

# Financial Condition Assessment Overview

Listing of Financial Indicators  
FY 2017

# Financial Condition Assessment Overview

The Financial Condition Assessment has been completed by the City's Financial Services Department staff and reviewed by independent auditors. Financial condition refers to a local government's ability to provide services at the level and quality that are required for the health, safety, and welfare of the community, and that its citizens desire. Below is the summary of the fiscal year 2017 Financial Condition Assessment for the City of Pensacola.

Beginning in fiscal year 2001, the Florida State Statutes and the Auditor General have required a Financial Condition Assessment be performed as part of the annual audit. The assessment consists of 29 financial indicators expressed as ratios and trends. The evaluation of each financial indicator consists of a five-year trend analysis based on the City's historical financial information and a comparison of City financial data to a benchmark grouping. For each of the 29 financial indicators, the trend analysis and the benchmark comparison are rated as favorable, unfavorable or inconclusive based on criteria from the Auditor General. The summary of the results of the financial indicator ratings determines the government's Financial Condition Assessment overall rating.

# Financial Condition

## Assessment Overview (Continued)

In fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. GASB Statement No. 68 ushers in two substantial changes. The first is each government that offers defined pension benefits to its employees will be required to report on the face of its financial statements the unfunded pension obligation (the “Net Pension Liability”). In the past, the Net Pension Liability was shown in the notes to the financial statements only.

The second substantial change ushered in by GASB Statement 68 is that each local government participating in a defined benefit cost-sharing multiple-employer pension plans, such as the Florida Retirement System (FRS), will be required to report on the face of its financial statements their proportionate share of the “collective” Net Pension Liability. In the past, governments did not directly report information about their proportionate share of these pension obligations. Instead, governments only reported a liability to the extent that they failed to make their required contributions.

# Financial Condition

## Assessment Overview (Continued)

The Net Pension Liability is recorded at the fund level for proprietary activities and the allocated amount for governmental activities is presented at the government-wide level. The governmental fund-level statements are not affected by this pronouncement which use a modified-accrual basis of accounting.

It is also important to point out that Financial Indicator No. 3 compares unassigned and assigned fund balance to total expenditures which is a contradiction of the Government Finance Officers Association's (GFOA) Best Practice recommendation for a government to maintain in its general fund unrestricted fund balance no less than two months of general fund operating expenditures. Unrestricted fund balance would include unassigned, assigned and committed. Based on the GFOA Best Practices recommendation, the City's meets the requirement.

# Financial Condition

## Assessment Overview (Continued)

The City of Pensacola's overall rating is inconclusive which means "leading to no conclusion or definite result" for fiscal year 2017. The City of Pensacola's rating has been inconclusive for fourteen of the last sixteen fiscal years. For fiscal year 2009 and 2012 the rating was unfavorable; however, the City's condition would have remained inconclusive if there were no unspent Airport bond proceeds in fiscal years 2008 and 2009.

The primary focus of the assessment is to determine if the City is either in a deteriorating financial condition or in a state of financial emergency. The City is in neither position and continues to maintain a stable outlook.

# Financial Condition Assessment Overview

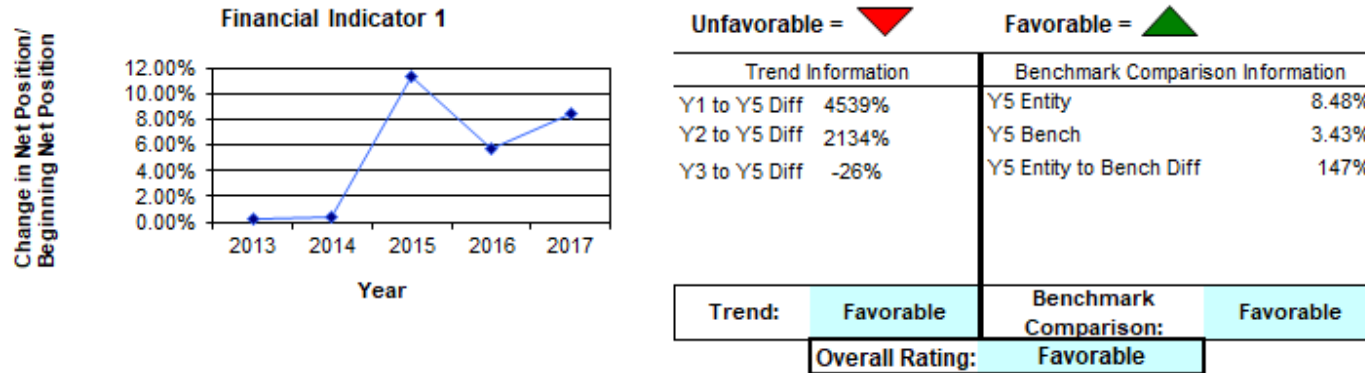
	<u>Fiscal Year 2017</u>		<u>Fiscal Year 2016</u>		<u>Fiscal Year 2015</u>	
Favorable	23%	6	35%	9	38%	10
Unfavorable	54%	14	46%	12	23%	6
Inconclusive	23%	6	19%	5	38%	10
Total Applicable	<u>100%</u>	<u>26</u>	<u>100%</u>	<u>26</u>	<u>100%</u>	<u>26</u>
N/A		<u>3</u>		<u>3</u>		<u>3</u>
Total		<u>29</u>		<u>29</u>		<u>29</u>
Overall Rating		<b>Inconclusive</b>		<b>Inconclusive</b>		<b>Inconclusive</b>

City Council and management are responsible for monitoring financial condition. While the five-year trend indicates an inconclusive position, the Chief Financial Officer has stated that the City is in good financial condition. This will continue as long as the City budget is structured so that on-going revenues will fund on-going expenditures and departments operate within their appropriations.

The *Financial Condition Assessment Overview* has also been provided. Please contact Richard Barker, Jr., Chief Financial Officer, for questions regarding the assessment.

# Financial Indicator 1

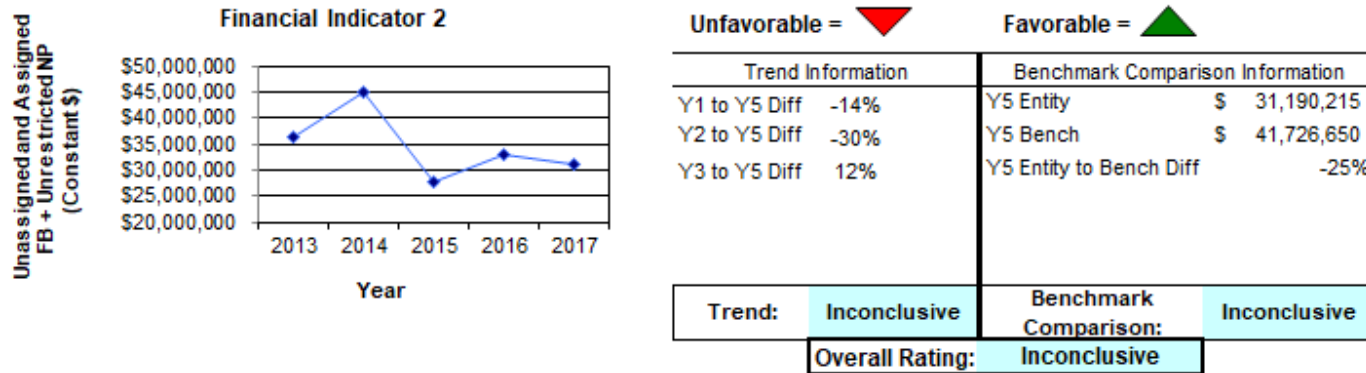
Change in Net Position / Beginning Net Position



- Governmental Activities.
- Decreasing results over time indicate that financial position is weaker as a result of resource flow.
- The rating is favorable as the change in net position has increased since 2013. The increase in 2015 can be attributed to unspent settlement proceeds and decreased functional expenses due to the deferral of current year pension cost required for the implementation of GASB Statement No. 68. While City settlement proceeds and pension cost did not have much of an affect in 2016, there was still a \$7.9 million increase in the City's net position.

# Financial Indicator 2

## Unassigned and Assigned FB + Unrestricted NP

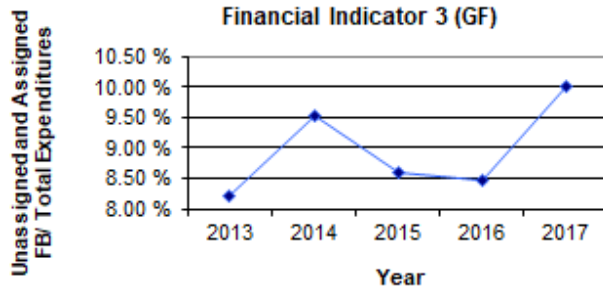


- General, Debt Service, Capital Projects, Enterprise and Internal Service Funds.
- Amounts in constant dollars (adjusted for inflation).
- Declining results may indicate difficulty maintaining a stable tax and revenue structure and/or adequate levels of service. Deficits may indicate a financial emergency.
- The rating is inconclusive due to an inconsistent trend over the past few years. The sharp decline in 2015 was a result of a \$17.3 million decrease in the enterprise and internal service funds unrestricted net position primary attributable to the recognition of \$23.5 million in prior year unfunded pension obligations which was offset with \$1.6 million in reduced pension cost due to the implementation of GASB Statement No. 68.



# Financial Indicator 3 (GF)

## Unassigned and Assigned FB/Total Expenditures



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	22%	Y5 Entity	10.01%
Y2 to Y5 Diff	5%	Y5 Bench	40.88%
Y3 to Y5 Diff	17%	Y5 Entity to Bench Diff	-76%

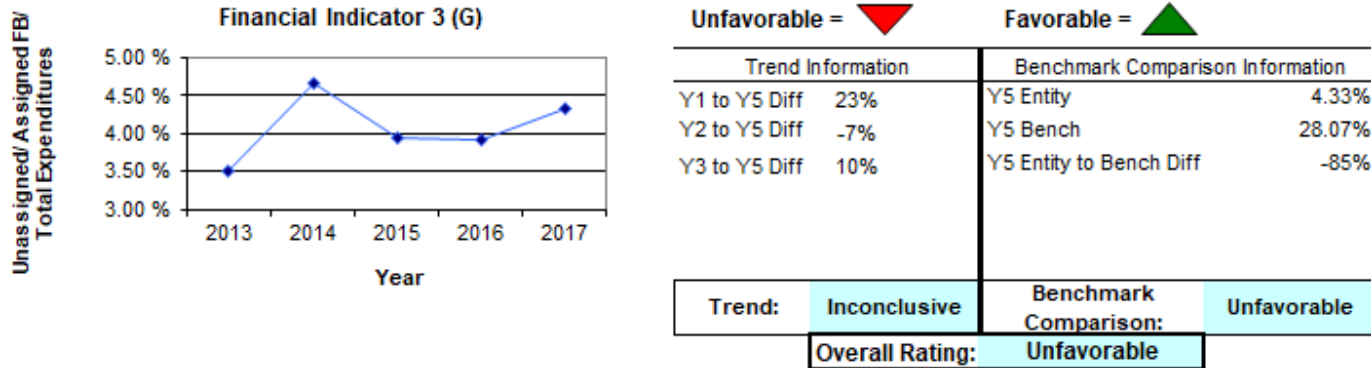
  

Trend:	Inconclusive	Benchmark Comparison:	Unfavorable
Overall Rating:		Unfavorable	

- General Fund.
- Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems even if current fund balance is positive.
- The rating is unfavorable as the City's general fund unassigned and assigned fund balance is below that of similar municipalities. This is likely due to the amount set aside for Council Reserves. Since Council Reserves is considered a committed fund balance, it is not taken into account in this indicator. Had the amount for Council Reserves been taken into consideration the factor would have been inconclusive due to the inconstant trend over the past few years.

# Financial Indicator 3 (G)

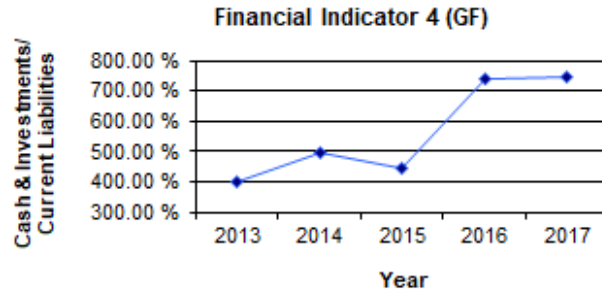
## Unrestricted FB/Total Expenditures



- General, Special Revenue, Debt Service and Capital Project Funds.
- Percentages decreasing over time may indicate unstructured budgets that could lead to future budgetary problems even if current fund balance is positive.
- The rating is unfavorable as the City's governmental funds is below that of similar municipalities. Council Reserves (mentioned in the prior slide) as well as the Local Option Sales Tax fund balance is the primary cause. The use of future Local Option Sales Tax revenues to fund current projects such the Fire Station 3, Bayview Community Center and Osceola Golf Course resulted in a negative unassigned fund balance which negatively impacted the indicator.

# Financial Indicator 4 (GF)

## Cash and Investments/Current Liabilities



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	87%	Y5 Entity	742.54%
Y2 to Y5 Diff	50%	Y5 Bench	931.02%
Y3 to Y5 Diff	68%	Y5 Entity to Bench Diff	-20%

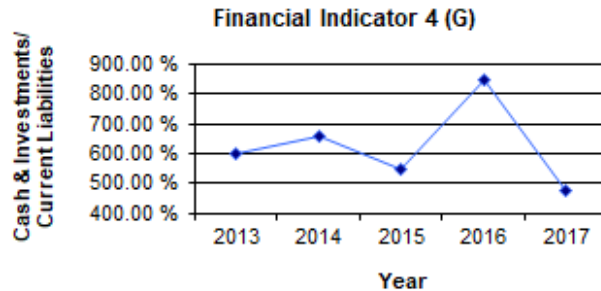
  

Trend:	Favorable	Benchmark Comparison:	Inconclusive
Overall Rating:	Favorable		

- General Fund.
- Percentages decreasing over time may indicate difficulty raising cash needed to meet current needs or that the government has overextended itself in the long run.
- The rating is favorable due to decreased liabilities over the past few years. Changes in liabilities have an adverse effect on the indicator. In 2016 the indicator increased due to decreases in wages and benefits payable.

# Financial Indicator 4 (G)

## Cash and Investments/Current Liabilities



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-20%	Y5 Entity	476.07%
Y2 to Y5 Diff	-28%	Y5 Bench	1278.40%
Y3 to Y5 Diff	-13%	Y5 Entity to Bench Diff	-63%

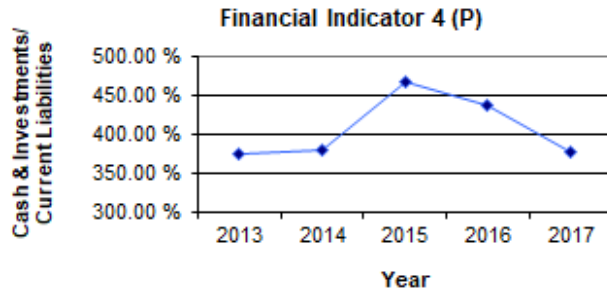
  

Trend:	Inconclusive	Benchmark Comparison:	Unfavorable
Overall Rating:		Unfavorable	

- General, Special Revenue, Debt Service and Capital Project Funds.
- Percentages decreasing over time may indicate difficulty raising cash needed to meet current needs or that the government has overextended itself in the long run.
- The rating is unfavorable as the City's governmental funds is below that of similar municipalities. Changes in liabilities have an adverse effect on the indicator. In 2016 the indicator increased due to decreases in wages and benefits payable and contracts payable. In 2017 the indicator decreased due to increases in vouchers and contracts payable. The increase in the 2017 payables is a direct result of increased construction projects in the City's capital project funds.

# Financial Indicator 4 (P)

## Cash and Investments/Current Liabilities



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	1%	Y5 Entity	377.08%
Y2 to Y5 Diff	0%	Y5 Bench	470.20%
Y3 to Y5 Diff	-19%	Y5 Entity to Bench Diff	-20%

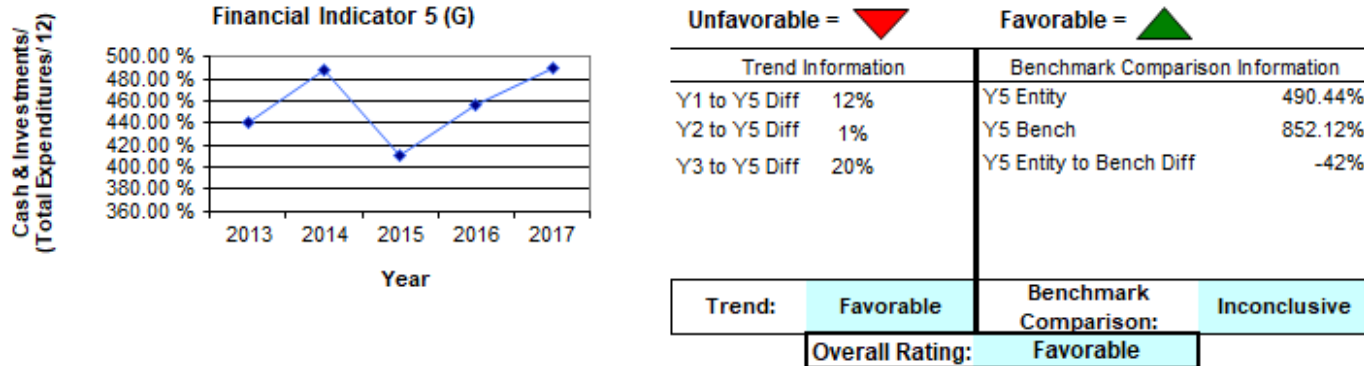
  

Trend:	Unfavorable	Benchmark Comparison:	Inconclusive
Overall Rating:	Unfavorable		

- Proprietary Funds (Enterprise and Internal Service Funds).
- Percentages decreasing over time may indicate difficulty raising cash needed to meet current needs or that the government has overextended itself in the long run.
- The rating is unfavorable due to increases in liabilities over the past few years. Changes in liabilities have an adverse effect on the indicator. The incline in 2015 is based on increased cash and investments in the utility fund which is used to fund reserves. The decrease in 2016 and 2017 was due to increases in vouchers and contracts payable as a direct result of increased construction projects in the Utility and Airport funds.

# Financial Indicator 5 (G)

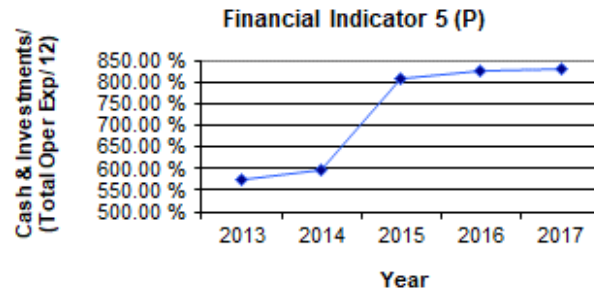
Cash and Investments/(Total Expenditures/12)



- General, Special Revenue, Debt Service and Capital Projects Funds.
- Percentages decreasing over time may indicate difficulty raising cash needed to meet current needs or that the government has overextended itself in the long run.
- The rating is favorable due to an increase in cash over the past few years.
  - In 2015 cash and investments decreased slightly and expenditures increased. The major increases in governmental funds' expenditures stems from increases in capital purchases and Housing Assistance funding.
  - In 2016 cash and investments increased while expenditures decreased slightly. The increases in cash and investments is attributable to increased cash set aside to pay future debt service payments on the Local Option Gas Tax Revenue Bond, Series 2016.
  - In 2017 cash and investments increased and expenditures increased slightly. The increases in cash and investments is attributable to increased general fund cash, increased cash set aside to pay for future debt service payments and increased cash in Local Option Sales Tax capital fund.

# Financial Indicator 5 (P)

Cash and Investments/(Total Operating Expense/12)



Unfavorable = ▼ Favorable = ▲

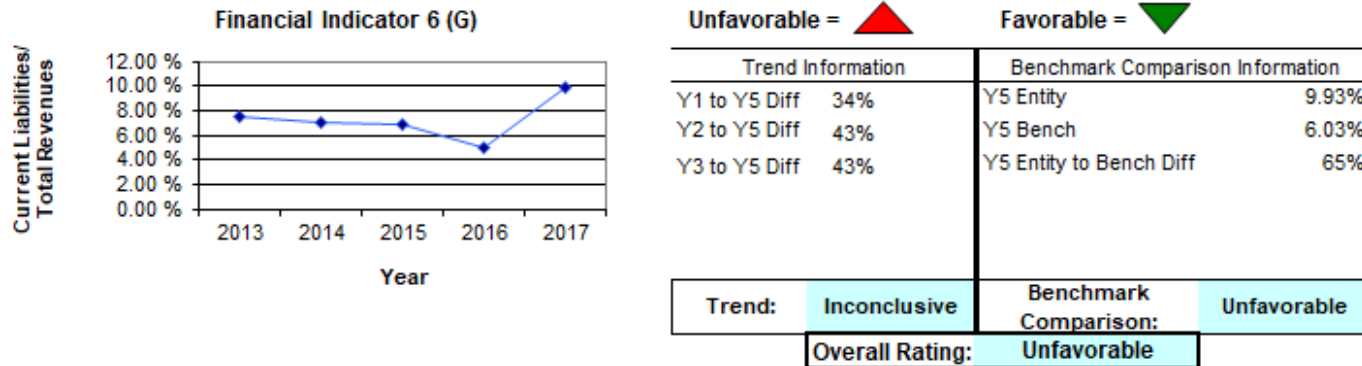
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	45%	Y5 Entity	832.13%
Y2 to Y5 Diff	39%	Y5 Bench	1370.52%
Y3 to Y5 Diff	3%	Y5 Entity to Bench Diff	-39%

Trend:	Favorable	Benchmark Comparison:	Inconclusive
Overall Rating:	Favorable		

- Proprietary Funds (Enterprise and Internal Service Funds).
- Percentages decreasing over time may indicate difficulty raising cash needed to meet current needs or that the government has overextended itself in the long run.
- The favorable rating is due to the increase in cash over the past three fiscal years. The incline in 2015 is based on increased cash and investments in the utility fund which is used to fund reserves.

# Financial Indicator 6 (G)

## Current Liabilities/Total Revenue

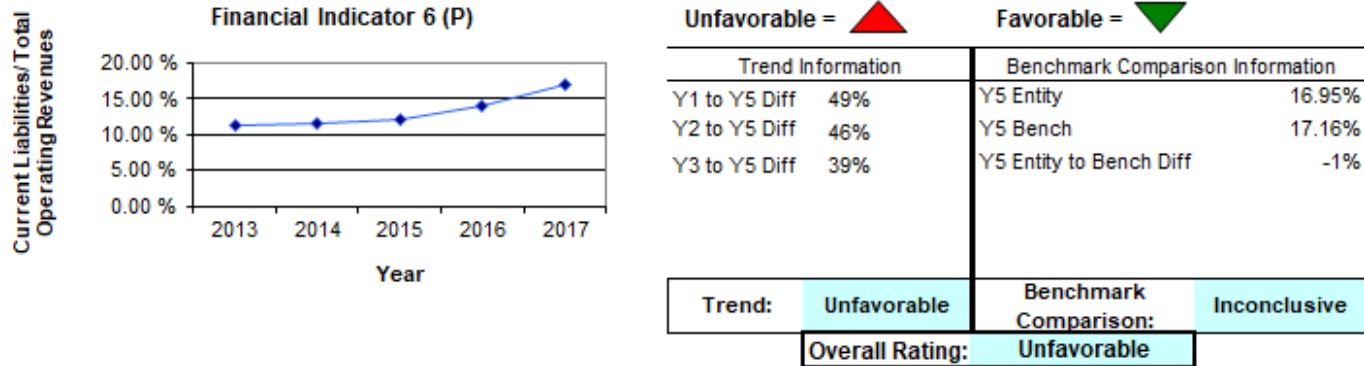


- General, Special Revenue, Debt Service and Capital Projects Funds.
- Increasing results may indicate liquidity problems, deficit spending or both.
- The rating is unfavorable as the City's governmental funds is above that of similar municipalities. Changes in liabilities have a direct effect on the indicator. In 2016 the indicator decreased due to decreases in wages and benefits payable and contracts payable. In 2017 the indicator increased due to increases in vouchers and contracts payable as a direct result of increased construction projects in the City's capital project funds.



# Financial Indicator 6 (P)

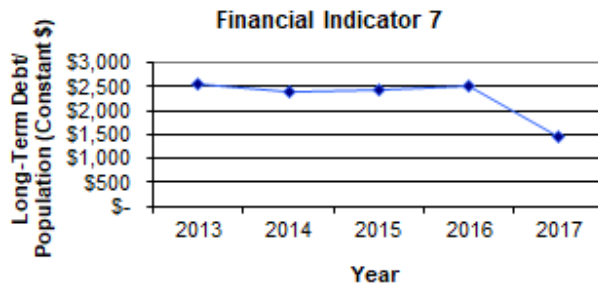
## Current Liabilities/Total Operating Revenue



- Proprietary Funds (Enterprise and Internal Service Funds).
- Increasing results may indicate liquidity problems, deficit spending or both.
- The rating is unfavorable due to increases in current liabilities over the past few years. Changes in liabilities have a direct effect on the indicator. The increase in 2016 and 2017 was due to increases in vouchers and contracts payable as a direct result of increased construction projects in the Utility and Airport funds.

# Financial Indicator 7 (G)

## LT Debt/Population



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-42%	Y5 Entity	\$ 1,472
Y2 to Y5 Diff	-38%	Y5 Bench	\$ 582
Y3 to Y5 Diff	-39%	Y5 Entity to Bench Diff	153%

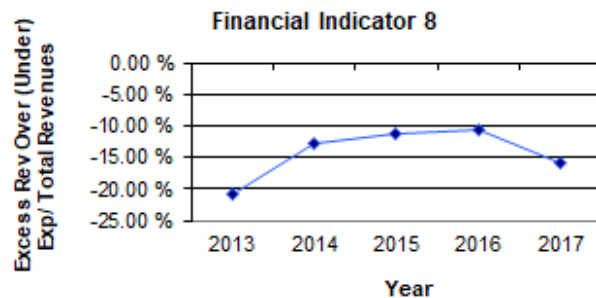
  

Trend:	Inconclusive	Benchmark Comparison:	Unfavorable
Overall Rating:	Unfavorable		

- General, Debt Service and Capital Projects Funds.
- LT Debt amount in constant dollars.
- Percentages increasing over time may indicate a decreasing level of flexibility in how resources are allocated or decreasing ability to pay long-term debt.
- The rating is unfavorable as the City's governmental funds is above that of similar municipalities. The decrease in 2017 is a result of write-off of CMPA's \$54.1 million in long-term debt due to the unwind of the New Market Tax Credit transaction and the dissolution of the CMPA.

# Financial Indicator 8 (G)

## Excess Revenue Over (Under) Exp/Total Revenue



Unfavorable = ▼ Favorable = ▲

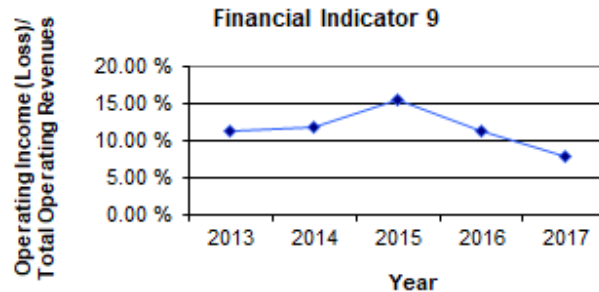
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	24%	Y5 Entity	-15.72%
Y2 to Y5 Diff	-24%	Y5 Bench	-4.48%
Y3 to Y5 Diff	-41%	Y5 Entity to Bench Diff	-251%

Trend:	Inconclusive	Benchmark Comparison:	Unfavorable
Overall Rating:		Unfavorable	

- General, Special Revenue, Debt Service and Capital Projects Funds.
- Decreasing surpluses and/or increasing deficits may indicate that current revenues are not supporting current expenditures.
- The rating is unfavorable as the City's governmental funds is below that of similar municipalities. The City's trend rating's increase in 2014 is due to a reduction in debt service, a reduction in capital purchases and the disposition of the West Florida Public Library system. The decrease in 2017 is due to increased expenses for construction projects in the City's capital project funds.

# Financial Indicator 9 (P)

## Operating Income (Loss)/Total Operating Revenue



Unfavorable = ▼ Favorable = ▲

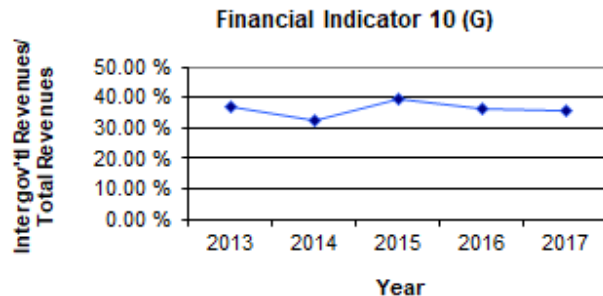
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-30%	Y5 Entity	7.85%
Y2 to Y5 Diff	-33%	Y5 Bench	16.75%
Y3 to Y5 Diff	-49%	Y5 Entity to Bench Diff	-53%

Trend:	Unfavorable	Benchmark Comparison:	Unfavorable
Overall Rating:	Unfavorable		

- Proprietary Funds (Enterprise and Internal Service Funds).
- Decreasing income and/or increasing losses may indicate that current revenues are not supporting current expenses.
- The rating is unfavorable due to decreases in operating income over the past few years. The increase in 2015 was a result of a \$1.6 million in reduced pension cost due to the implementation of GASB Statement No. 68. In 2016 and 2017, the utility fund started a multi-year project to cut and cap dormant gas lines older than five years. The additional cost of this project was the primary factor for the decrease in 2016. In addition, the port fund operating loss increased due to decreased vessel activity related to the decline in the oil market.

# Financial Indicator 10 (G)

## Intergovernmental Revenue/Total Revenue



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-4%	Y5 Entity	35.60%
Y2 to Y5 Diff	11%	Y5 Bench	22.62%
Y3 to Y5 Diff	-10%	Y5 Entity to Bench Diff	57%

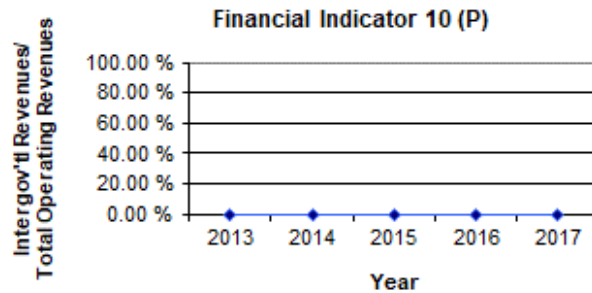
  

Trend:	Favorable	Benchmark Comparison:	Unfavorable
Overall Rating:	Inconclusive		

- General, Special Revenue, Debt Service and Capital Projects Funds.
- Percentages increasing over time indicate a greater risk due to increased dependence on outside revenues.
- The inconclusive rating is more related to the benchmark than the City itself. Other municipalities of similar population and taxable property values have less intergovernmental revenues in relation to total revenue. There are few municipalities that run a federally funded housing program. The 2015 increase in is attributable to increased Housing Assistance funding levels and reimbursements related to the Natural Disaster Fund.

# Financial Indicator 10 (P)

Intergovernmental Revenue/Total Operating Revenue

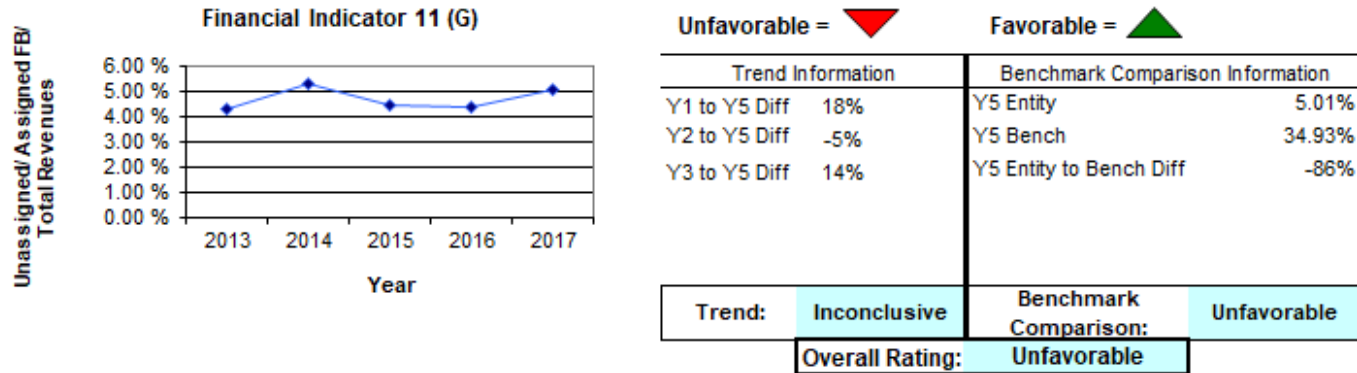


Unfavorable = ▲		Favorable = ▼	
Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff		Y5 Entity	0.00%
Y2 to Y5 Diff		Y5 Bench	3.68%
Y3 to Y5 Diff		Y5 Entity to Bench Diff	-100%
<b>Trend:</b>		<b>Benchmark Comparison:</b>	
<b>Overall Rating:</b>		<b>N/A</b>	

- Proprietary funds (Enterprise and Internal Service Funds) collect no intergovernmental revenue, therefore, the financial indicator is not applicable.

# Financial Indicator 11 (G)

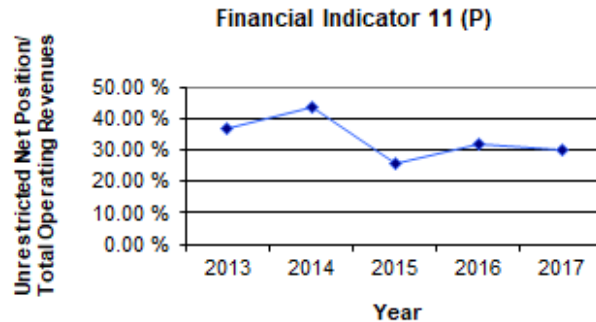
## Unassigned/Assigned FB/Total Revenue



- General, Debt Service and Capital Projects Funds.
- Decreasing results may indicate a reduction in the ability to withstand financial emergencies and/or ability to fund capital purchases without having to borrow.
- The rating is unfavorable as the City's governmental funds is below that of similar municipalities. Council Reserves (mentioned in Financial Indicator 3GF) as well as the Local Option Sales Tax fund balance is the primary cause. The use of future Local Option Sales Tax revenues to fund current projects such the Fire Station 3, Bayview Community Center and Osceola Golf Course resulted in a negative unassigned fund balance which negatively impacted the indicator.

# Financial Indicator 11 (P)

## Unrestricted NP/Total Operating Revenue



Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-18%	Y5 Entity	29.86%
Y2 to Y5 Diff	-31%	Y5 Bench	78.08%
Y3 to Y5 Diff	17%	Y5 Entity to Bench Diff	-62%

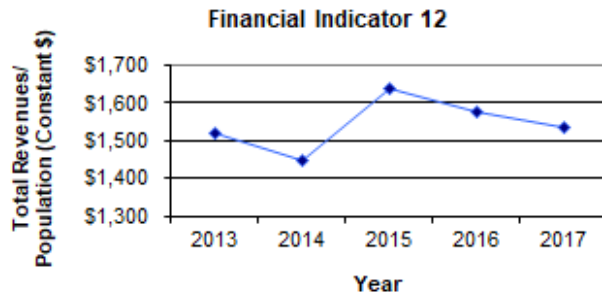
Trend:	Inconclusive	Benchmark Comparison:	Unfavorable
Overall Rating:		Unfavorable	

- Proprietary Funds (Enterprise and Internal Service Funds).
- Decreasing results may indicate a reduction in the ability to withstand financial emergencies and/or ability to fund capital purchases without having to borrow.
- The rating is unfavorable as the City's proprietary funds is below that of similar municipalities. The sharp decline in 2015 was a result of a \$17.3 million decrease in the enterprise and internal service funds unrestricted net position primary attributable to the recognition of \$23.5 million in prior year unfunded pension obligations which was offset with \$1.6 million in reduced pension cost due to the implementation of GASB Statement No. 68.



# Financial Indicator 12 (G)

## Total Revenue/Population



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	1%	Y5 Entity	\$ 1,533
Y2 to Y5 Diff	6%	Y5 Bench	\$ 931
Y3 to Y5 Diff	-6%	Y5 Entity to Bench Diff	65%

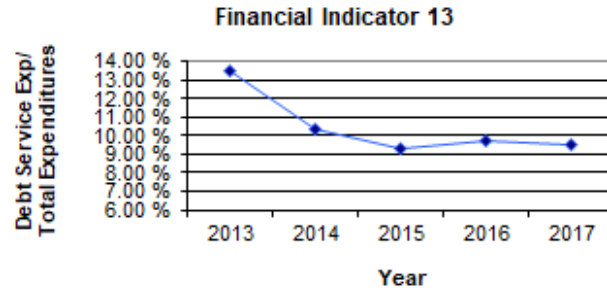
  

Trend:	Inconclusive	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

- General, Special Revenue, Debt Service and Capital Projects Funds.
- Revenue amount in constant dollars.
- Decreasing results indicate that the government may be unable to maintain existing service levels with current revenue sources.
- The favorable rating is more related to the benchmark than the City itself as the trend data is inconclusive due to fluctuations in total revenue over the past few years. The 2015 increase in revenue is attributable to the increased Housing Assistance funding levels and reimbursements related to the Natural Disaster Fund.

# Financial Indicator 13 (G)

## Debt Service/Total Expenditures

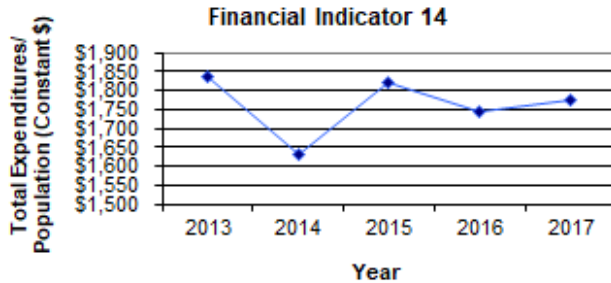


Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-29%	Y5 Entity	9.56%
Y2 to Y5 Diff	-8%	Y5 Bench	7.07%
Y3 to Y5 Diff	3%	Y5 Entity to Bench Diff	35%
<b>Trend:</b>	<b>Inconclusive</b>	<b>Benchmark Comparison:</b>	<b>Inconclusive</b>
<b>Overall Rating:</b>		<b>Inconclusive</b>	

- General, Debt Service and Capital Projects Funds.
- Percentages increasing over time may indicate declining flexibility in responding to economic changes.
- The rating is inconclusive due to an inconsistent trend over the past few years. The decrease in 2014 is due to the payoff of the Sales and Excise Tax Refunding Bonds, Series 2004.

# Financial Indicator 14 (G)

## Total Expenditures/Population



Unfavorable = ▲ Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	-3%	Y5 Entity	\$ 1,774
Y2 to Y5 Diff	9%	Y5 Bench	\$ 981
Y3 to Y5 Diff	-3%	Y5 Entity to Bench Diff	81%

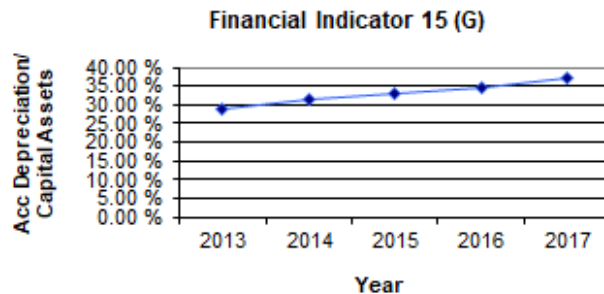
  

Trend:	Inconclusive	Benchmark Comparison:	Unfavorable
Overall Rating:		Unfavorable	

- General, Special Revenue, Debt Service and Capital Projects Funds.
- Expenditures in constant dollars.
- Increasing results may indicate that the cost of providing services is outstripping the government's ability to pay (i.e., the local government may be unable to maintain services at current levels).
- The unfavorable rating is more related to the benchmark than the City itself. The majority of the entities used to develop the benchmark information do not have both a housing program or large capital fund such as the City's Local Option Sales Tax.

# Financial Indicator 15 (G)

## Accumulated Depreciation/Capital Assets

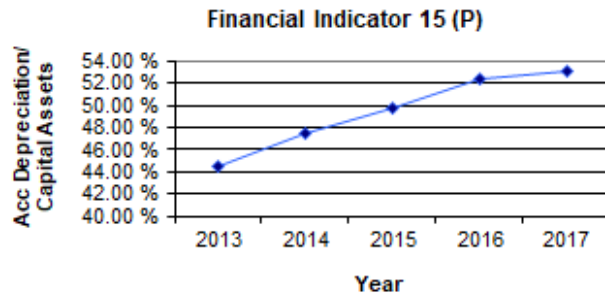


Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	29%	Y5 Entity	37.20%
Y2 to Y5 Diff	19%	Y5 Bench	44.17%
Y3 to Y5 Diff	12%	Y5 Entity to Bench Diff	-16%
<b>Trend:</b>	<b>Unfavorable</b>	<b>Benchmark Comparison:</b>	<b>Inconclusive</b>
<b>Overall Rating: Unfavorable</b>			

- Governmental activities.
- Increasing results may indicate that a local government is not systematically investing in capital assets which may indicate increasing deferred replacement or maintenance cost.
- The unfavorable rating is due to increases in accumulated depreciation over the past few years which were greater than the increases in capital assets. With the increase in the capital outlay in the capital projects funds, this number should improve over the next few fiscal years.

# Financial Indicator 15 (P)

## Accumulated Depreciation/Capital Assets

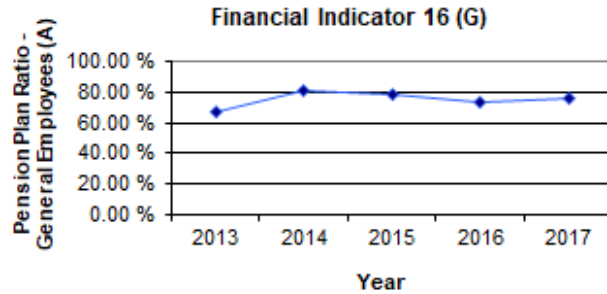


Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	19%	Y5 Entity	53.09%
Y2 to Y5 Diff	12%	Y5 Bench	44.16%
Y3 to Y5 Diff	7%	Y5 Entity to Bench Diff	20%
<b>Trend:</b>	<b>Unfavorable</b>	<b>Benchmark Comparison:</b>	<b>Inconclusive</b>
<b>Overall Rating:</b>		<b>Unfavorable</b>	

- Business-type activities.
- Increasing results may indicate that a local government is not systematically investing in capital assets which may indicate increasing deferred replacement or maintenance cost.
- The unfavorable rating is due to increases in accumulated depreciation over the past few years which were greater than the increases in capital assets. With the completion of the \$44 million airport terminal expansion in 2011, no major capital additions to Pensacola International Airport have been made thus skewing the trends. With the increase in the capital outlay in the utility and airport funds, this number should improve over the next few fiscal years.

# Financial Indicator 16 (G)

## Pension Plan Funded Ratio



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	13%	Y5 Entity	75.53%
Y2 to Y5 Diff	-6%	Y5 Bench	84.06%
Y3 to Y5 Diff	-4%	Y5 Entity to Bench Diff	-10%

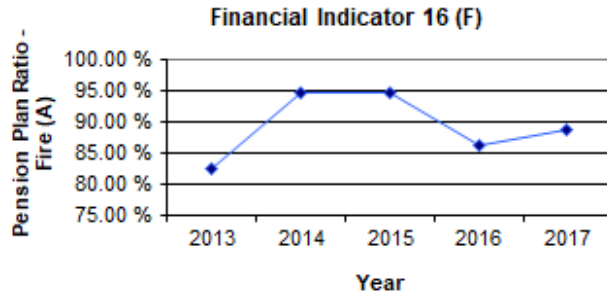
  

Trend:	Inconclusive	Benchmark Comparison:	Inconclusive
Overall Rating:		Inconclusive	

- General employees.
- Declining results may indicate that the pension plan may not be adequately funded, which may indicate an increasing burden on the tax base.
- The rating is inconclusive due to an inconsistent trend over the past few years. Funding percentages are heavily influenced by market trends.

# Financial Indicator 16 (F)

## Pension Plan Funded Ratio



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	8%	Y5 Entity	88.62%
Y2 to Y5 Diff	-6%	Y5 Bench	81.05%
Y3 to Y5 Diff	-6%	Y5 Entity to Bench Diff	9%

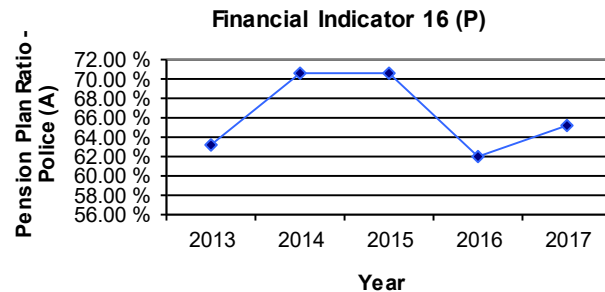
  

Trend:	Inconclusive	Benchmark Comparison:	Inconclusive
Overall Rating:		Inconclusive	

- Firefighters.
- Declining results may indicate that the pension plan may not be adequately funded, which may indicate an increasing burden on the tax base.
- The rating is inconclusive due to an inconsistent trend over the past few years. Funding percentages are heavily influenced by market trends.

# Financial Indicator 16 (P)

## Pension Plan Funded Ratio



Unfavorable = ▼ Favorable = ▲

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	3%	Y5 Entity	65.20%
Y2 to Y5 Diff	-8%	Y5 Bench	78.21%
Y3 to Y5 Diff	-8%	Y5 Entity to Bench Diff	-17%

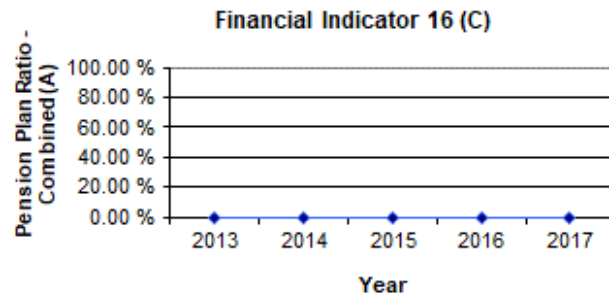
<b>Trend:</b>	<b>Inconclusive</b>	<b>Benchmark Comparison:</b>	<b>Inconclusive</b>
<b>Overall Rating:</b>		<b>Inconclusive</b>	

- Police officers.
- Declining results may indicate that the pension plan may not be adequately funded, which may indicate an increasing burden on the tax base.
- The rating is inconclusive due to an inconsistent trend over the past few years. Funding percentages are heavily influenced by market trends.



# Financial Indicator 16 (C)

## Pension Plan Funded Ratio - Combined



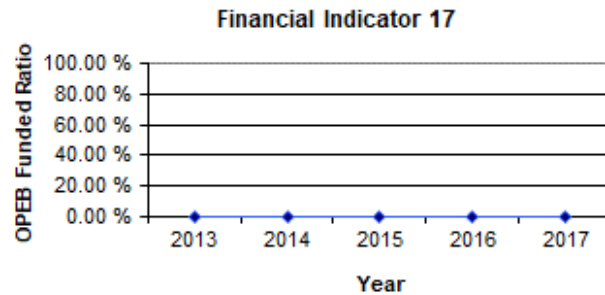
Unfavorable = ▼ Favorable = ▲

Trend Information	Benchmark Comparison Information
Y1 to Y5 Diff	Y5 Entity
Y2 to Y5 Diff	Y5 Bench 72.00%
Y3 to Y5 Diff	Y5 Entity to Bench Diff
<b>Trend:</b>	<b>Benchmark Comparison:</b>
<b>Overall Rating: N/A</b>	

- The City has separate pension plans for General, Fire and Police employees instead of one combined Plan, therefore, the financial indicator is not applicable.

# Financial Indicator 17

## OPEB Funded Ratio



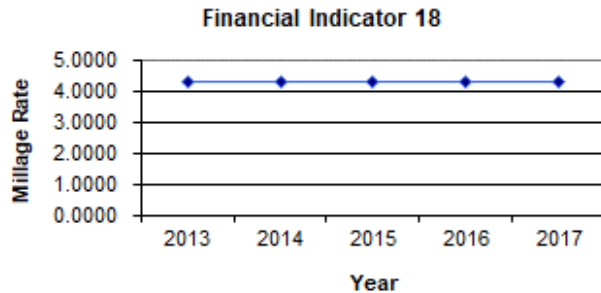
Unfavorable = ▼ Favorable = ▲

Trend Information	Benchmark Comparison Information
Y1 to Y5 Diff	Y5 Entity
Y2 to Y5 Diff	Y5 Bench 0.00%
Y3 to Y5 Diff	Y5 Entity to Bench Diff
Trend:	Benchmark Comparison:
Overall Rating: N/A	

- The City does not intend to fund the actuarial liability, therefore, the financial indicator is not applicable. Note that none of the entities in the benchmark grouping reported a rating under this indicator.

# Financial Indicator 18

## Millage Rate



Unfavorable = ▲ Favorable = ▼

Trend Information		Benchmark Comparison Information	
Y1 to Y5 Diff	0%	< 5.0000	Low
Y2 to Y5 Diff	0%	5.0000 - 9.4999	Medium
Y3 to Y5 Diff	0%	9.5000 +	High
		Y5 Entity	4.2895

Trend:	Inconclusive	Benchmark Comparison:	Favorable
Overall Rating:		Favorable	

- Millage rates approaching the statutory limit which is 10 mills, may indicate a reduced ability to raise additional funds when needed.
- The favorable rating stems from the City's millage rate being below 6 mills.

# Recap of Financial Indicators

	<u>Fiscal Year 2017</u>	
Favorable	23%	6
Unfavorable	54%	14
Inconclusive	23%	6
Total Applicable	<u>100%</u>	<u>26</u>
N/A		<u>3</u>
Total		<u>29</u>
Overall Rating	<b>Inconclusive</b>	