21%	-22%	-16%	-14%	-19%	-14%	-21.6%	-8.8%

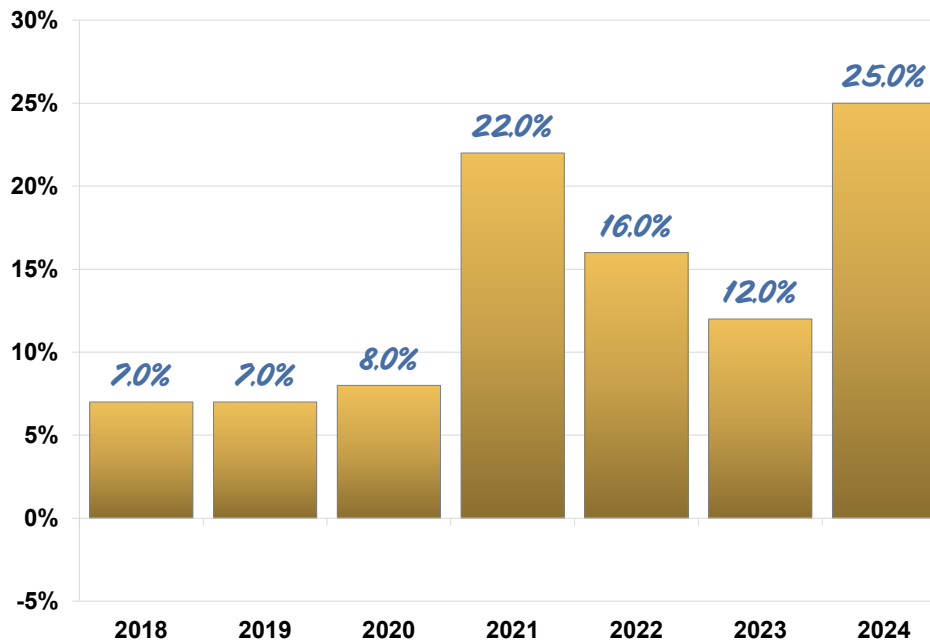
PERFORMETER®
RATING

0

LEVEL OF GENERAL FUND UNASSIGNED FUND BALANCE

HOW DOES OUR CARRYOVER LOOK?

*UNASSIGNED FUND BALANCE AS A
PERCENTAGE OF ANNUAL REVENUES*



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 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, 2024, the City's unassigned fund balance of the General Fund (less any negative unassigned fund balance in other governmental funds) amounted to \$4,063,264 or 24.6% of annual General Fund revenues. This represents an increase from the ratio of the prior period and is considered a near excellent ratio in our model.

2017	2018	2019	2020	2021	2022	2023	2024
6%	7%	7%	8%	22%	16%	12%	25%

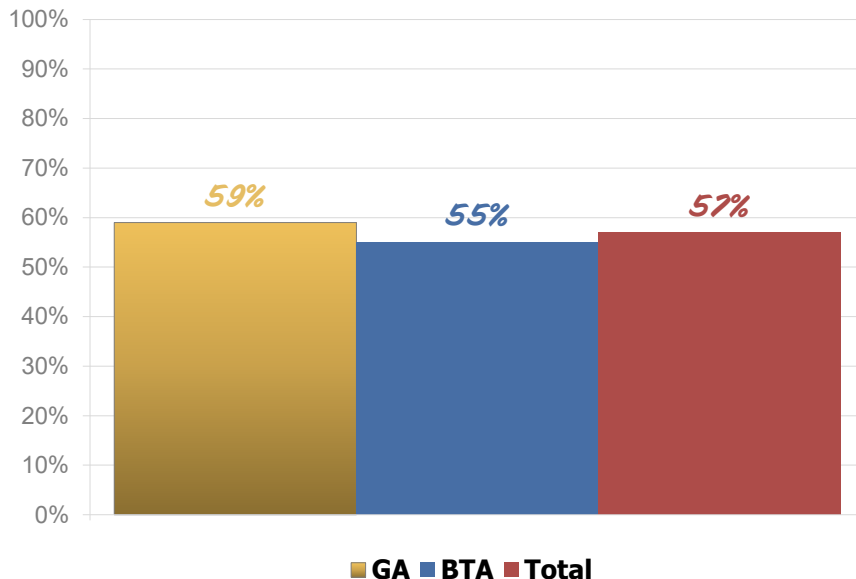
**PERFORMETER®
RATING**

8.7

CAPITAL ASSET CONDITION

HOW MUCH USEFUL LIFE DO WE HAVE LEFT IN OUR CAPITAL ASSETS?

PERCENTAGE OF CAPITAL ASSETS' USEFUL LIFE REMAINING



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, 2024, the City's depreciable capital assets amounted to \$203 million while accumulated depreciation totaled \$87 million. This indicates that, on average, the City's capital assets have more than one-half (57%) of their useful lives remaining. This is an above satisfactory financial indicator in our model and is consistent with the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
61%	59%	58%	57%	55%	56%	57%	57%

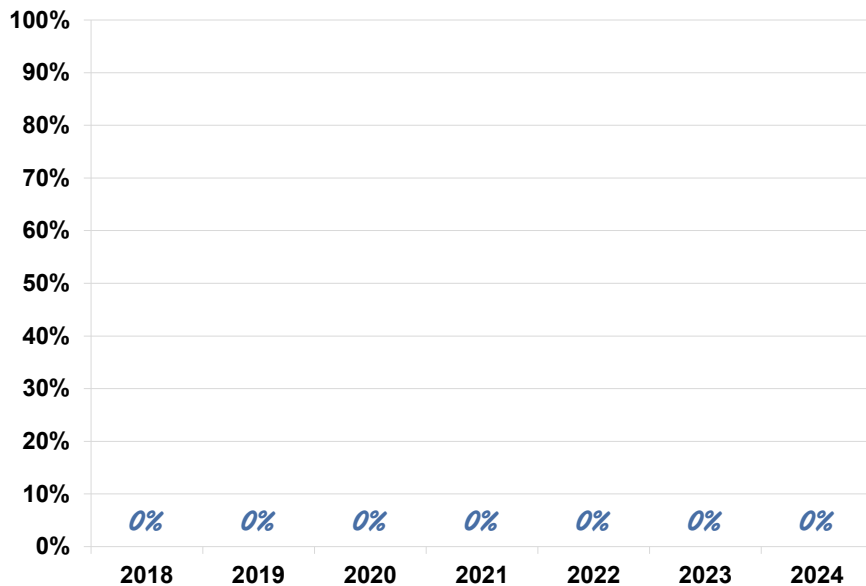
PERFORMETER®
RATING

6.4

OPEB PLAN FUNDING RATIO

WILL WE BE ABLE TO PAY FOR RETIREE HEALTH CARE IN THE FUTURE?

**PERCENTAGE OF TOTAL OPEB LIABILITY THAT IS
ADVANCE FUNDED**



The OPEB funding ratio compares the actuarial value of any retiree healthcare plan assets set aside in trusts for future benefits with the actuarial accrued liability for plan benefits. An “actuarial fully advance funded” plan would reflect a funding percentage of 100%. Whereas funding strategy for the OPEB benefits, 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 at June 30, 2024, of approximately \$900 thousand, and the ability to pay for these future benefits will be dependent on future resources and appropriations made to fund these costs.

2017	2018	2019	2020	2021	2022	2023	2024
0%	0%	0%	0%	0%	0%	0%	0%

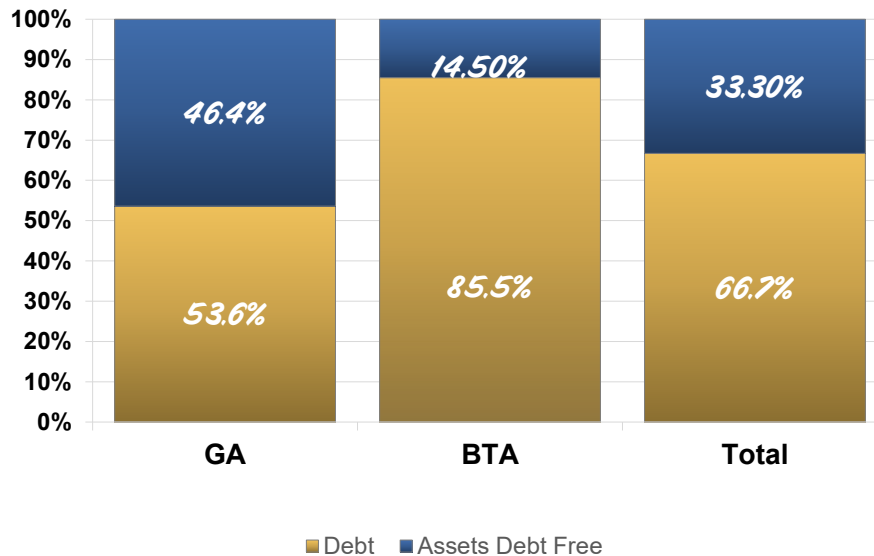
**PERFORMETER®
RATING**

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DEBT TO ASSETS

WHO REALLY OWNS THE CITY'S ASSETS?

PERCENTAGE OF DEBT TO ASSETS



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

At June 30, 2024, around two third's (67%) of the City's \$126 million of total assets were funded with debt or other obligations. This is considered a below satisfactory financial indicator and indicates that for each dollar of City assets owned, it owes 67 cents of that dollar to others, leaving a 33% equity in such assets. However, this ratio does represent an improvement when compared with the ratio of the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
80%	76%	72%	72%	76%	67%	71%	67%

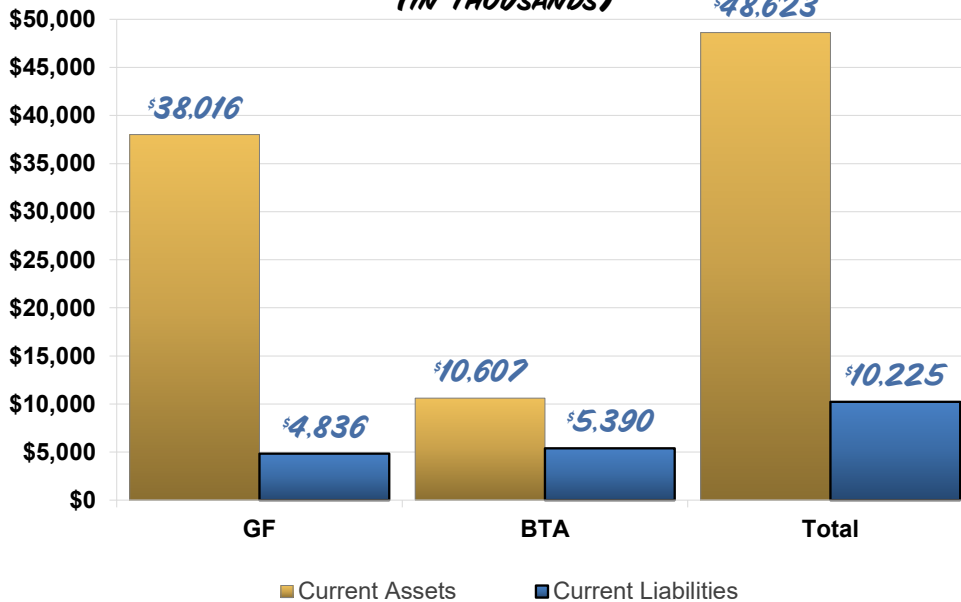
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RATING

2.9

CURRENT RATIO

WILL OUR VENDORS AND EMPLOYEES BE PLEASED WITH OUR ABILITY TO PAY THEM ON TIME?

**CURRENT ASSETS COMPARED TO CURRENT LIABILITIES
(IN THOUSANDS)**



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 current 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, 2024, the City had a government-wide ratio of current assets to current liabilities of 4.76 to 1. This indicates that the City had a little over four and three-fourth's the amount of current assets needed to pay current liabilities. This is considered an excellent indicator of liquidity and is an improvement when compared to the ratio of the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
4.12	3.66	3.34	4.94	5.51	4.39	3.08	4.76

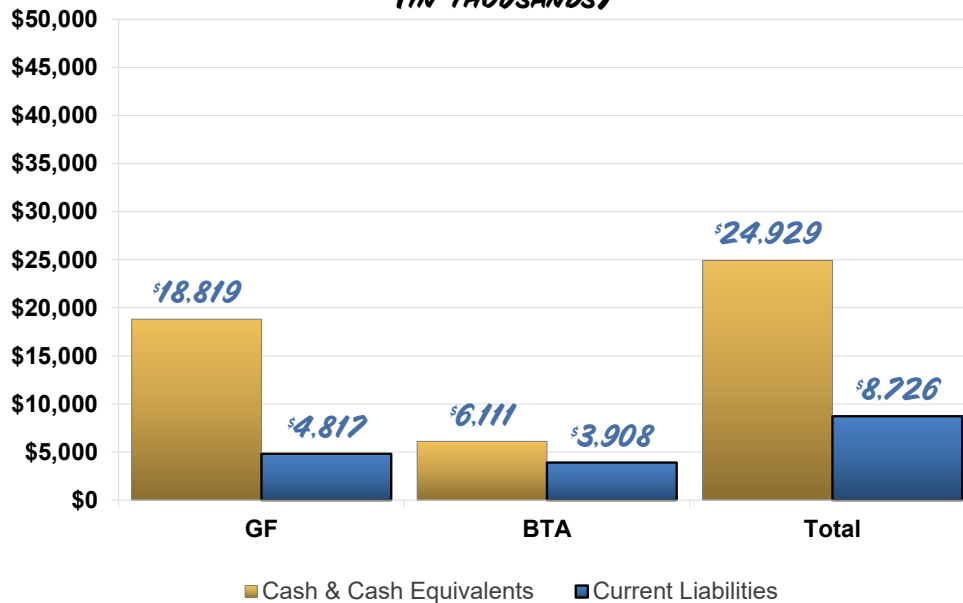
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RATING**

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QUICK RATIO

HOW IS OUR SHORT-TERM CASH POSITION?

**CASH AND CASH EQUIVALENTS COMPARED TO CURRENT LIABILITIES
(IN THOUSANDS)**



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 unrestricted cash and cash equivalents 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 on hand.

At June 30, 2024, the City had a government-wide ratio of cash and cash equivalents to current operating liabilities of 2.86 to 1. This indicates that the City had a little over two and three-fourth's times the minimum amount of cash and cash equivalents needed to pay short-term operating obligations at year end. This is considered an excellent ratio in our model, and it also represents an improvement when compared to the ratio of the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
1.65	1.46	1.54	3.38	2.78	2.06	2.03	2.86

**PERFORMETER®
RATING**

10

FINANCIAL POSITION RATINGS

SUMMARY AND COMPARISON TO PRIOR YEARS

Ratio	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Unrestricted Net Position	-14.0%	-18.8%	-14.1%	-21.6%	-8.8%
General Fund Unassigned Fund Balance	8%	22%	16%	12.4%	24.6%
Capital Asset Condition	57%	55%	56%	57%	57%
OPEB Plan Funding	0%	0%	0%	0%	0%
Assets to Debt	72%	76%	77%	71%	67%
Current Ratio	4.94	5.51	4.39	3.08	4.76
Quick Ratio	3.38	2.78	2.06	2.03	2.86
Financial Position Rating	6.1	6.7	6.5	6.4	7.0

FINANCIAL PERFORMANCE RATINGS

- This set of ratings serves to illustrate “look-back” measures as to whether the entity’s financial position has been improving, deteriorating, or remaining steady.



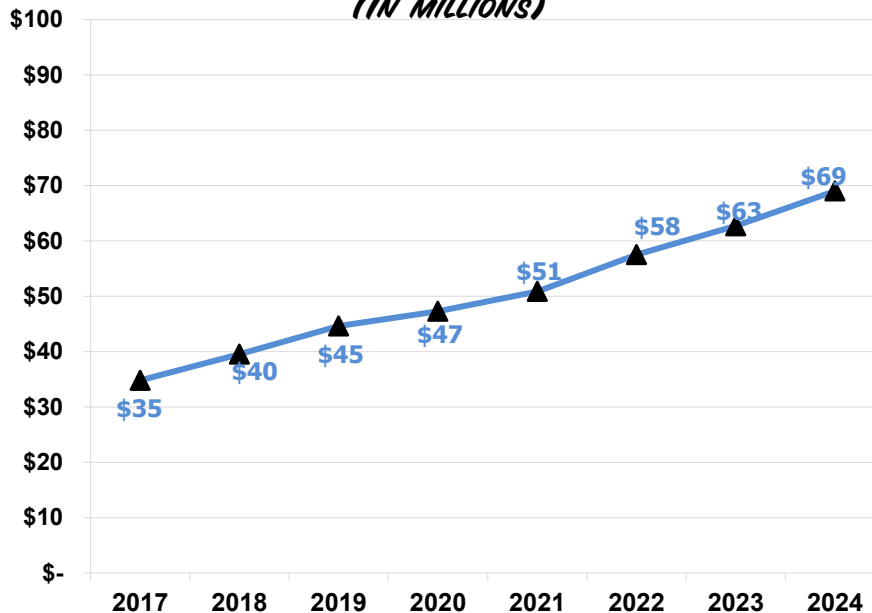
FINANCIAL PERFORMANCE RATINGS

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, pay for themselves?
Debt Service Coverage	Were our revenue bond and note 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 POSITION IMPROVE, DECLINE OR REMAIN STEADY OVER THE PAST YEAR?

*NET POSITION AT YEAR END
(IN MILLIONS)*



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, 2024, total net position increased by \$6.3 million, or 10.1% from the prior year. Governmental activities net position increased by \$3.9 million, while business-type activities net position increased by \$2.3 million.

2017	2018	2019	2020	2021	2022	2023	2024
+22.4%	+13.2%	+12.8%	+6.0%	+7.7%	+13.1%	+5.5%	+10.1%

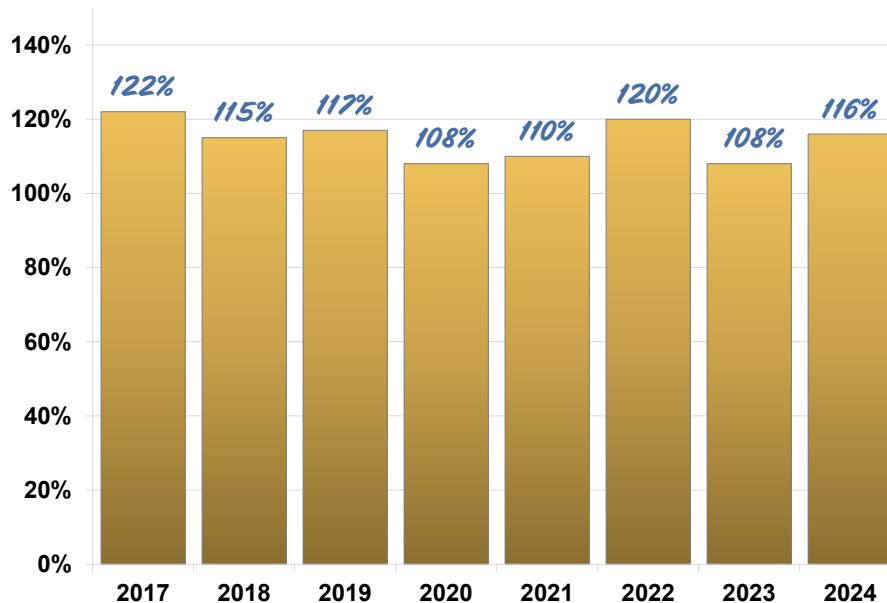
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RATING**

10

INTERPERIOD EQUITY

WHO IS PAYING FOR TODAY'S COSTS OF SERVICES?

REVENUES AS A % OF ANNUAL EXPENSES



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, 2024, 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 116% of current year costs. This ratio is considered to be excellent in our model and is an improvement from the ratio shown for the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
122%	115%	117%	108%	110%	120%	108%	116%

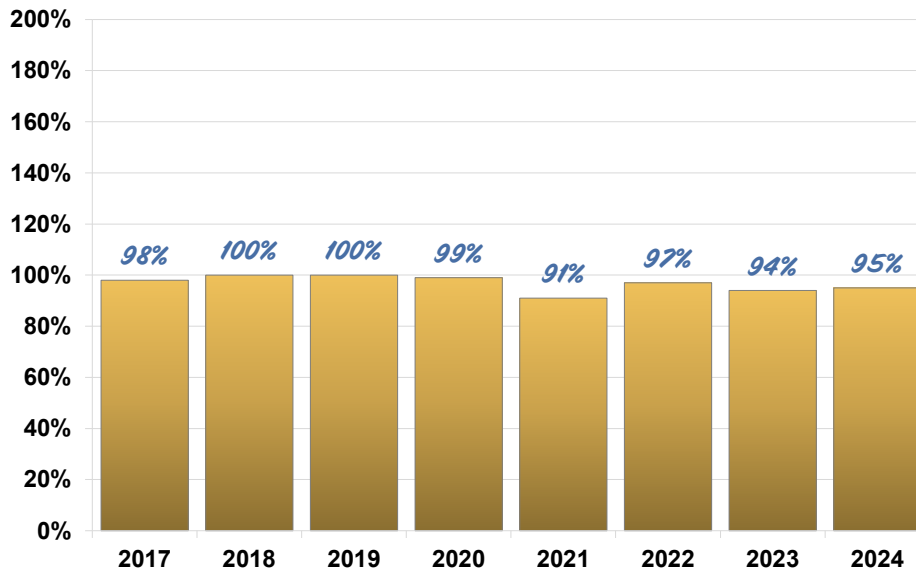
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BTA SELF-SUFFICIENCY

DID CURRENT YEAR BUSINESS-TYPE ACTIVITIES (BTA) 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, 2024, the City's business-type activities were 95% self-sufficient in total. This indicates that 95% of all of the current year costs were funded by current year revenues, with the with the 5% difference made up with reserves or other resources. This represents a slight improvement from the ratio calculated in the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
98%	100%	100%	99%	91%	97%	94%	95%

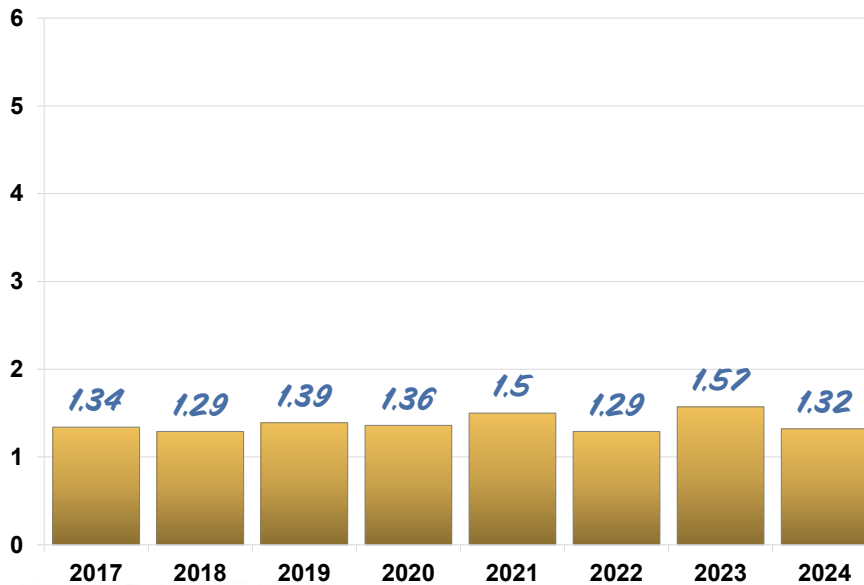
**PERFORMETER®
RATING**

4.8

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, 2024, the City experienced a debt service coverage ratio of 1.32, a decrease from the ratio in the prior year. This indicates the City generated nearly one and one-third times the amount of cash necessary to pay the debt service requirements on its revenue bonds and notes.

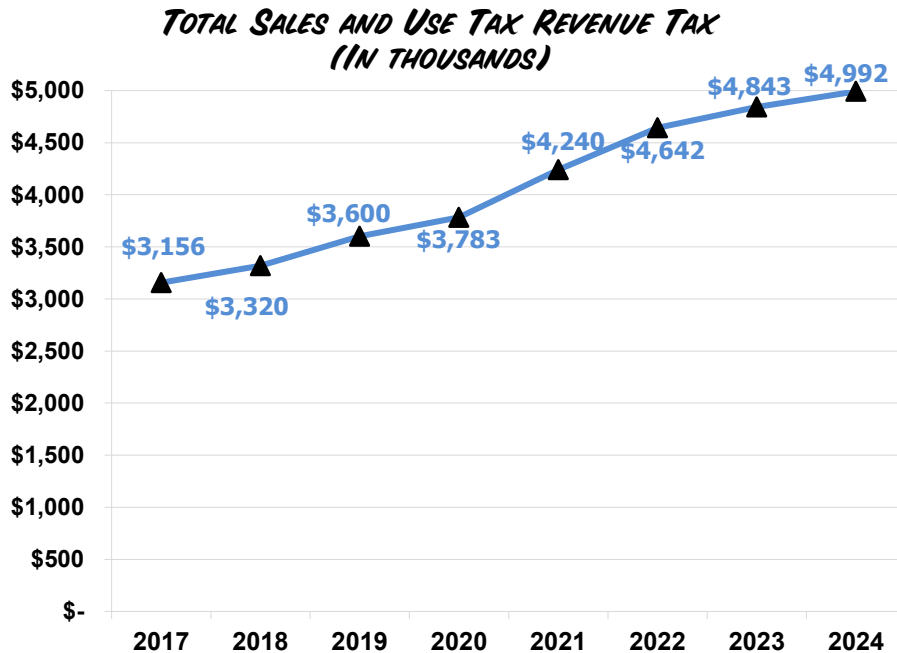
2017	2018	2019	2020	2021	2022	2023	2024
1.34	1.29	1.39	1.36	1.50	1.29	1.57	1.32

**PERFORMETER®
RATING**

5.4

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, 2024, the City experienced an increase in sales tax collections per one-cent in the amount of \$148,576 or 3.1% from the prior year. The Sales Tax Rate of 4.0% was in effect for the entire year, which does not include the .5% economic development sales tax for residents of Tulsa County.

2017	2018	2019	2020	2021	2022	2023	2024
+0.4%	+5.4%	+8.2%	+5.1%	+12.1%	+9.5%	+4.3%	+3.1%

**PERFORMETER®
RATING**

8.1

FINANCIAL PERFORMANCE RATINGS

SUMMARY AND COMPARISON TO PRIOR YEARS

Ratio	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Change in Net Position	+6.0%	+7.7%	+13.1%	+5.5%	+10.1%
Interperiod Equity	108%	110%	120%	108%	116%
BTA Self Sufficiency	99%	91%	97%	94%	95%
Debt Service Coverage	1.36	1.50	1.29	1.57	1.32
Sales Tax Growth	+5.1%	+12.1%	+9.5%	+4.3%	+3.1%
Financial Performance Rating	8.0	7.6	8.2	7.6	7.5

FINANCIAL CAPABILITY RATINGS

- This set of ratings serves to illustrate “look-forward” measures of the government’s ability to obtain resources in the form of revenues or borrowings in order to finance the services its constituency requires.



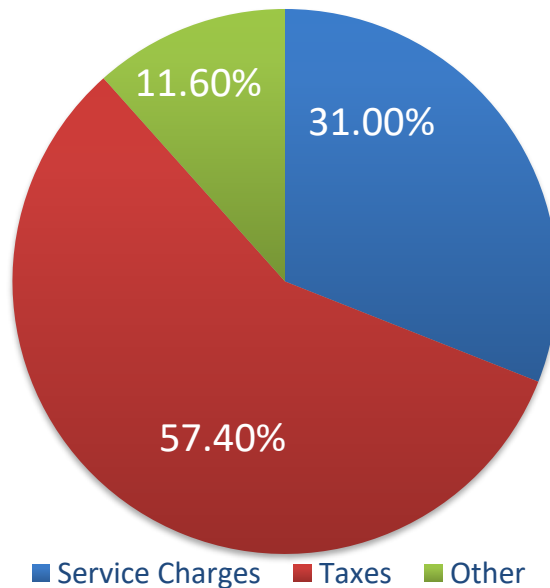
FINANCIAL CAPABILITY RATINGS

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?

2024 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, 2024, the City had direct control over 31% (service charges) of its revenues. This ratio indicates the City has some limited exposure, as do most cities, to financial difficulties due to reliance (69%) on taxes that require voter approval and on grants, contributions and other revenue.

2017	2018	2019	2020	2021	2022	2023	2024
62%	60%	62%	63%	67%	66%	67%	69%

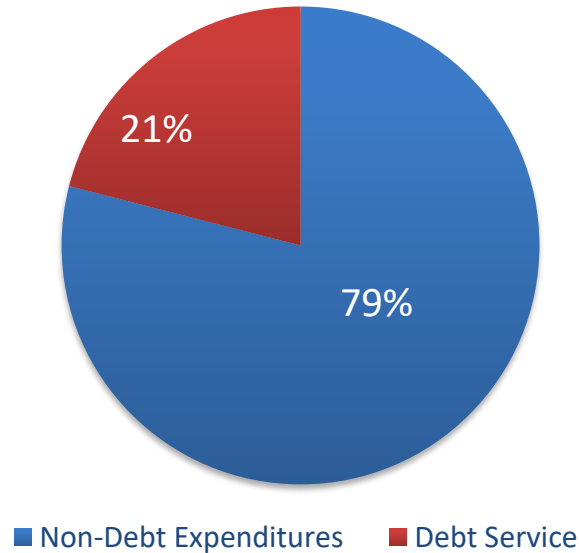
**PERFORMETER®
RATING**

2.6

DEBT SERVICE LOAD

HOW MUCH OF OUR ANNUAL NON-CAPITAL 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, 2024, the City's total non-capital expenditures amounted to \$39 million of which \$8.2 million (or 21%) were payments for principal and interest on long-term debt. In our model, this is a slightly less than satisfactory financial indicator and indicates that for every dollar the City spent on non-capital items, 21 cents of that dollar was used for debt service. This ratio is consistent when compared to the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
24%	24%	23%	22%	24%	23%	21%	21%

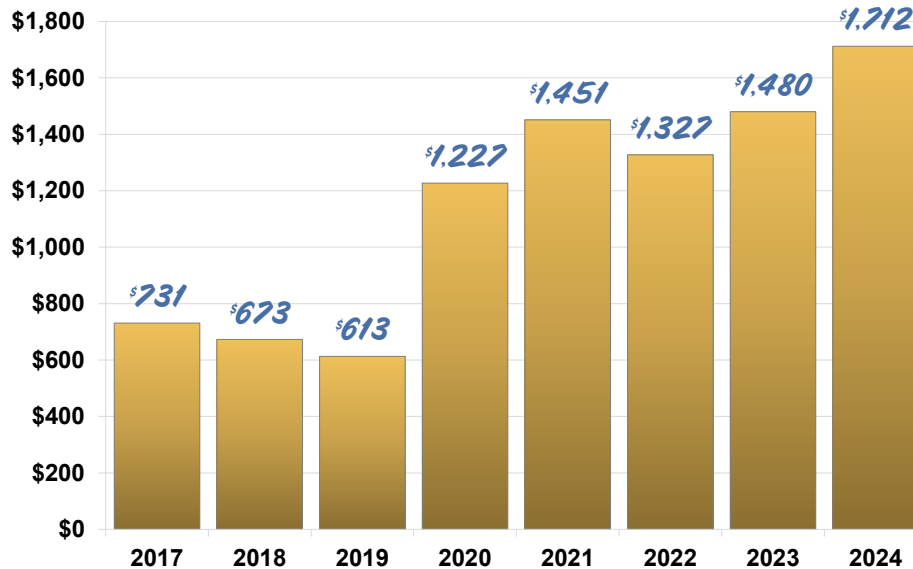
**PERFORMETER®
RATING**

4.7

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, 2024, the City had \$40 million in general obligation bonded debt outstanding. Therefore, it has a per capita general bonded debt burden of \$1,712 on its citizens and taxpayers. In our model, this is considered to be a relatively high debt per capita ratio, and an increase from the ratio of the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
\$731	\$673	\$613	\$1,227	\$1,451	\$1,327	\$1,480	\$1,712

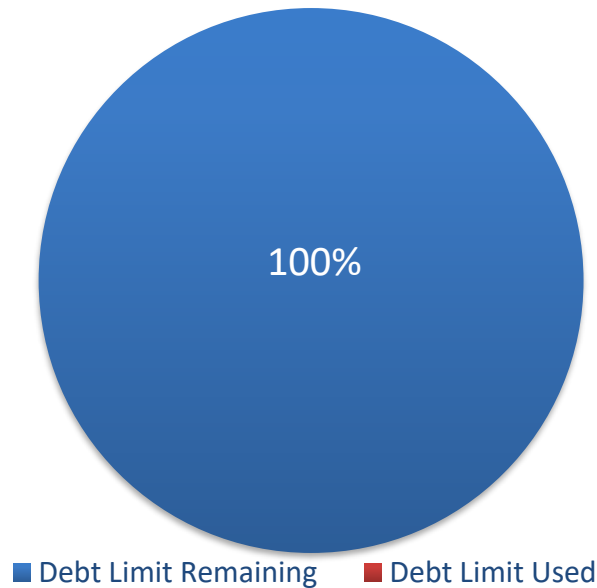
**PERFORMETER®
RATING**

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LEGAL DEBT LIMIT REMAINING

WILL WE BE ABLE TO ISSUE MORE 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, 2024, the City has \$0 or 100% of its general obligation debt outstanding that is applicable to this legal debt limit, as all of the City's GO debt has been issued under Article 27 of the State Constitution.

Therefore, the City has retained 100% of its capacity to issue general obligation bond debt under Article 26. This remains an excellent indicator of future capability.

2017	2018	2019	2020	2021	2022	2023	2024
40%	44%	51%	100%	100%	100%	100%	100%

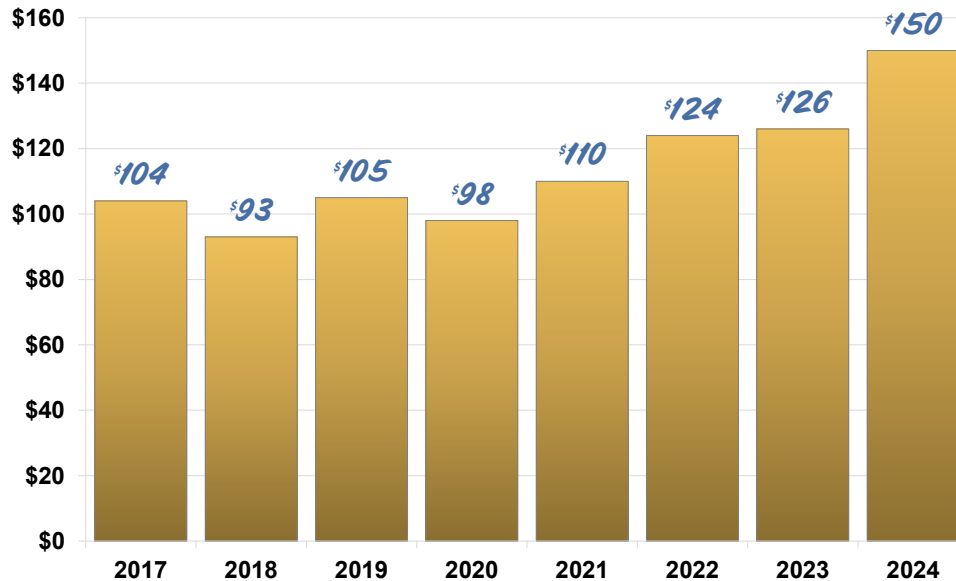
**PERFORMETER®
RATING**

10

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, 2024, the City had levied property taxes of \$3.5 million. This indicates that there is a per capita property tax burden of \$150. This is considered a relatively high ratio in our model and represents an increase in the ratio of the prior year.

2017	2018	2019	2020	2021	2022	2023	2024
\$104	\$93	\$105	\$98	\$110	\$124	\$126	\$150

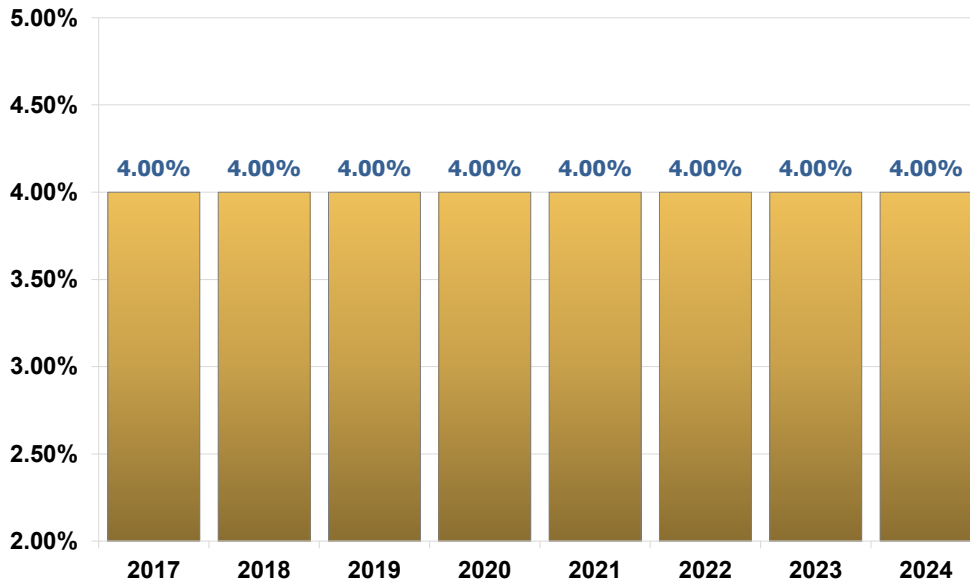
**PERFORMETER®
RATING**

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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, 2024, the City's sales tax rate in effect was 4.00%. This does not include the .5% sales tax for economic development for residents of Tulsa County.

2017	2018	2019	2020	2021	2022	2023	2024
4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

**PERFORMETER®
RATING**

3.3

FINANCIAL CAPABILITY RATINGS

Ratio	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Dispersion	63%	67%	66%	67%	69%
Debt Service Load	22%	24%	23%	21%	21%
General Bonded Debt per Capita	\$1,227	\$1,451	\$1,327	\$1,480	\$1,712
Remaining Legal Debt Margin	100%	100%	100%	100%	100%
Property Taxes per Capita	\$98	\$110	\$124	\$126	\$150
Sales Tax Rate	4.00%	4.00%	4.00%	4.00%	4.00%
Financial Capability Rating	4.3	4.1	4.2	4.3	4.3

THANK YOU!

- We would like to commend and thank the City of Sapulpa for allowing us to present this financial analysis. We hope it serves as a useful and understandable complement to the annual financial report.
- Visit our website at www.crawfordcpas.com for other useful tools for governments.