



THE PERFORMETER®

A Financial Statement Analysis of
Oklahoma County
As of and for the year ended June 30, 2008

by 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 County'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 County 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

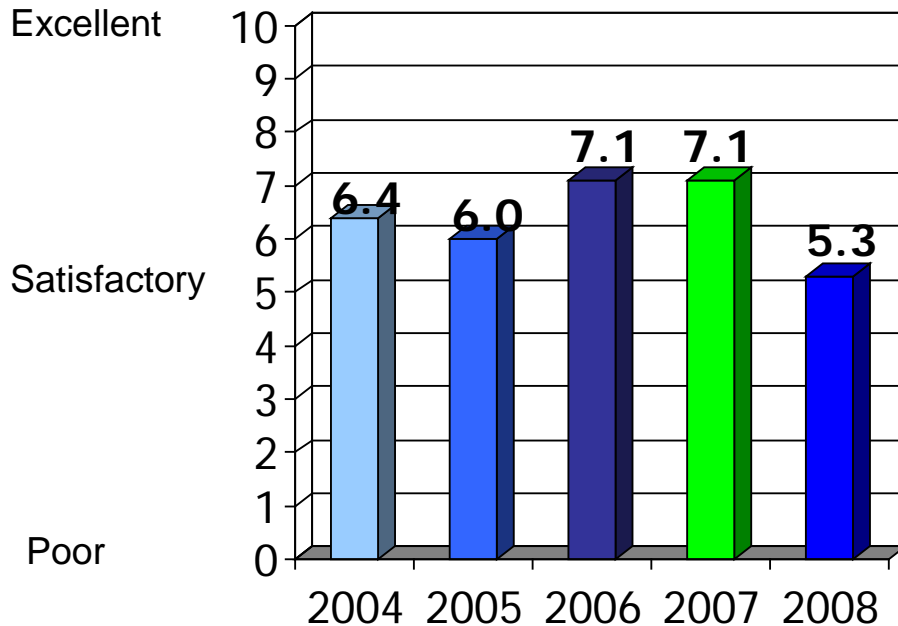
The Performer does not evaluate nonfinancial performance, including what got accomplished with the resources provided and used in terms of activities, services and capital improvements

The analysis is an overall rating of the County 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

Performer[®] Reading

Overall Reading



For the 2008 fiscal year, the readings by ratio category were as follows:

Financial Position	4.7
Financial Performance	3.3
Financial Capability	8.3

The financial position and performance ratings significantly declined from the prior year due in large part to the newly-required reporting of unfunded retiree health care benefits costs and liabilities pursuant to GASB-45, and the accrual of a large settled claim loss subsequent to year end.

The 2008 overall reading of **5.3** reflects an overall significant decline for the prior year reading of 7.1. In the evaluator's opinion, Oklahoma County's overall financial health is still at an overall satisfactory level; however, it will likely be on a downward trend if OPEB costs remain unfunded in future years.

Performer[®] Ratios

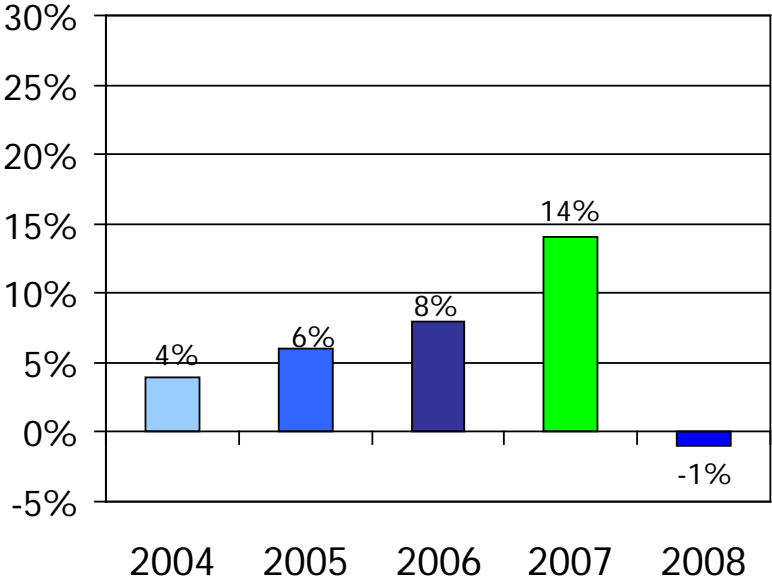
Financial Position Ratios

Unrestricted Net Assets	How do our total rainy day funds look?
Budgetary Fund Balance	How does our budgetary carryover position look?
Capital Asset Condition	How much life do we still have left in our capital assets?
Pension Plan Funding	Will we be able to pay our employees' pensions when they retire?
OPEB Plan Funding	Will we be able to pay our employees' health care costs when they retire?
Debt to Assets	Who really owns the County'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 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 in all funds of the County 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.

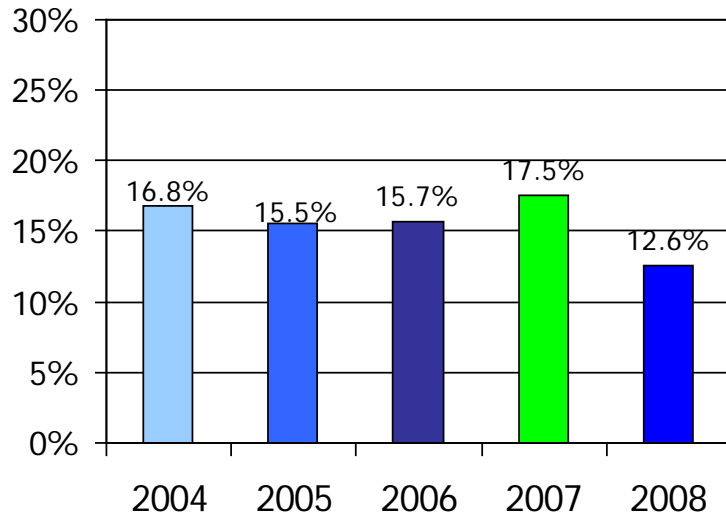
For the year ended June 30, 2008, while the total County net assets amounted to a positive \$117 million, the County's total unrestricted net assets dropped to a negative \$(973,320) or -1% of annual total revenues. The most significant reasons for the decline in 2008 are: (1) the accrual of the unfunded OPEB obligation of \$7.2 million; (2) the full accrual of a claim loss liability of \$5.5 million that will be funded through future property tax levies; and (3) the \$2.9 million of expenditures and net transfers, including self-insured claims, in excess of revenues in the General Fund.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2%	4%	6%	8%	14%	-1%				

Level of Budgetary Fund Balance

How does our budgetary carryover position look?

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



The level of budgetary unreserved fund balance is an indication of the amount of unexpended, unencumbered and available resources the County has at a point in time. In this analysis, only the General Fund's cash, and current receivables and payables are considered. Capital assets and long-term debt obligations are excluded. In our model, 10% is considered a minimum responsible level, while 30% is considered desirable.

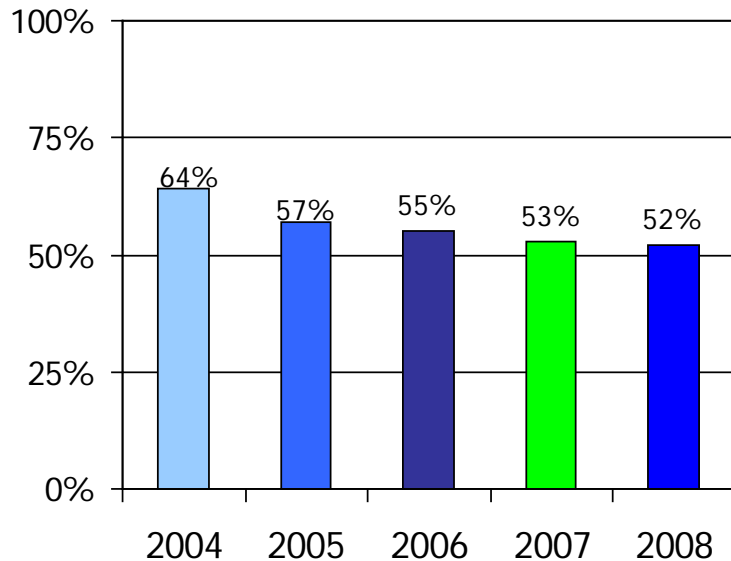
For the year ended June 30, 2008, General Fund expenditures, including self-insured claims, exceeded revenues by \$2.9 million. As a result, the County's unreserved fund balance of the General Fund at year end declined to \$8.8 million or 12.6% of annual General Fund revenues. This represents a decline from the \$12 million of the past year, and is in the lower range of our desired benchmark level.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
13.3%	16.8%	15.5%	15.7%	17.5%	12.6%				

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 the costs of capital assets such as buildings and equipment to their accumulated depreciation to determine the overall percentage of useful life remaining. A low percentage (25% or less in our model) could indicate an upcoming need to replace a significant amount of capital assets.

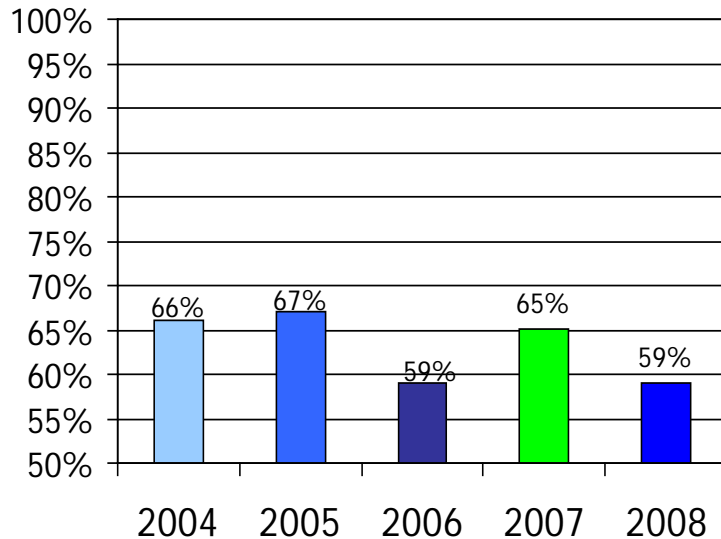
At June 30, 2008, the County's depreciable capital assets amounted to \$170 million while accumulated depreciation totaled \$82 million. This indicates that, on the average, the County's capital assets have slightly over half or 52% of their useful lives remaining. This is relatively satisfactory financial indicator.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
58%	64%	57%	55%	53%	52%				

Pension Plan Funding Ratio

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

Pension Plan Assets as a Percentage of Accrued Liability



The pension funding ratio compares the actuarial fair value of the County's defined benefit 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 - meaning that the estimated fair value of plan assets held in trust is less than the actuarial determined liability for future benefits. *Note: This plan is now closed, and all new employees participate in a defined contribution plan which has no unfunded liability.*

At June 30, 2008, the County's defined benefit pension plan assets were 59% of the accrued pension benefit liability, indicating the plan was still significantly underfunded from an actuarial perspective (\$9.8 million unfunded actuarial liability) at the last valuation date. This indicates that the County continues to have a unfunded actuarial liability that must be amortized and funded through future contributions in excess of current pension cost. The actuarial unfunded liability increased by \$1.8 million in 2008.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
85%	66%	67%	59%	65%	59%				

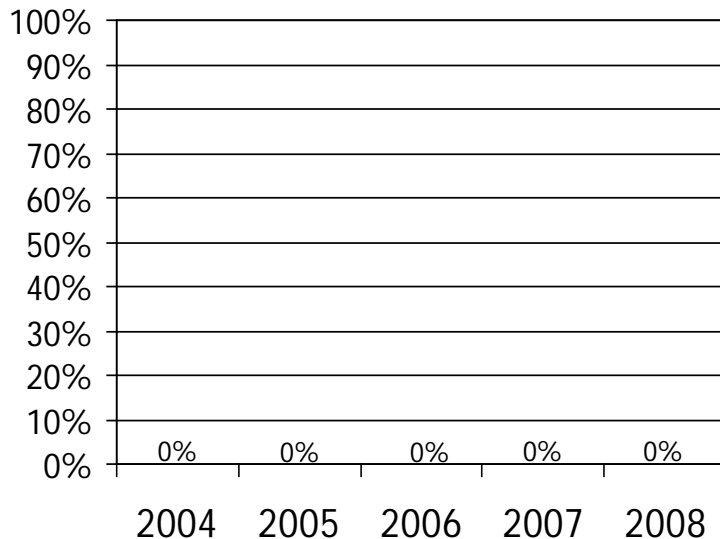
OPEB Plan Funding Ratio

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

The other post employment benefits (OPEB) funding ratio compares the actuarial fair value of the County's retiree healthcare benefit plan's assets to the actuarial accrued liability for such benefits. A percentage less than 100% indicates the plan is underfunded at the valuation date – meaning that the fair value of the assets held in trust, if any, is less than the actuarial determine liability for future benefits.

A new accounting standard (GASB-45) was implemented in 2008 that resulted in the required reporting of OPEB expenses and liabilities for future retiree healthcare costs in the periods the employees are providing services and earning these future benefits. To date, the County has elected to continue to fund retiree health care costs on a pay-as-you-go basis; therefore no assets have been set aside in trust for future benefits. As a result, the County has an unfunded accrued actuarial liability for future benefits of \$75.8 million, and a new OPEB obligation on the statement of net assets of \$7.2 million.

OPEB Plan Assets as a Percentage of Accrued Liability

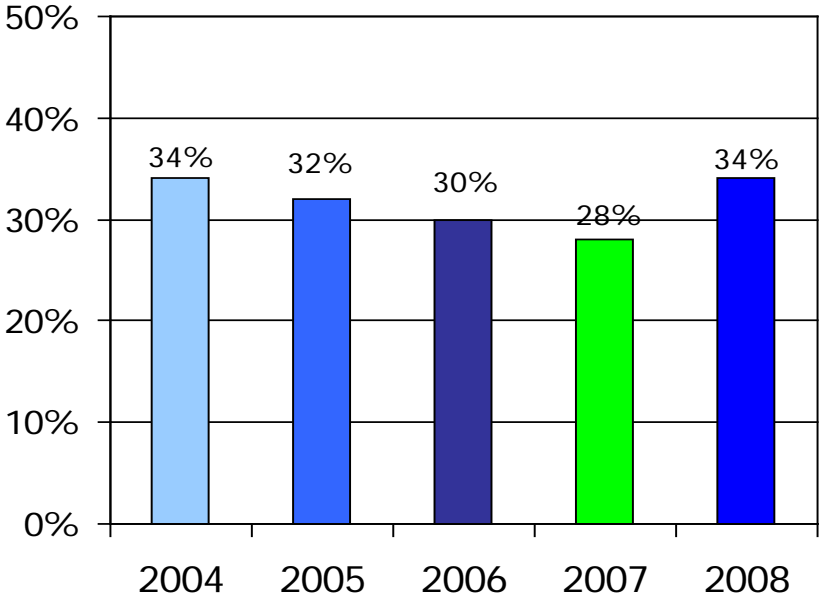


2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
N/A	N/A	N/A	N/A	N/A	0%				

Debt to Assets

Who really owns the County's assets?

Percentage of Debt to Assets



The debt to assets ratio measures the extent to which the County has funded its assets with debt. The ratio compares the County's total debt to its total assets, including capital debt and assets. The lower the debt percentage, the more equity the County has in its total assets.

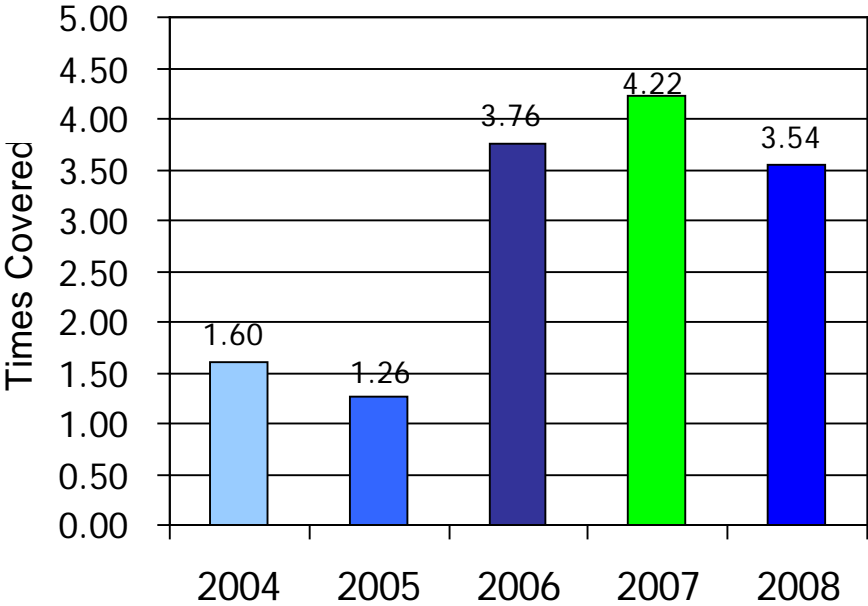
At June 30, 2008, slightly more than one-third (34%) of the County's \$180 million of total assets were funded with debt or other obligations that amounted to \$62 million. This is relatively satisfactory financial indicator and indicates that for each dollar of County assets owned, it owes 34 cents of that dollar to others.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
30%	34%	32%	30%	28%	34%				

Current Ratio

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

Current Assets Compared to Current Liabilities



The current ratio is one measure of the County’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 good current liquidity and an ability to meet the short-term obligations.

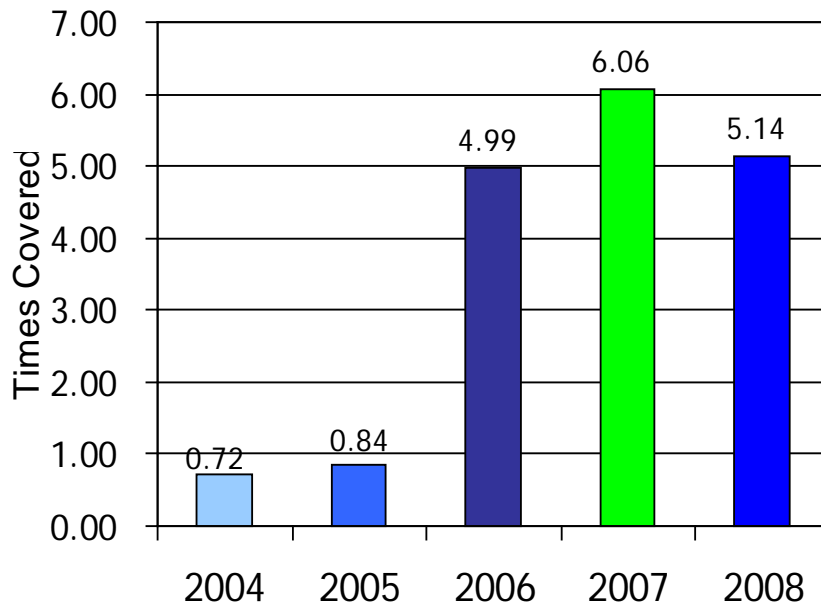
At June 30, 2008 the County had a government-wide ratio of current assets to current liabilities of 3.54 to 1. This indicates that the County had over three and one-half times the amount of current assets needed to pay current liabilities. This is a positive indicator of liquidity and is relatively consistent with the previous two years. *(Note: The significant increase in the ratio in 2006 was the result of an accounting change on the classification of current and noncurrent assets from the prior years.)*

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.29	1.60	1.26	3.76	4.22	3.54				

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 County's ability to pay its short-term obligations. The quick ratio compares total cash and short-term investments to current operating liabilities such as accounts payable and accrued wages. 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, 2008, the County had a government-wide ratio of cash and cash equivalents to current operating liabilities of 5.14. This indicates that the County had over five times the amount of cash and short-term investments needed to pay current payables and payroll accruals. *(Note: The significant increase in the ratio in 2006 was the result of an accounting change on the classification of current and noncurrent assets from the prior year.)*

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
0.50	0.72	0.84	4.99	6.06	5.14				

Financial Position Ratios

Summary and Comparison to Prior Year

Ratio	FY 2007	FY 2008
Unrestricted Net Assets	14%	-1%
Budgetary Fund Balance	17.5%	12.6%
Capital Asset Condition	53%	52%
Pension Plan Funding	65%	59%
OPEB Plan Funding	N/A	0%
Debt to Assets	28%	34%
Current Ratio	4.22	3.54
Quick Ratio	6.06	5.14
Financial Position Performer Score	6.3	4.7

Performer[®] Ratios

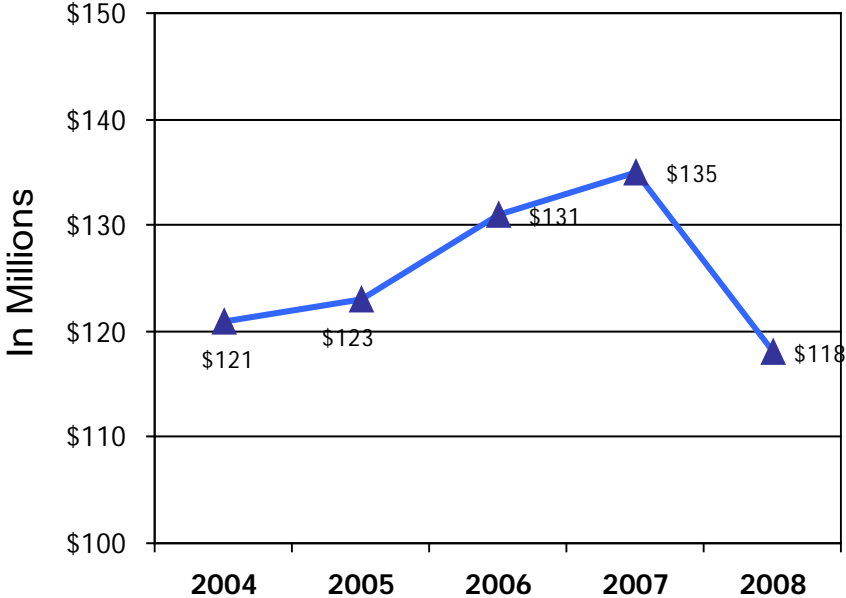
Financial Performance Ratios

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, the Public Building Authority activities, pay for themselves?
Debt Service Coverage	What was our ability to pay the County's revenue bond investors when payments were due?

Change in Net Assets

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

Net Assets at Year End



Net assets include all assets of the County, 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.

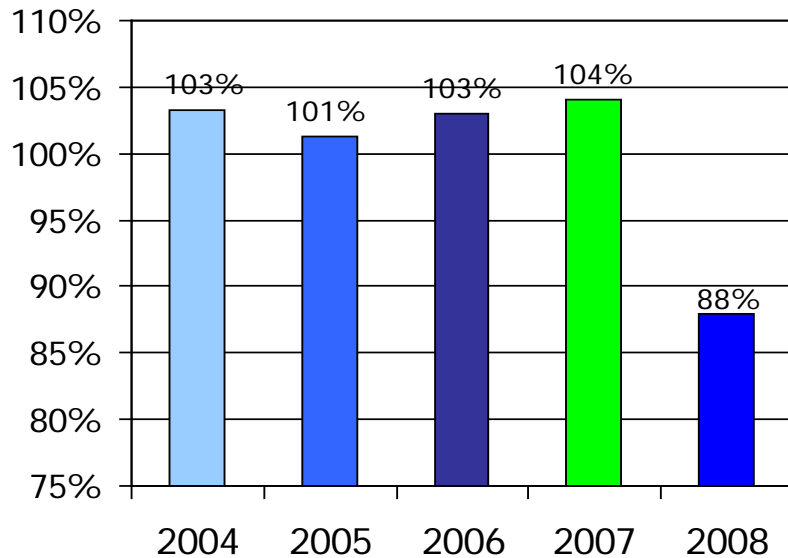
For the year ended June 30, 2008, total net assets decreased by \$16.5 million or 12.2% from the prior year. This represents a significant decline in financial condition, and is primarily the result of the three factors noted on page 7. While the County's financial condition may slightly improve due to the future levy of property taxes to retire a \$5.5 million judgment, this will likely be offset by future unfunded OPEB obligations if the County continues on a pay-as-you-go basis, and further declines can be expected.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
-1.8%	+4.3%	+1.1%	+2.6%	+3.0%	-12.2%				

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.

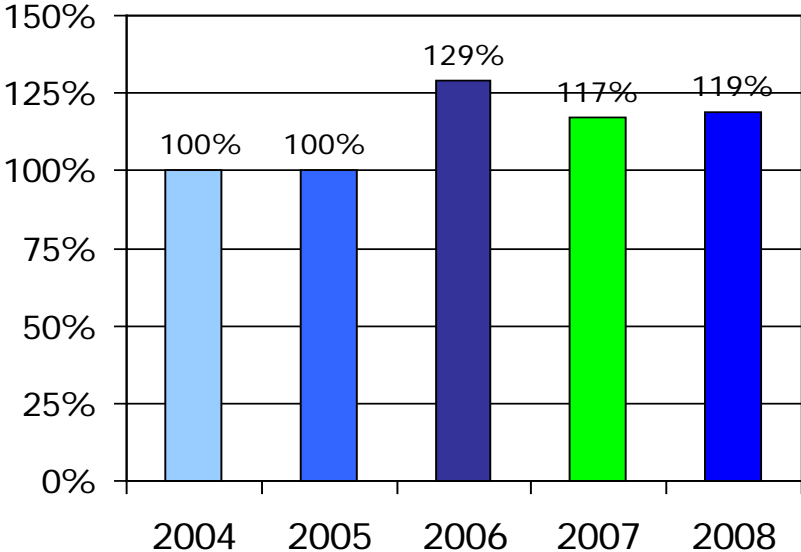
For the year ended June 30, 2008, only 89% the County's total costs were funded by current year tax and rate payers. Current year expenses incurred exceeded current year revenues, excluding special items, by \$14.6 million. Of that amount, \$7.2 million was related to newly reported OPEB costs that will likely be paid by future taxpayers, \$5.5 million related to a settled claim that will be paid by future taxpayers through judgment tax levies, and \$1.6 paid by past taxpayers related to other operating costs funded from prior fund balances.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
98%	103%	101%	103%	104%	88%				

BTA Self-Sufficiency

Did current year business-type activities, the Public Buildings Authority activities, pay for themselves?

Percentage of BTA Expenses Covered By BTA Revenues



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

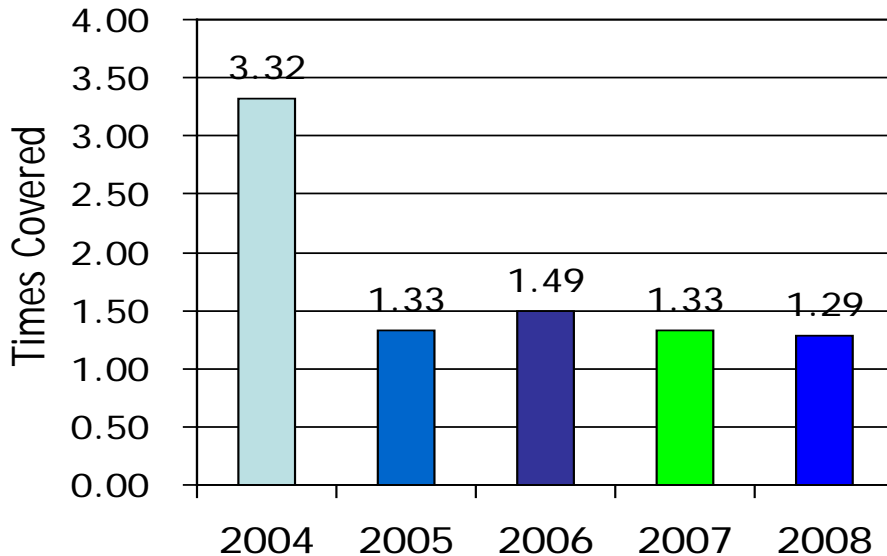
For the year ended June 30, 2008, the County’s total business-type activities were fully self-sufficient and required no use of subsidies or prior year reserves to fund current year costs. Current year revenues of \$3.1 million exceeded current year costs of \$2.6 , generating a net income of \$487,840 or 19% of costs.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
100%	100%	100%	129%	117%	119%				

Debt Service Coverage

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

Number of Times Net Pledged Revenues Cover Annual Debt Service



The debt service coverage ratio compares the County's debt service requirements on the Public Building Authority's lease 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, 2008, the County experienced a favorable debt service coverage ratio of 1.29. This indicates the County's business-type activity generated nearly one and one-third times the amount of net cash necessary to pay the debt service requirements on its lease revenue bonds.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
N/A	3.32	1.33	1.49	1.33	1.29				

Financial Performance Ratios

Summary and Comparison to Prior Year

Ratio	FY 2007	FY 2008
Change in Net Assets	+3.0%	-12.2%
Inter-period Equity	104%	89%
BTA Self Sufficiency	117%	119%
Debt Service Coverage	1.33	1.29
Financial Performance Performer Score	7.3	3.3

Performmeter® Ratios

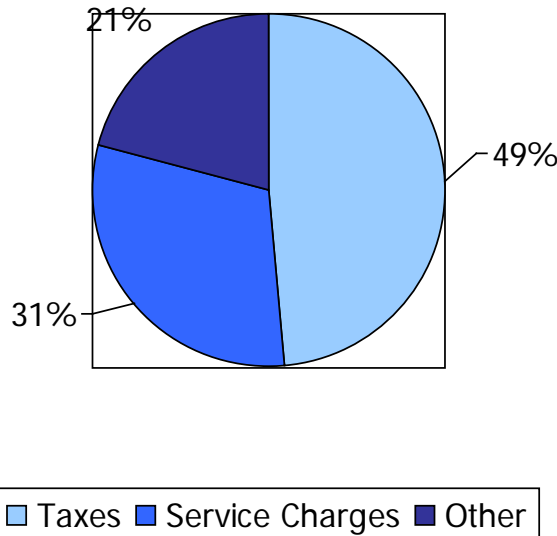
Financial Capability Ratios

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?

Revenue Dispersion

How much of our revenue is within our direct control?

2008 Revenue Percentages by Source



The percentage dispersion of revenue by source indicates how dependent the County is on certain types of revenue. The more dependent the County 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.

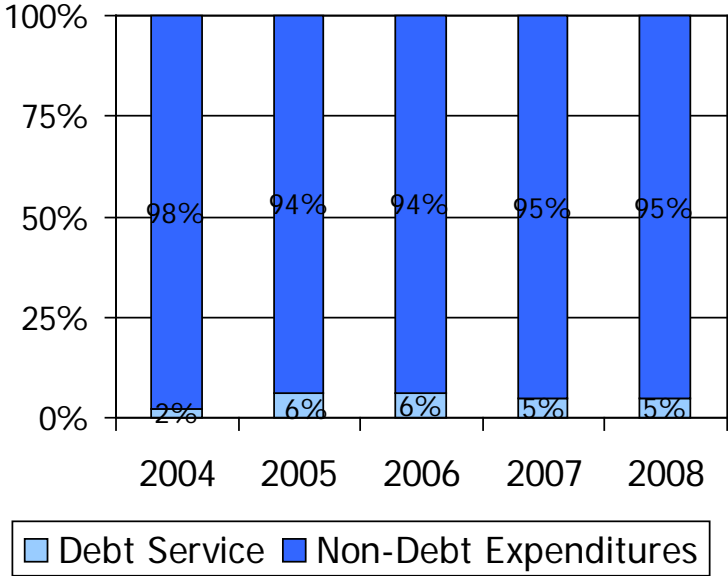
For the year ended June 30, 2008, the County had direct control over 31% (service charges) of its revenues. This ratio indicates the County has some limited exposure, as do most counties, to financial difficulties due to reliance (49%) on taxes and (21%) on grants, contributions and other revenue.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
32%	35%	34%	34%	33%	31%				

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 County’s non-capital expenditures were comprised of debt service payments on long-term debt.

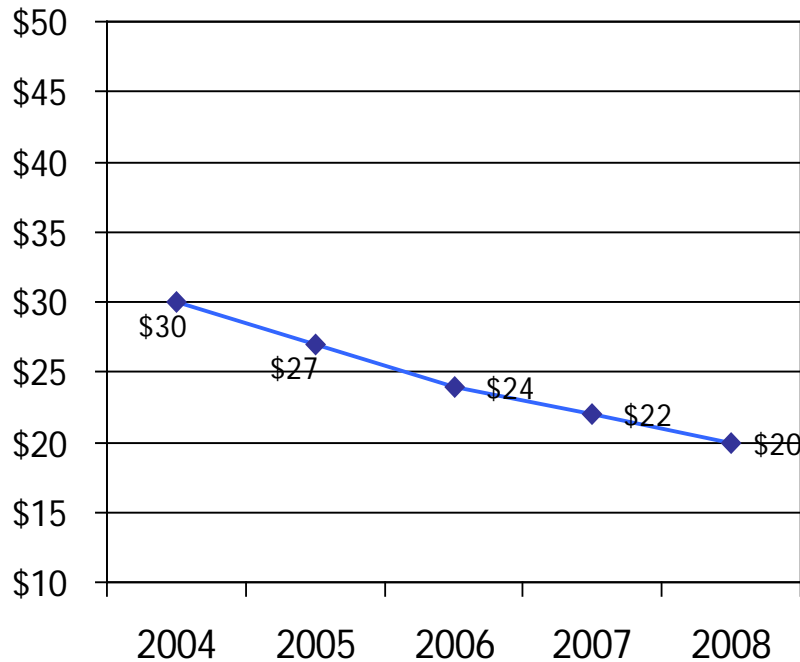
For the year ended June 30, 2008, the County’s total non-capital expenditures amounted to \$106 million of which \$5.3 million (or 5%) were payments for principal and interest on long-term debt. Considering the fact that the County has no long-term debt with balloon payments at the end of the term, this is an indicator of relatively favorable solvency and indicates that for every dollar the County spent on non-capital items only 5 cents of that dollar was required to be used for debt service.

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
0.3%	2%	6%	6%	5%	5%				

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 County'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.

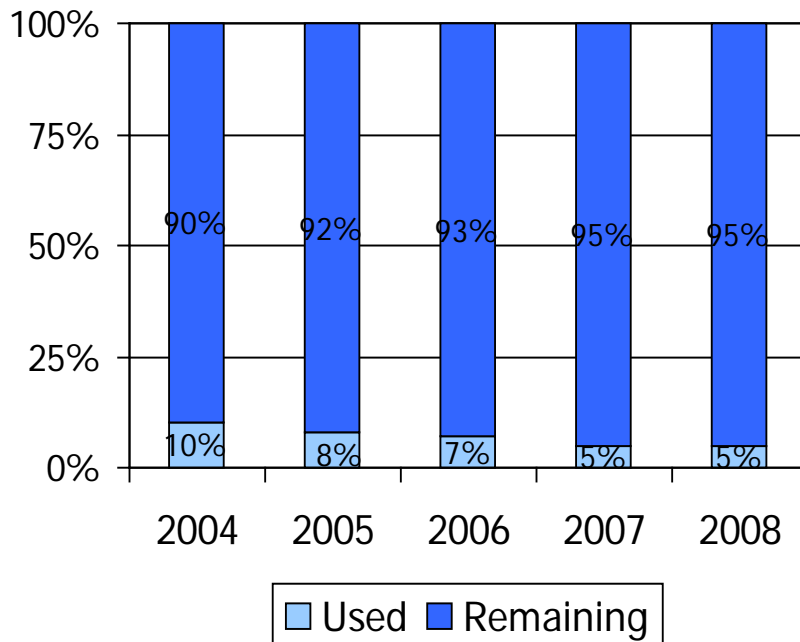
For the year ended June 30, 2008, the County had \$13.9 million of general obligation debt outstanding and issued no new general obligation debt in fiscal 2008. As a result, the County's general bonded debt per capita declined to \$20. This is considered a relatively moderate debt burden in our model. *(Note: This ratio will show a significantly higher bonded debt per capita in 2009 due to the issuance of \$61.5 million in bonds subsequent to year end to finance the purchase of the GM plant and other capital projects.)*

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$30	\$30	\$27	\$24	\$22	\$20				

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 5% of the County's net assessed valuation of taxable property. For the 2008 fiscal year, the net assessed valuation of taxable property in the County amounted to \$5.3 billion and the 5% legal debt limit amounted to \$264 million.

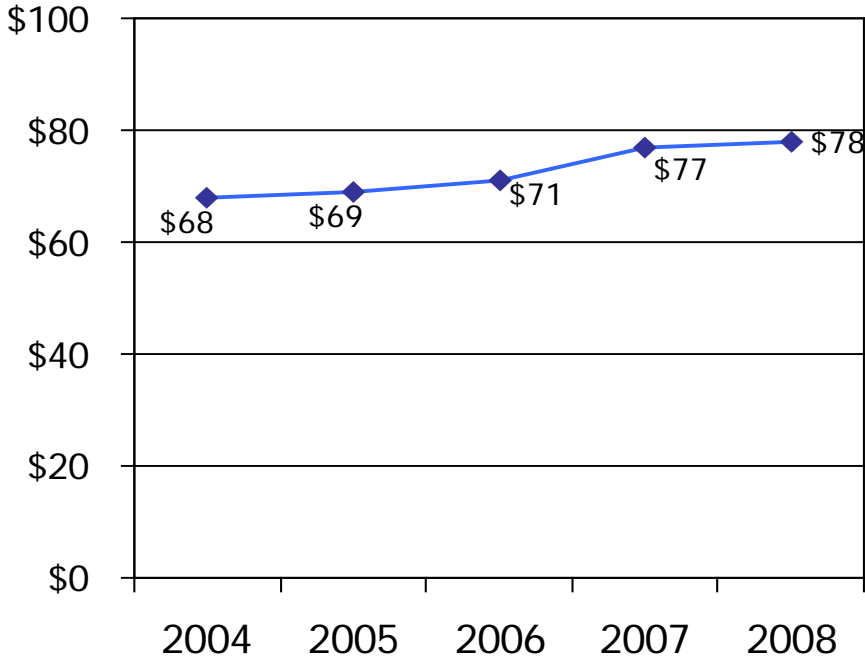
For the year ended June 30, 2008, the County's total net general obligation debt applicable to this legal debt limit was \$13 million or 5% of the legal debt limit. This means that at June 30, 2008, the County had 95% or \$251 million of its legal debt limit remaining. *(Note: This ratio will show a significantly lower remaining legal debt limit in 2009 due to the issuance of \$61.5 million in bonds subsequent to year end to finance the purchase of the GM plant and other capital projects.)*

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
89%	90%	92%	93%	95%	95%				

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 County's property tax burden on its citizens and other taxpayers.

For the year ended June 30, 2008, total property tax revenue amounted to \$54.7 million or \$78 per capita. The \$78 per capita indicates a relatively moderate tax burden in our model, and is consistent with prior years' per capita amounts. *(Note: This ratio will show higher taxes per capita amounts in future years once the County begins levying for property taxes to retire the \$61.5 million in general obligations bonds issued subsequent to year end to finance the purchase of the GM plant and other capital projects.)*

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$60	\$68	\$69	\$71	\$77	\$78				

Financial Capability Ratios

Summary and Comparison to Prior Year

Ratio	FY 2007	FY 2008
Revenue Dispersion	33%	31%
Debt Service Load	5%	5%
General Bonded Debt per Capita	\$22	\$20
Remaining Legal Debt Margin	95%	95%
Property Taxes per Capita	\$77	\$78
Financial Capability Performer Score	8.1	8.3

Thank You

We would like to commend and thank Oklahoma County Clerk Carolynn Caudill, the Budget Board, Accounting Manager Danny Lambert, and the rest of the County's financial management team for allowing us to continue 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.
