



THE

PERFORMETER®

A Financial Statement Analysis of
The City of Yukon, Oklahoma
As of and for the year ended June 30, 2016

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 0-10

The overall reading is a barometer of the City's financial health and performance

How to Use the Performer[®]

Use the individual ratios to identify financial warning signs – the ratios are combined into three categories

Financial position ratios – that measure financial health at year end

Financial performance ratios - that measure changes in 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

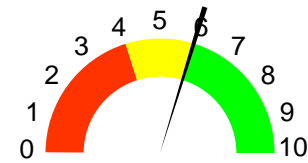
Use the comparisons to prior years to monitor trends in financial indicators

Limitations of the Performer[®]

The Performer[®] should not be used as the only source of financial information to evaluate financial health and performance

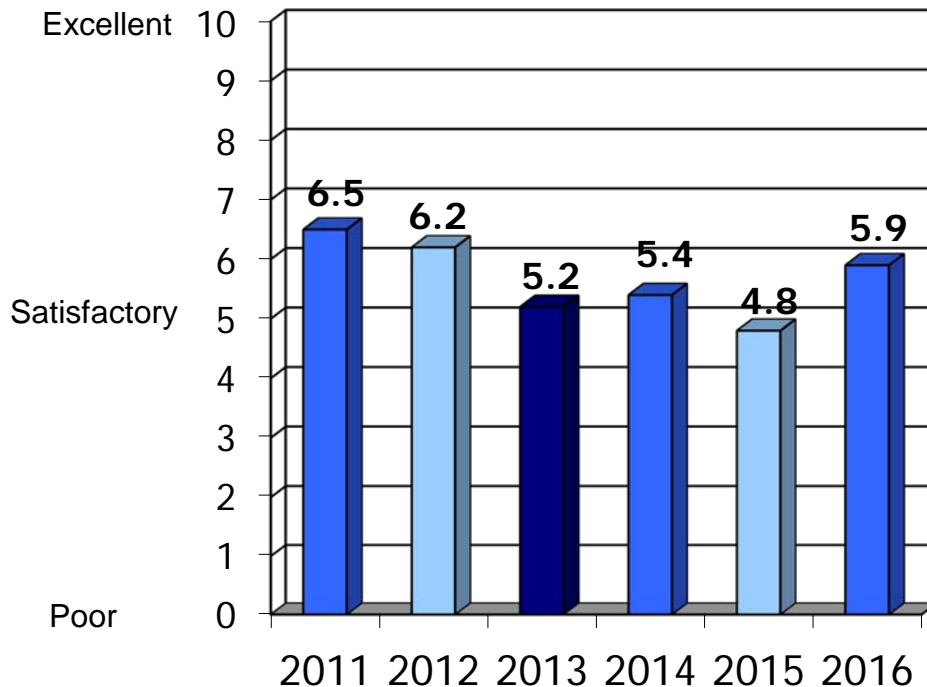
The analysis is an overall rating of the City as a whole and not of specific activities, funds or units

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



Performer[®] Reading

Overall Reading



For the 2016 fiscal year, the readings by ratio category were as follows:

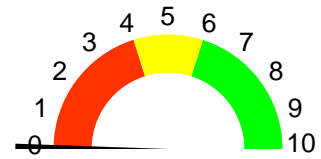
Financial Position	2.1
Financial Performance	9.3
Financial Capability	6.1

While the City's overall score increased due to an improvement in all three categories above. The 2016 overall reading of 5.9 indicates the evaluator's opinion that Yukon's overall financial health and performance experienced an increase in the past year, and is now considered just above satisfactory. Note that the 2015 score was updated to reflect the reissued and corrected FY 2015 audited financial statements amounts.

Performer[®] Ratios

Financial Position Ratios

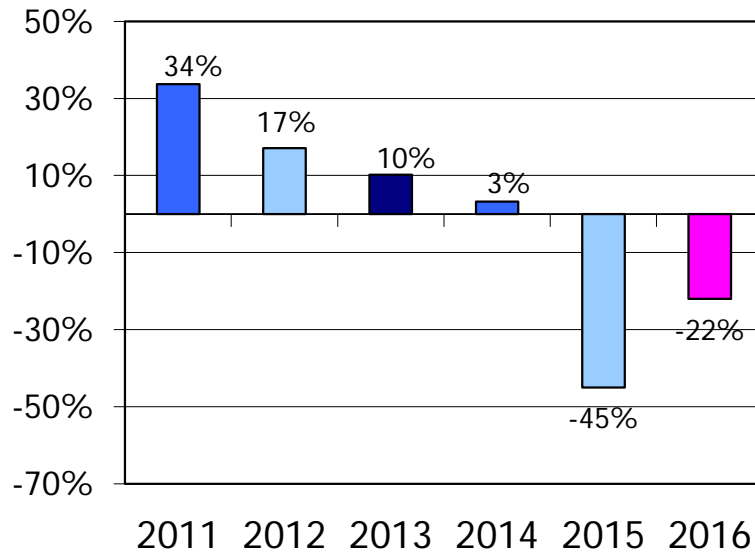
Unrestricted Net Position	How do our total rainy day funds look?
General Fund Unassigned Fund Balance	How does our General Fund unassigned carryover position look?
Capital Asset Condition	How much life do we still have left in our capital assets?
Assets to Debt	Who really owns the City?
Current Ratio	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 (Deficit)

How do our total rainy day funds look?

Unrestricted Net Position (Deficit) as a Percentage of Annual Revenues

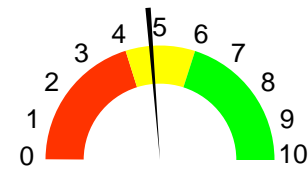


The level of total unrestricted net position is an indication of the amount of unexpended and available resources the City has in all funds combined at a point in time to fund emergencies, shortfalls or other unexpected needs. In our model, 50% is considered excellent, while 30% is considered a desired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

For the year ended June 30, 2016, the City's total unrestricted net position was in a deficit position of \$8,898,753, equivalent to 22% of annual total revenues. This means that the current size of the unrestricted net position deficit is slightly above one-fifth of the year's total revenues, however, it is a significant improvement from the ratio of the prior period.

2011	2012	2013	2014	2015	2016
34%	17%	10%	3%	-45%*	-22%

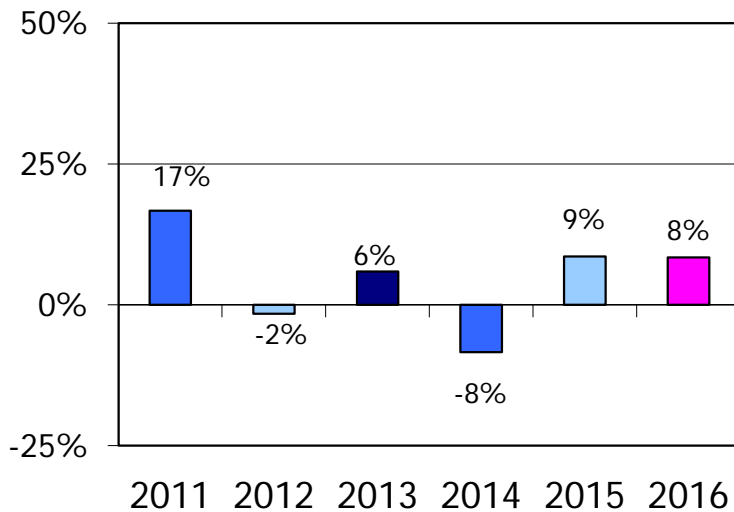
*First year of inclusion of net pension liabilities due to change in accounting rules



Level of General Fund Unassigned Fund Balance

How does our carryover position look?

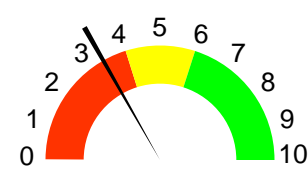
General Fund Unassigned Fund Balance (Deficit) as a Percentage of Annual Revenues



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 this analysis, only the General Fund is considered, along with any negative unassigned fund balance in any other governmental fund. In our model, 10% is considered a minimum responsible level, while 30% is considered desirable.

For the year ended June 30, 2016, the City's unassigned fund balance of the General Fund amounted to a positive fund balance of \$1,944,014, or approximately 8% of annual General Fund revenues. This represents a slight decrease from the ratio of the prior period, and remains slightly below our model's satisfactory benchmark.

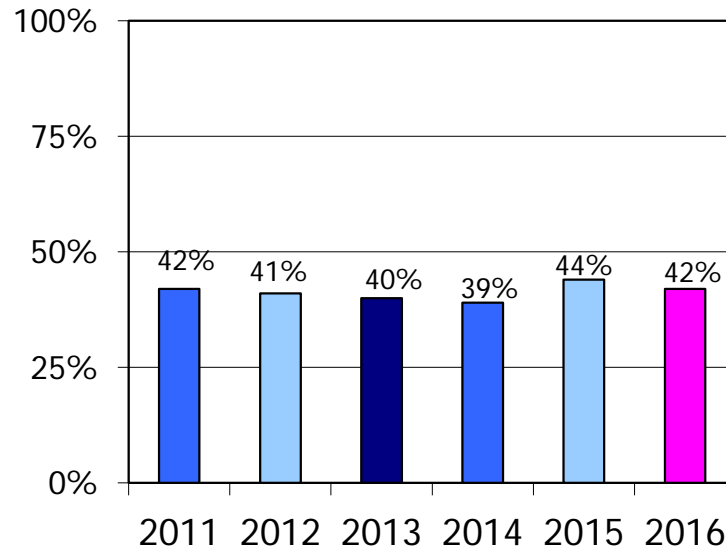
2011	2012	2013	2014	2015	2016
17%	-2%	6%	-8%	9%	8%



Capital Asset Condition

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

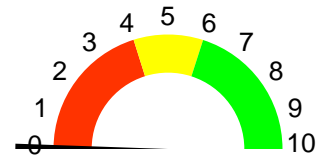
Percentage of Capital Assets' Useful Life Remaining



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.

At June 30, 2016, the City's depreciable capital assets amounted to \$157.5 million while accumulated depreciation totaled \$92.1 million. This indicates that the City's capital assets have well less than one-half (42%) of their useful lives remaining. This is below the satisfactory indicator in our model, and it remains relatively consistent with the 6 years presented.

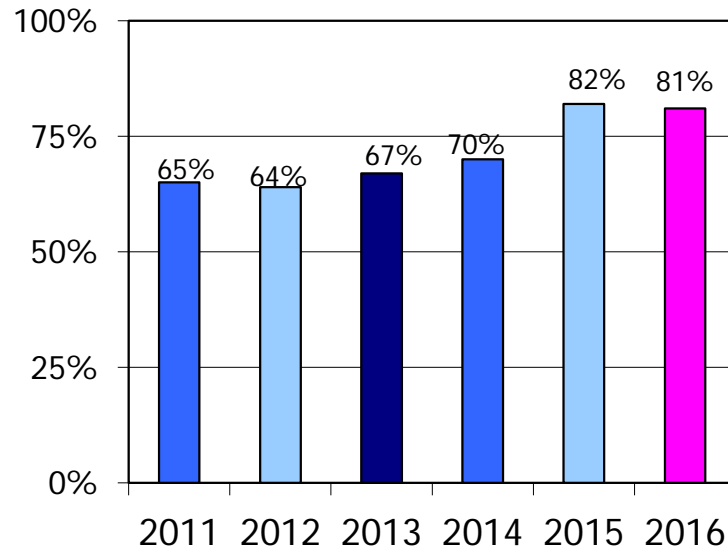
2011	2012	2013	2014	2015	2016
42%	41%	40%	39%	44%	42%



Non-Uniformed Employees Pension Plan Funding Ratio

Will we be able to pay our non-uniformed employees when they retire?

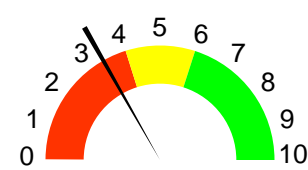
OkMRF Pension Plan Net Position as a % of the Total Pension Liability



The pension funding ratio compares the City's OkMRF pension plan net position to the total pension liability for pension benefits. A percentage less than 100% indicates the plan is underfunded at the valuation date.

At June 30, 2016, the City's OkMRF pension plan assets were 81% of the total pension liability, indicating the plan was over three-quarters funded from an actuarial accounting perspective at the last valuation date. For the purposes of this evaluation, a ratio indicating that the plan is 95% funded would be considered satisfactory. In addition, this was the second year of measuring the liability from an actuarial accounting perspective as opposed to an actuarial funding perspective. The City's net pension liability at June 30, 2016 is approximately \$5 million.

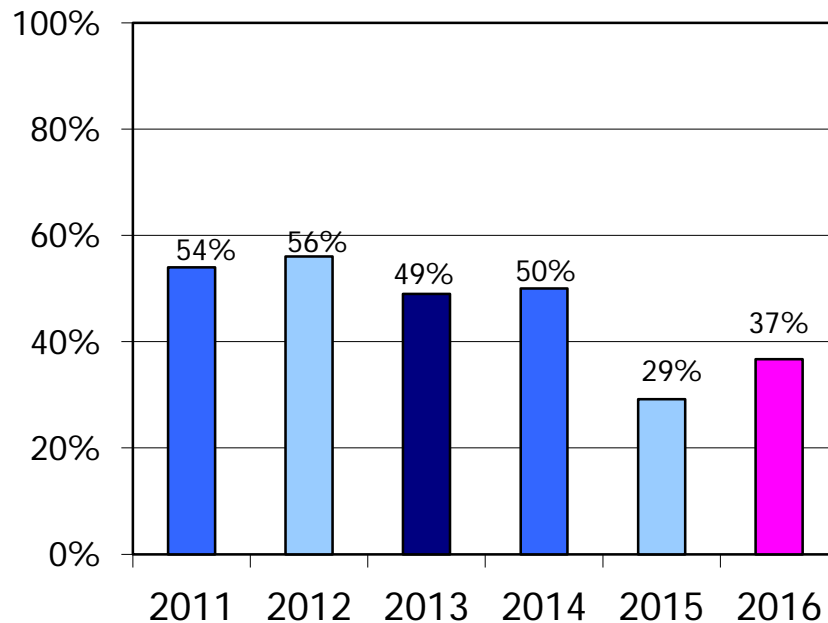
2011	2012	2013	2014	2015	2016
65%	64%	67%	70%	82%	81%



Assets to Debt

Who really owns the City?

Percentage of Equity in Assets

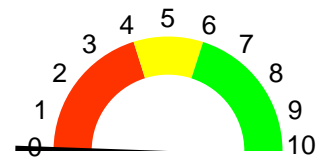


The assets to debt ratio measures the extent to which the City had funded its assets with debt. The higher the percentage, the more equity the City has in its assets.

At June 30, 2016, 63% of the City's \$94 million of total assets were funded with debt or other obligations, leaving 37% as equity. This indicates that for each dollar of City assets owned, it owes 63 cents of that dollar to others. However, the ratio did improve when compared to the ratio of the prior year.

2011	2012	2013	2014	2015	2016
54%	56%	49%	50%	29%*	36%

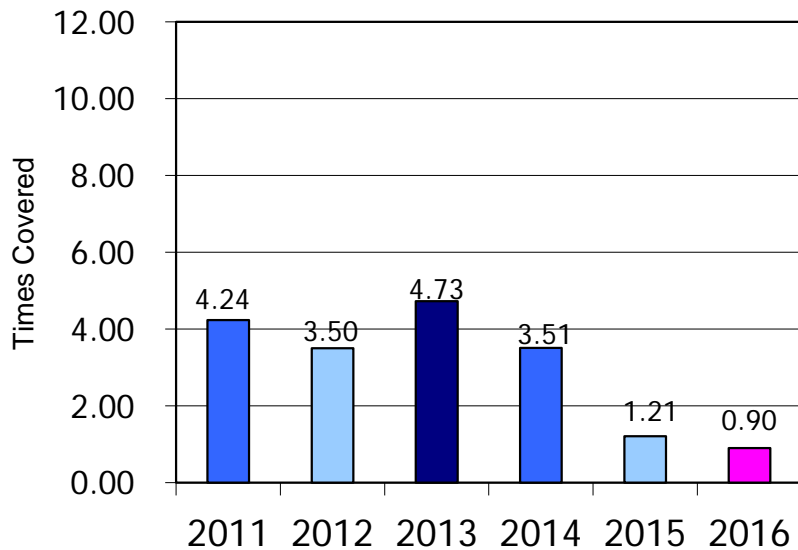
*First year of inclusion of net pension liabilities due to change in accounting rules



Current Ratio

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

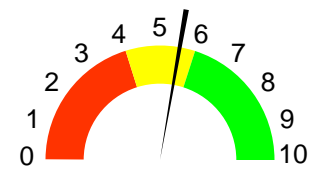
Current Assets Compared to Current Liabilities



The current ratio is one measure of the 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, 2016 the City had a government-wide ratio of current assets to current liabilities of 0.90 to 1. This indicates that the City had only 90 cents of current assets needed to pay every \$1 of current liabilities. This is considered a poor indicator of liquidity and represents a decline when compared to the ratio of the previous period.

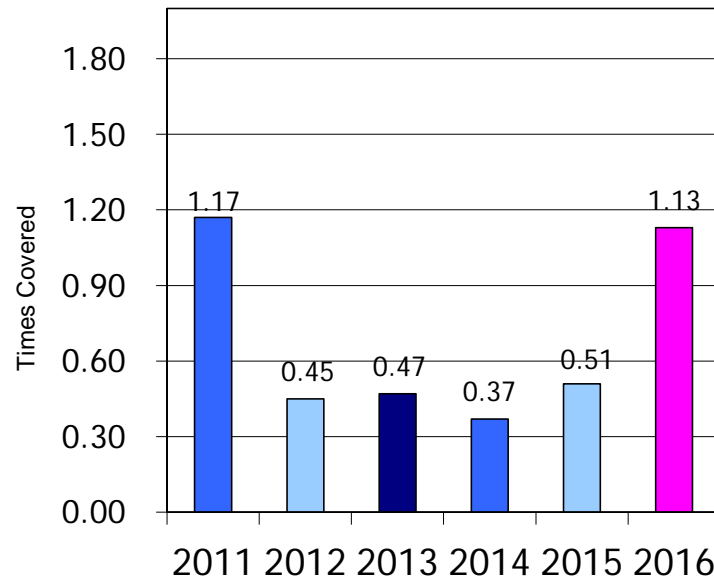
2011	2012	2013	2014	2015	2016
4.24	3.50	4.73	3.51	1.21	0.90



Quick Ratio

How is our short-term cash position?

Unrestricted Cash and Cash Equivalents Compared to Current Liabilities



The quick ratio is another, more conservative, measure of the City's ability to pay its short-term obligations. The quick ratio compares total unrestricted cash and short-term investments (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.

At June 30, 2016, the City had a government-wide ratio of unrestricted cash and cash equivalents to current liabilities of 1.13 to 1. This indicates that the City had one dollar and thirteen cents of unrestricted cash and cash equivalents needed to pay every \$1 in current liabilities payable from unrestricted cash. This is considered to be a slightly above satisfactory indicator and represents an improvement from the ratio of the prior period.

2011	2012	2013	2014	2015	2016
1.17	0.45	0.47	0.37	0.51	1.13

Financial Position Ratios

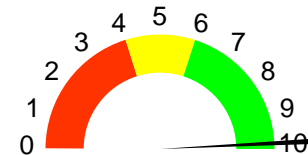
Summary and Comparison to Prior Years

Ratio	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Unrestricted Net Position	-22%	-45%	3%	10%	17%	34%
Budgetary Unassigned Fund Balance	8.4%	8.6%	-5%	8%	-1%	17%
Capital Asset Condition	42%	44%	39%	40%	41%	42%
Non-Uniformed Employees Pension Plan Funding Ratio	81%	82%	70%	67%	64%	65%
Assets to Debt	37%	29%	50%	49%	56%	54%
Current Ratio	0.90	1.21	3.51	4.73	3.50	4.24
Quick Ratio	1.13	.51	.37	.47	.45	1.17
Financial Position Performer Score	2.1	1.5	3.0	4.0	3.5	6.2

Performmeter® Ratios

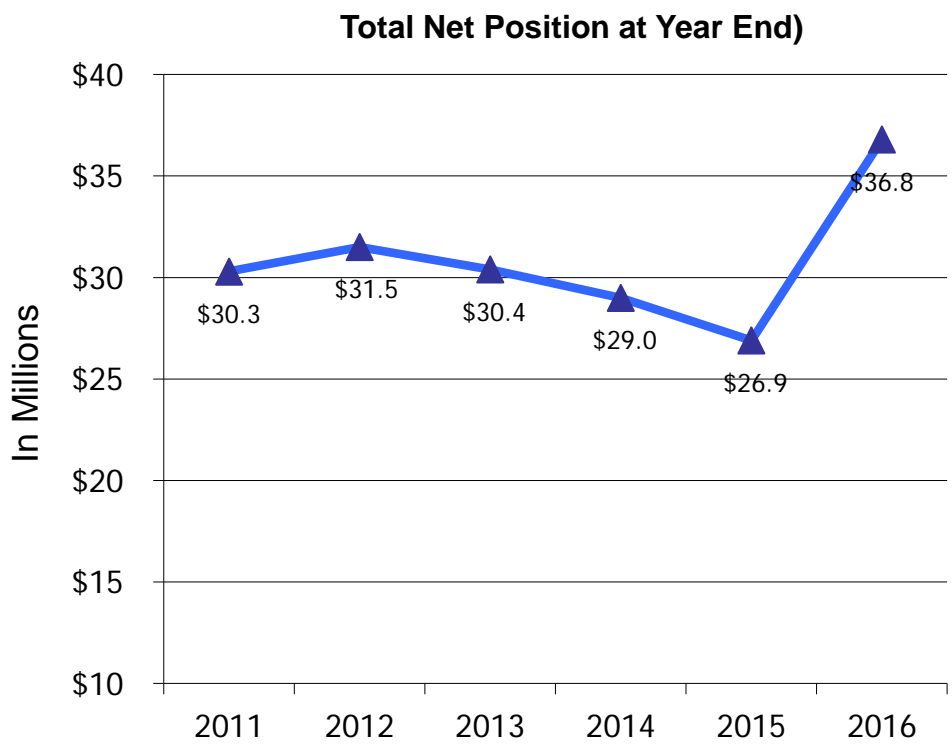
Financial Performance Ratios

Change in Net Position	Did our overall financial position improve, decline, or remain steady from the past year?
Interperiod Equity	Who paid for the costs of current year services-current, past, or future tax and rate payers?
BTA Self-Sufficiency	Did current year business-type activities (BTA), 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

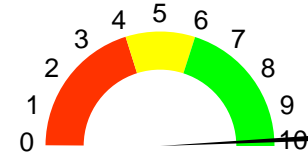
Did our overall financial position improve, decline or remain steady from the past year?



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

For the year ended June 30, 2016, total net position increased by approximately \$10 million, or 35% from the prior year. This increase is typically the result of current year revenues exceeding current year expenses and it is a significant improvement when compared to the ratios of the prior periods.

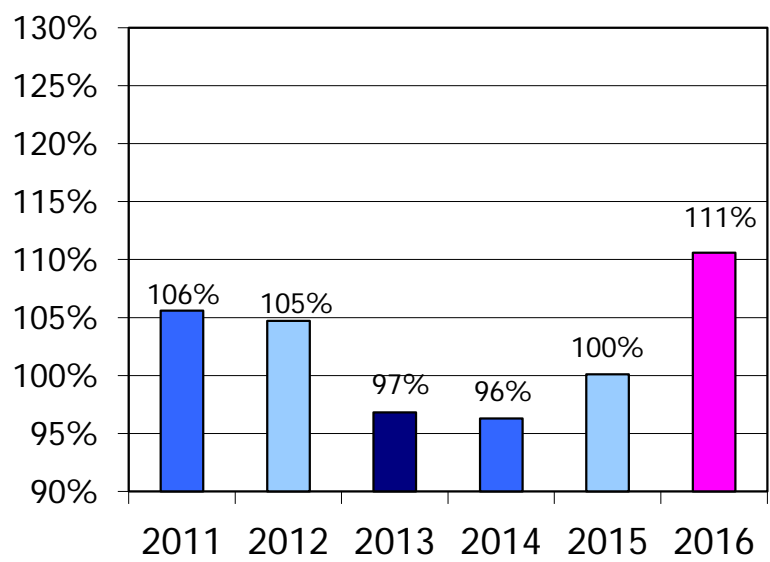
2011	2012	2013	2014	2015	2016
+4%	+3%	-2%	-3%	0.1%	35%



Interperiod Equity

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

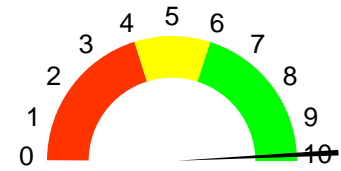
Current Year Revenues as a Percentage of Current Year Costs



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.

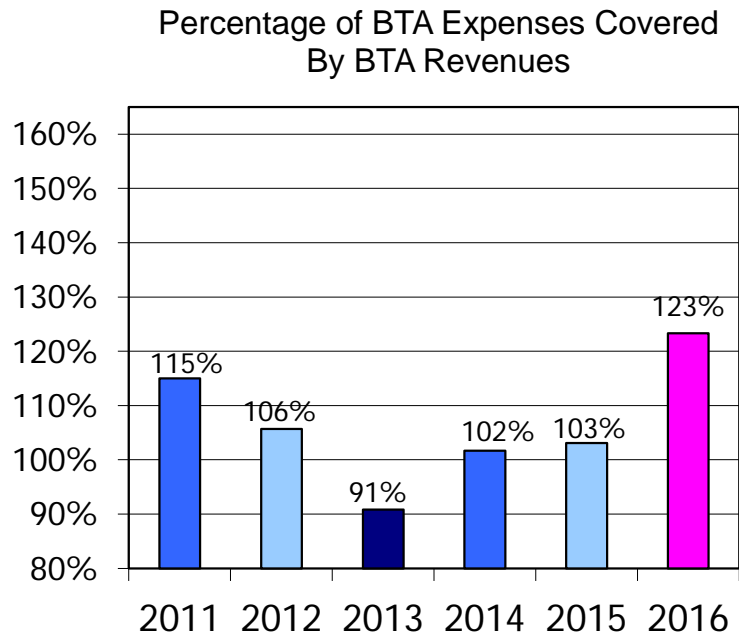
For the year ended June 30, 2016, the City's total costs were not fully funded by current year tax and rate payers, as current year revenues being generated were only 111% of the current year costs. This is considered an excellent ratio and an improvement in the ratio from the prior period.

2011	2012	2013	2014	2015	2016
106%	105%	97%	96%	100%	111%



BTA Self-Sufficiency

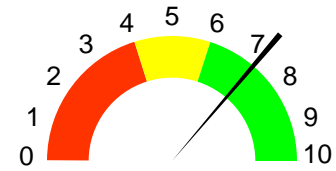
Did current year business-type activities, such as utilities, pay for themselves?



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, 2016, the City's business-type activities were 123% self-sufficient in total. This indicates that 123% of the current year costs were funded by current year revenues. This is considered to be an above satisfactory ratio for the current year and representing a significant improvement from the ratio of the prior year.

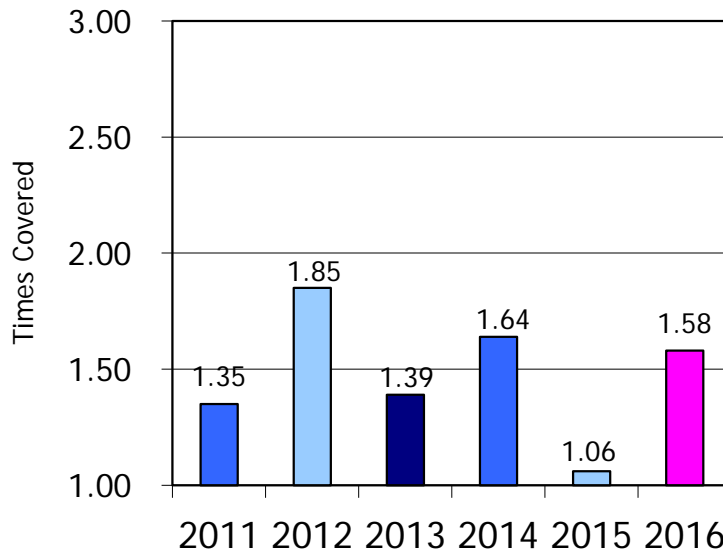
2011	2012	2013	2014	2015	2016
115%	106%	91%	102%	103%	123%



Debt Service Coverage

Were our revenue bond and note investors be pleased
with our ability to pay them on time?

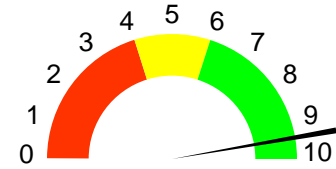
Number of Times Net Pledged Revenues Cover Annual Debt Service



The debt service coverage ratio compares the City's debt service requirements on revenue bonds 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 the net revenues from operations.

For the year ended June 30, 2016, the City experienced an above satisfactory debt service coverage ratio of 1.58. This indicates the City generated a little more than one and one-half times the amount of cash necessary to pay the average annual debt service requirements on its revenue bonds and notes (this calculation includes the pledged sales tax), and also represents an improvement in the ratio of the prior year.

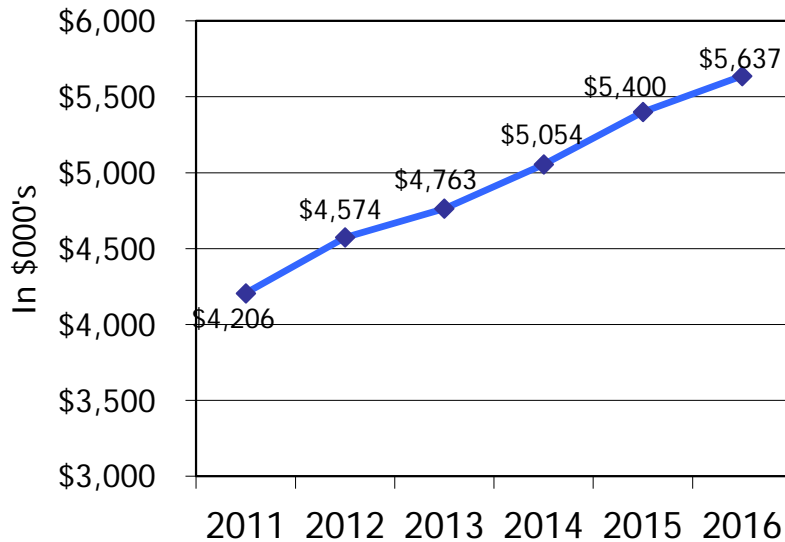
2011	2012	2013	2014	2015	2016
1.35	1.85	1.39	1.64	1.06	1.58



Sales Tax Growth

What is the state of our local economy?

Sales and Use Tax Revenue per One-Cent Tax



Due to the inability of Oklahoma municipalities to levy a property tax for operations, the City is highly dependent on sales and use tax revenue to fund its 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, 2016, the City experienced an increase in sales and use tax collections for all 4 cents of tax in the amount of \$947,426 or 4.4% from the prior year. This translates into a increase in taxable sales of approximately \$23,685,650 from the taxable sales of the prior year.

2011	2012	2013	2014	2015	2016
Info unavailable	+8.8%	+4.1%	+6.1%	+6.8%	+4.4%

Financial Performance Ratios

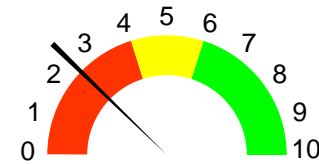
Summary and Comparison to Prior Years

Ratio	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Change in Net Position	+35.2%	+0.1%	+3%	-2%	+3%	+4%
Interperiod Equity	111%	100%	96%	97%	105%	106%
BTA Self-Sufficiency	123%	103%	102%	91%	106%	115%
Debt Service Coverage	1.58	1.06	1.64	1.39	1.85	1.35
Sales Tax Growth	+4.4%	+6.8%	+6.1%	+4.1%	+8.8%	Info unavailable
Financial Performance Perfometer Score	9.3	7.4	7.2	5.7	9.0	7.3

Performer[®] Ratios

Financial Capability Ratios

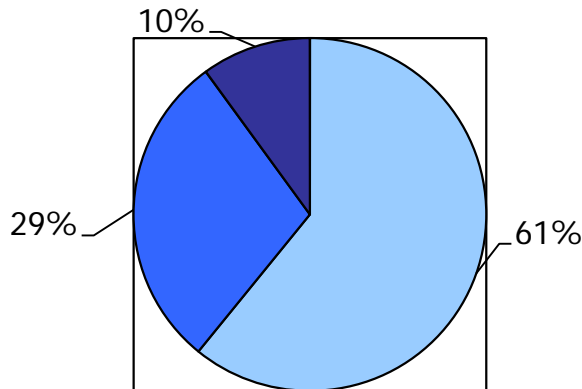
Revenue Dispersion	How much of our revenue is beyond our direct control?
Debt Service Load	How heavily is our budget loaded with payments to retire long-term debt?
Bonded Debt Per Capita	What is the debt burden on our property tax payers?
Legal Debt Limit Remaining	Will we be legally able to issue more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

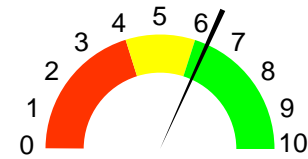
2016 Revenue Percentages by Source



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.

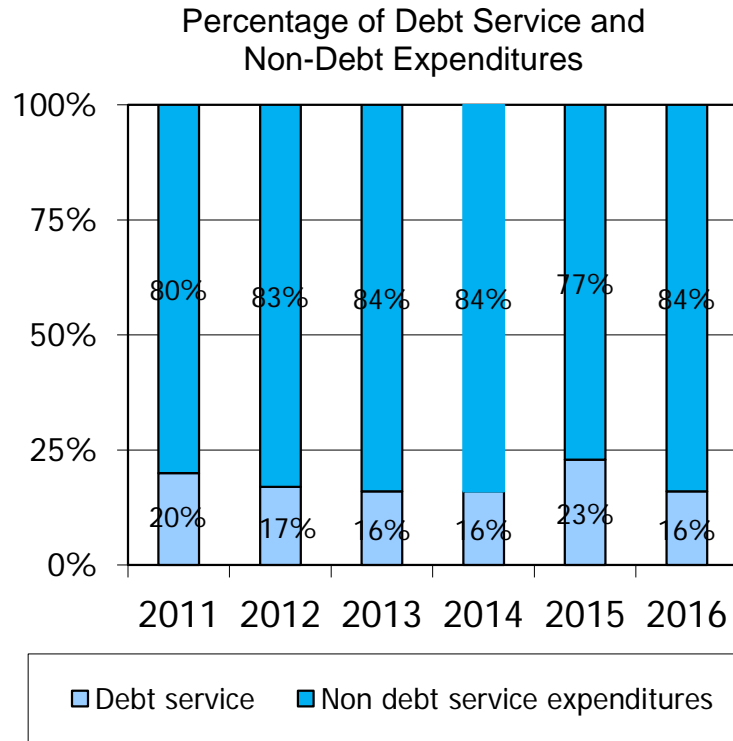
For the year ended June 30, 2016, the City had direct control over 29% (service charges) of its revenues. This ratio indicates the City has some limited exposure, as do most cities, to financial difficulties due to reliance (71%) on taxes that require voter approval and on grants, contributions and other revenue.

2011	2012	2013	2014	2015	2016
70%	70%	70%	71%	70%	71%



Debt Service Load

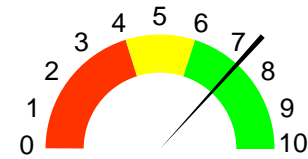
How much of our annual budget is loaded with disbursements to pay off long-term debt?



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

For the year ended June 30, 2016, the City's total non-capital expenditures amounted to \$30.7 million, of which \$6.6 million (or approximately 16%) were payments for principal and interest on long-term debt. In our model, this is an above satisfactory financial indicator and indicates that for every dollar the City spent on non-capital items, 16 cents of that dollar was used for debt service. This also represents an improvement from the ratio of the prior period.

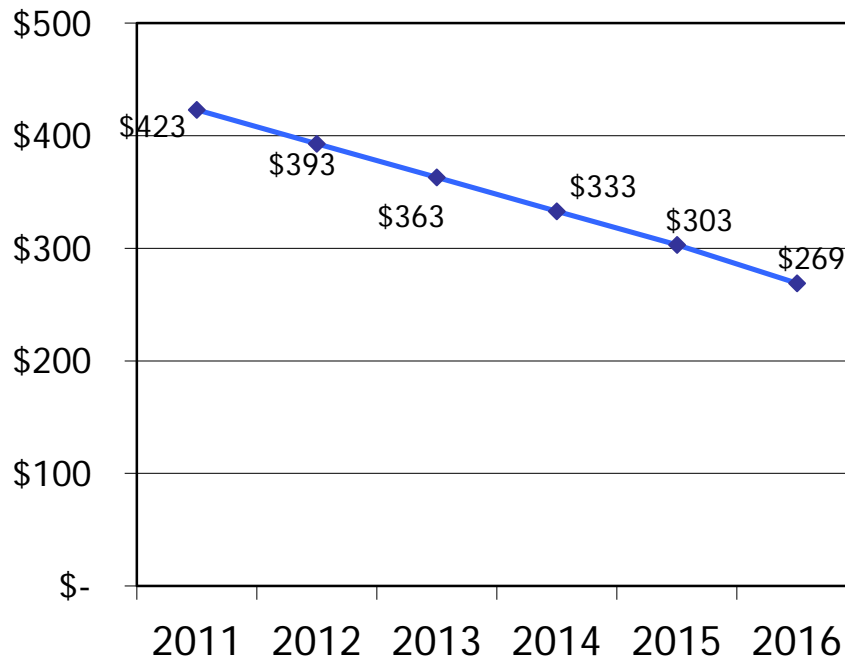
2011	2012	2013	2014	2015	2016
20%	17%	16%	16%	23%	16%



Bonded Debt Per Capita

What is the debt burden on our property tax payers?

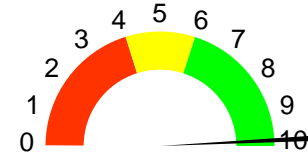
General Bonded Debt Per Capita



The financial ratio of general bonded debt per capita is an indication of the City's debt burden on its citizens and other taxpayers related to general obligation debt payable from property taxes. The ratio does not consider debt payable from enterprise activities or alternate revenues.

For the year ended June 30, 2016, the City had \$6,100,000 of outstanding general obligation bonds outstanding, equal to \$269 per capita, based upon the population number in the 2010 census.

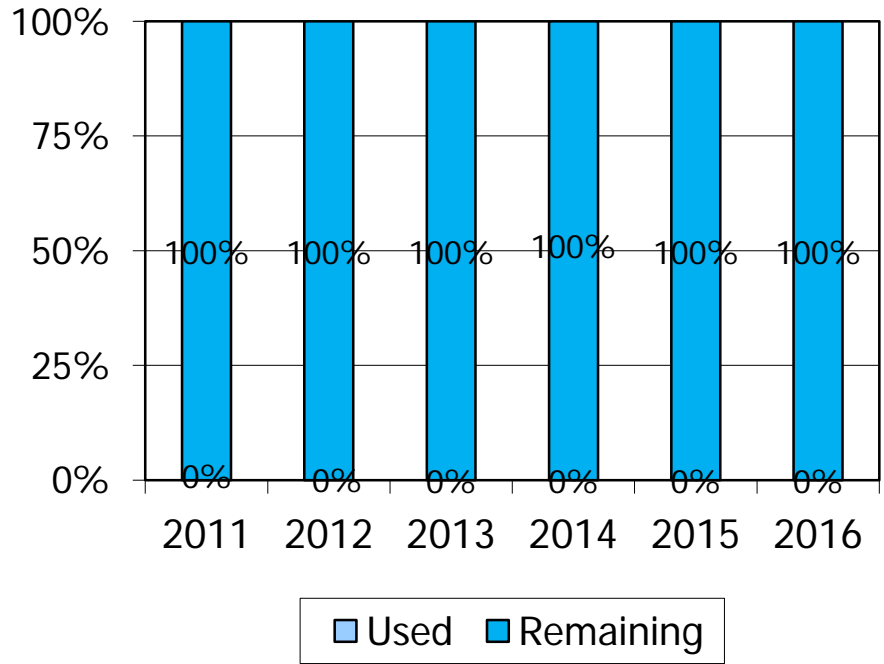
2011	2012	2013	2014	2015	2016
\$423	\$393	\$363	\$333	\$303	\$269



Legal Debt Limit Remaining

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

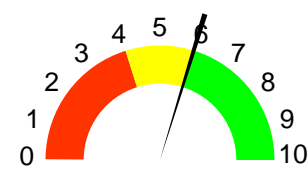
Percentage of Legal Debt Limit Used Versus Remaining



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

For the year ended June 30, 2016, the City has no general obligation debt applicable to this legal debt limit (non-utility and non-street debt). This means that at June 30, 2016, the City had 100% of its general bonded debt legal limit remaining.

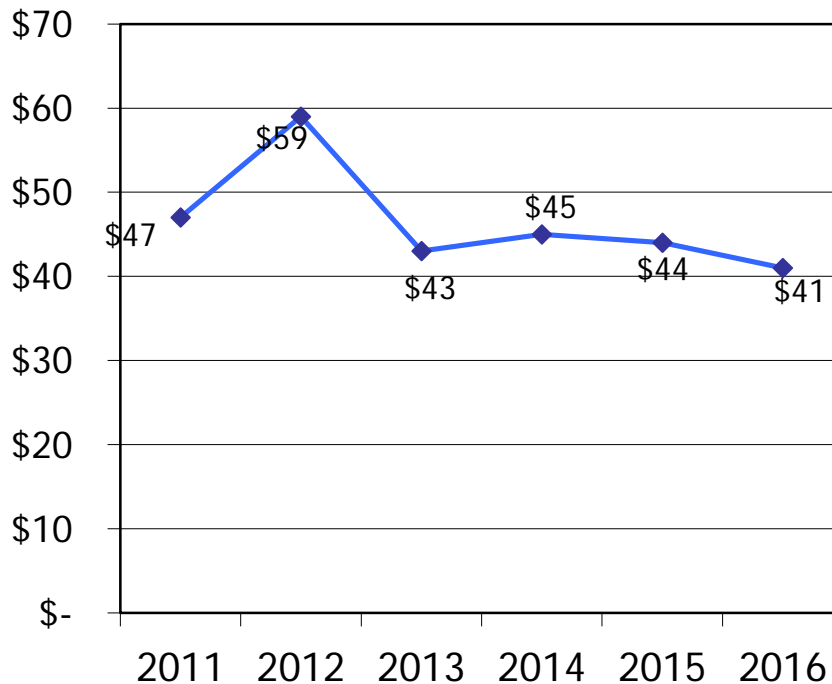
2011	2012	2013	2014	2015	2016
100%	100%	100%	100%	100%	100%



Property Taxes Per Capita

Will our citizens be willing to approve property tax increases, if needed?

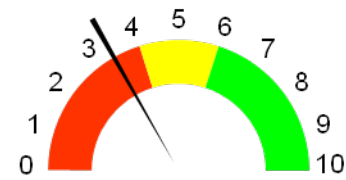
Total Property Taxes Per Capita



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, 2016, the City had \$6,885,000 general obligation bonds outstanding, and collected property taxes in the amount of \$921,633, or \$41 per capita, based upon the population number in the 2010 census.

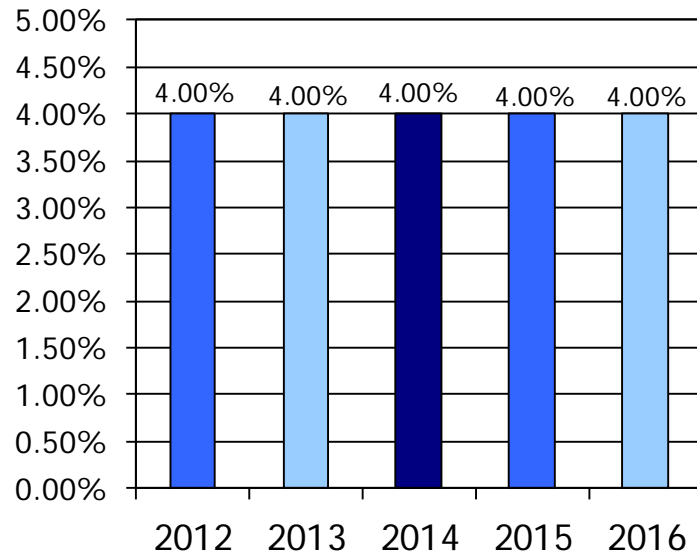
2011	2012	2013	2014	2015	2016
\$47	\$59	\$43	\$45	\$44	\$41



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, 2016, the City's sales tax rate in effect was 4%. This is the same as prior year.

	2011	2012	2013	2014	2015	2016
Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Taxes in 000s	\$16,824	\$18,298	\$19,051	\$20,217	\$21,600	\$22,547

Financial Capability Ratios

Summary and Comparison to Prior Years

Ratio	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Revenue Dispersion	71%	70%	71%	70%	70%	70%
Debt Service Load	16%	23%	16%	16%	17%	20%
Bonded Debt Per Capita	\$269	\$303	\$333	\$363	\$393	\$423
Legal Debt Limit Remaining	100%	100%	100%	100%	100%	100%
Property Taxes Per Capita	\$41	\$44	\$45	\$43	\$59	\$47
Local Sales Tax Rate	4%	4%	4%	4%	4%	4%
Financial Capability Performer Score	6.1	5.5	6.1	6.1	5.8	5.7

Thank You

We would like to commend and thank the City of Yukon management and its governing body for allowing us to present this financial analysis. We hope it continues to serve as a useful and understandable compliment to your annual financial report.

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