



CITY OF YUKON, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

THE CITY OF YUKON, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Yukon, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yukon, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Yukon, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yukon, Oklahoma, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Yukon, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Yukon, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Yukon, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Yukon, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan schedules and budgetary comparison information on pages 9–18 and 67–73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Yukon, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2023, on our consideration of the City of Yukon, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Yukon, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Yukon, Oklahoma's internal control over financial reporting and compliance.

HBC CPA & Advisors

Oklahoma City, Oklahoma
April 14, 2023

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MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF YUKON, OKLAHOMA
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Our discussion and analysis of the City of Yukon's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2022, the City's total net position increased by \$13.2 million or 20.5% from the prior year.
- During the year, the City's expenses for governmental activities were \$32.2 million and were funded by program revenues of \$5.3 million and further funded with taxes and other general revenues that totaled \$34.1 million.
- In the City's business-type activities, such as utilities, revenues excluding transfers exceeded expenses by \$6.0 million.
- At June 30, 2022, the General Fund reported an unassigned fund balance of \$11.5 million.
- For budgetary reporting purposes, the General Fund reported revenues and transfers over estimates by \$1,453,791 or a positive 5.3%, while expenditures and transfers were under the final appropriations by approximately \$1,615,672 or 5.66%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Yukon (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39 and 61. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

About the City

The City of Yukon is a municipality with a population of approximately 24,623 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation, and certain utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Yukon City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

(Unaudited. See accompanying auditor's report.)

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The City's financial reporting entity includes the primary government (City of Yukon), two active blended component units and one inactive blended component unit as follows:

- **The City of Yukon** – that operates the public safety, streets, culture, parks and recreation, and administrative activities
- **The Yukon Municipal Authority** – that operates the water, sewer, and sanitation services of the City (blended component unit)
- **The Yukon Economic Development Authority** – that promotes economic and community development in the Yukon area (blended component unit)
- **The Yukon Educational Facilities Authority** – that promotes growth and development of commerce, education, and industry (inactive blended component unit)

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein on the accrual basis of accounting at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in it from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, liabilities and deferred inflows – as one way to measure the City's financial condition, or position.

Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

(Unaudited. See accompanying auditor's report.)

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- Governmental activities – Most of the City’s basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City’s water, wastewater, and sanitation are reported here.

Reporting the City’s Most Significant Funds - Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following the Governmental Fund financial statement.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City’s enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$77.3 million at the close of the most recent fiscal year.

(Unaudited. See accompanying auditor’s report.)

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TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Current assets	\$ 39,679	\$ 37,231	7%	\$ 6,971	\$ 4,345	60%	\$ 46,650	\$ 41,576	12%
Capital assets, net	76,715	74,757	3%	16,131	16,309	-1%	92,846	91,066	2%
Other non-current assets	7,413	946	684%	323	916	-65%	7,736	1,862	315%
Total assets	<u>123,807</u>	<u>112,934</u>	10%	<u>23,425</u>	<u>21,570</u>	9%	<u>147,232</u>	<u>134,504</u>	9%
Deferred outflow of resources	<u>6,334</u>	<u>7,855</u>	-19%	<u>188</u>	<u>369</u>	-49%	<u>6,522</u>	<u>8,224</u>	-21%
Current liabilities	5,548	5,371	3%	3,236	3,592	-10%	8,784	8,963	-2%
Non-current liabilities	50,297	65,806	-24%	765	2,359	-68%	51,062	68,165	-25%
Total liabilities	<u>55,845</u>	<u>71,177</u>	-22%	<u>4,001</u>	<u>5,951</u>	-33%	<u>59,846</u>	<u>77,128</u>	-22%
Deferred inflow of resources	<u>15,980</u>	<u>1,278</u>	1150%	<u>617</u>	<u>189</u>	226%	<u>16,597</u>	<u>1,467</u>	1031%
Net position									
Net investment in capital assets	37,507	36,638	2%	16,050	12,572	28%	53,557	49,210	9%
Restricted	21,520	18,061	19%	221	1,126	-80%	21,741	19,187	13%
Unrestricted (deficit)	(711)	(6,365)	-89%	2,724	2,101	30%	2,013	(4,264)	-147%
Total net position	<u>\$ 58,316</u>	<u>\$ 48,334</u>	21%	<u>\$ 18,995</u>	<u>\$ 15,799</u>	20%	<u>\$ 77,311</u>	<u>\$ 64,133</u>	21%

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2022, this net investment in capital assets amounted to \$53.6 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Explanations for the changes in excess of 20% and \$300,000 are explained below:

Governmental Activities:

Other non-current assets (684% increase of \$6.5 million) – Mainly due to increase of \$5.5 million in net pension asset and \$1.8 million in lease receivables

Non-current liabilities (24% decrease of \$15.5 million) – Mainly due to the net effect of regular debt payoff

Deferred inflow of resources (1,150% increase of \$14.7 million) - Increased due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Unrestricted (deficit) net position (89% decrease in deficit of \$5.7 million) – Mainly due to unrestricted revenues exceeding expenses

Business-type Activities:

Current assets (60% increase of \$2.6 million) – Mainly due to an increase in cash and cash equivalents from \$2.4 million of unspent ARPA grant

Other non-current assets (65% decrease of \$593,000) – Mainly due to decrease in bond cash reserves from payoff of the 2012 and 2013 sales tax and utility system revenue bonds

(Unaudited. See accompanying auditor's report.)

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Non-current liabilities (68% decrease of \$1.6 million) – Mainly due to the net effect of regular debt payoff

Deferred inflow of resources (226% increase of \$428,000) – Increased due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Net investment in capital assets (28% increase of \$3.5 million) – Mainly due to the net effect of regular debt payoff and the purchase of additional capital assets

Restricted net position (80% decrease of \$905,000) – Decrease in restricted for debt service due to payoff of the 2012 and 2013 sales tax and utility system revenue bonds

Unrestricted net position (30% increase of \$623,000) – Mainly due to unrestricted revenues exceeding expenses

Changes in Net Position

For the year ended June 30, 2022, net position of the primary government changed as follows:

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2022	2021		2022	2021		2022	2021	
Revenues									
Charges for services	\$ 1,748	\$ 1,763	-1%	\$ 12,046	\$ 11,798	2%	\$ 13,794	\$ 13,561	2%
Operating grants and contributions	2,188	4,327	-49%	-	-	-	2,188	4,327	-49%
Capital grants and contributions	1,357	27	4,926%	2,159	-	100%	3,516	27	12922%
Taxes	33,035	29,524	12%	-	-	-	33,035	29,524	12%
Intergovernmental revenue	440	490	-10%	-	-	-	440	490	-10%
Investment income	48	275	-83%	1	-	100%	49	275	-82%
Miscellaneous	541	776	-30%	10	12	-17%	551	788	-30%
Total revenues	39,357	37,182	6%	14,216	11,810	20%	53,573	48,992	9%
Expenses									
General government	8,460	8,690	-3%	-	-	-	8,460	8,690	-3%
Public safety	13,493	19,533	-31%	-	-	-	13,493	19,533	-31%
Streets	3,606	3,392	6%	-	-	-	3,606	3,392	6%
Culture, parks and recreation	4,332	3,913	11%	-	-	-	4,332	3,913	11%
Fleet maintenance	803	732	10%	-	-	-	803	732	10%
Economic development	271	159	70%	-	-	-	271	159	70%
Interest on long-term debt	1,188	1,326	-10%	-	-	-	1,188	1,326	-10%
Water and wastewater	-	-	-	6,198	6,341	-2%	6,198	6,341	-2%
Stormwater	-	-	-	188	188	-	188	188	-
Sanitation	-	-	-	1,856	2,085	-11%	1,856	2,085	-11%
Total expenses	32,153	37,745	-15%	8,242	8,614	-4%	40,395	46,359	-13%
Excess (deficiency) before transfers	7,204	(563)	1380%	5,974	3,196	87%	13,178	2,633	400%
Transfers	2,778	1,098	153%	(2,778)	(1,098)	153%	-	-	-
Increase in net position	\$ 9,982	\$ 535	1,766%	\$ 3,196	\$ 2,098	52%	\$ 13,178	\$ 2,633	400%

(Unaudited. See accompanying auditor's report.)

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Explanations for the changes in excess of 20% and \$300,000 are explained below:

Governmental Activities:

Operating grants and contributions – (49% decrease of \$2.1 million) - Resulting primarily from a decrease in operating grant revenue due to CARES money being received in the prior year.

Capital grants and contributions – (4,926% increase of \$1.3 million) - Resulting primarily from an increase in street capital grants as well as reimbursements of shares of capital projects.

Public Safety – (31% decrease of \$6.0 million) - Resulting primarily from a decrease in fire and police pension expenses

Business-type Activities:

Capital grants and contributions – (100% increase of \$2.2 million) Resulting from an increase in capital contributed for stormwater, water, and sewer

Governmental Activities

To aid in the understanding of the statement of activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
General government	\$ 8,460	\$ 8,690	-3%	\$ (7,909)	\$ (8,211)	-4%
Public safety	13,493	19,533	-31%	(10,790)	(14,305)	-25%
Streets	3,606	3,392	6%	(2,262)	(3,392)	-33%
Culture, parks and recreation	4,332	3,913	11%	(3,637)	(3,502)	4%
Fleet maintenance	803	732	10%	(803)	(732)	10%
Economic development	271	159	70%	(270)	(159)	70%
Interest on long-term debt	1,188	1,326	-10%	(1,188)	(1,326)	-10%
Total	<u>\$ 32,153</u>	<u>\$ 37,745</u>	-15%	<u>\$ (26,859)</u>	<u>\$ (31,627)</u>	-15%

Explanations for significant changes are shown after Table 2.

(Unaudited. See accompanying auditor's report.)

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Business-type Activities

The City's business-type activities include utility services for water, wastewater, sanitation, and stormwater.

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water and Wastewater	\$ 6,198	\$ 6,341	-2%	\$ 5,057	\$ 2,895	75%
Stormwater	188	188	-	531	74	618%
Sanitation	1,856	2,085	-11%	375	216	74%
Total	\$ 8,242	\$ 8,614	-4%	\$ 5,963	\$ 3,185	87%

Explanations for significant changes are shown after Table 2.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$36.7 million or a 5.0% increase of \$1.8 million from the prior year. The only decrease was \$1.8 million in the General Fund and related to increased principal payments from the payoff of the 2012 and 2013 sales tax and utility system revenue bonds.

General Fund Budgetary Highlights

Actual revenues and transfers in were over final estimates by \$1.5 million or 5.3%, and expenditures were under final appropriations by \$1.6 million or 5.7%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had \$92.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, water lines, and sewer lines. (See Table 5). This is an increase of \$1.8 million.

(Unaudited. See accompanying auditor's report.)

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As of and for the Year Ended June 30, 2022

TABLE 5
Primary Government Capital Assets
(In Thousands)
(Net of accumulated depreciation/amortization)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 7,624	\$ 7,624	\$ 91	\$ 91	\$ 7,715	\$ 7,715
Buildings	13,883	13,370	826	919	14,709	14,289
Machinery, furniture and equipment	2,677	2,966	1,142	1,089	3,819	4,055
Infrastructure	49,896	37,027	14,072	14,210	63,968	51,237
Construction in progress	2,528	13,770	-	-	2,528	13,770
Leased assets	107	-	-	-	107	-
Totals	\$ 76,715	\$ 74,757	\$ 16,131	\$ 16,309	\$ 92,846	\$ 91,066

This year's more significant capital asset additions included:

Wagner Rd Improvements	\$1,171,975
Emergency Operations Center	\$1,442,399
State Highway 4 Phase I	\$2,004,709
N 11 th Street Improvements	\$1,663,138
I-40/Frisco Road Interchange Phase II	\$8,290,432

See Note 5 to the financial statements for more detailed information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$45 million in long-term debt outstanding which represents a \$6.7 million or 13% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total</u> <u>Percentage</u> <u>Change</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022-2021</u>
Accrued absences	\$ 2,537	\$ 2,626	\$ -	\$ -	\$ 2,537	\$ 2,626	-3%
Revenue bonds/notes payable	-	1,940	-	-	-	1,940	-100%
Revenue bonds/notes payable from direct borrowings/direct placements	39,464	39,743	1	-	39,465	39,743	-1%
General obligation bonds payable	2,075	2,730	-	-	2,075	2,730	-24%
Lease obligations payable	107	130	-	-	107	130	-18%
Deposits subject to refund	-	-	81	2,449	81	2,449	-97%
Totals	\$ 44,183	\$ 47,169	\$ 82	\$ 2,449	\$ 44,265	\$ 49,618	-11%

See Note 6 to the financial statements for more detail information on the City's long-term debt and changes therein.

(Unaudited. See accompanying auditor's report.)

Economic Factors and Next Year's Budget and Rates

The City's budget for next fiscal year includes the following highlights:

Given rising inflation and continued economic uncertainty, the City of Yukon will continue to operate under a tight budget in order to continue improving its overall financial position. During this fiscal year, the City should see the completion or advancement of several major projects, most notably, improvements to Wagner Road, phase two of the State Highway 4 project, and construction of the Freedom Trail Playground and Splashpad. Additionally, the City of Yukon is hopeful development may begin along the I-40 & Frisco Road Interchange and that we may secure new funding sources for major street and pedestrian improvements. The overall budget has increased \$8,355,962 from the previous year with notable funds outlined below:

The General Fund increased by \$1.7 million

The Capital Improvement Fund increased by \$1.0 million

The American Rescue Plan Act Fund (ARPA) increased \$1.9 million

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Treasurer's Office at Yukon City Hall, 500 West Main Street in Yukon, Oklahoma.

(Unaudited. See accompanying auditor's report.)

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Net Position– June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,874,782	\$ 4,944,708	\$ 24,819,490
Restricted cash and cash equivalents	8,774,790	194,869	8,969,659
Investments	122,962	-	122,962
Restricted investments	6,058,264	66,187	6,124,451
Accounts receivable, net of allowance	153,555	1,765,424	1,918,979
Court fine receivable, net of allowance	276,673	-	276,673
Due from other governments	4,417,732	-	4,417,732
Restricted cash and cash equivalents	42,724	28,348	71,072
Restricted investments	-	294,665	294,665
Leases receivable	1,835,685	-	1,835,685
Net Pension Asset	5,534,606	-	5,534,606
Capital assets:			
Land and construction in progress	10,152,236	91,005	10,243,241
Other capital assets, net of depreciation	66,562,499	16,040,259	82,602,758
Total Capital Assets	76,714,735	16,131,264	92,845,999
Total Assets	123,806,508	23,425,465	147,231,973
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	6,199,329	177,147	6,376,476
Deferred amounts related to refunding	38,889	-	38,889
Deferred amounts related to OPEB	95,414	11,301	106,715
Total deferred outflows of resources	6,333,632	188,448	6,522,080
LIABILITIES			
Accounts payable	403,450	522,490	925,940
Accrued payroll liabilities	1,052,051	103,321	1,155,372
Accrued interest payable	587,061	-	587,061
Refundable court bonds	486,793	-	486,793
Unearned revenue	-	2,397,799	2,397,799
Long-term liabilities:			
Due within one year	3,018,708	212,951	3,231,659
Due in more than one year	41,395,573	576,152	41,971,725
Total OPEB liability	276,718	33,884	310,602
Net pension liability	8,624,235	154,662	8,778,897
Total liabilities	55,844,589	4,001,259	59,845,848
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	14,108,430	603,310	14,711,740
Deferred amounts related to OPEB	62,237	13,940	76,177
Leases	1,809,280	-	1,809,280
Total deferred inflows of resources	15,979,947	617,250	16,597,197
NET POSITION			
Net investment in capital assets	37,506,527	16,049,785	53,556,312
Restricted for:			
Debt service	1,374,350	221,389	1,595,739
Public employees	3,440,964	-	3,440,964
Stabilization reserve	6,574,330	-	6,574,330
Economic development	1,965,944	-	1,965,944
Capital project	7,155,483	-	7,155,483
Other contracts/groups	1,008,788	-	1,008,788
Unrestricted (deficit)	(710,782)	2,724,230	2,013,448
Total net position	\$ 58,315,604	\$ 18,995,404	\$ 77,311,008

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Activities –Year Ended June 30, 2022

Functions/Programs	Program Revenue					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
						Governmental Activities	Business-type Activities	Total
Primary government								
Governmental Activities								
General Government	\$ 8,460,495	\$ -	\$ 374,898	\$ 163,360	\$ 12,997	\$ (7,909,240)	\$ -	\$ (7,909,240)
Public Safety	13,492,536	-	897,474	1,814,602	-	(10,790,460)	-	(10,790,460)
Transportation	3,605,771	-	-	-	1,344,238	(2,261,533)	-	(2,261,533)
Culture, parks and recreation	4,331,625	-	484,247	210,386	-	(3,636,982)	-	(3,636,982)
Fleet maintenance	903,095	-	-	-	-	(903,095)	-	(903,095)
Economic development	270,972	-	1,260	-	-	(269,712)	-	(269,712)
Interest on long-term debt	1,188,454	-	-	-	-	(1,188,454)	-	(1,188,454)
Total governmental activities	32,152,948	-	1,747,879	2,188,348	1,357,235	(26,859,486)	-	(26,859,486)
Business-type activities								
Water and Wastewater	5,573,182	624,426	9,551,219	-	1,702,564	-	5,056,175	5,056,175
Stormwater	171,258	17,190	262,944	-	456,819	-	531,314	531,314
Sanitation	1,710,023	145,890	2,231,372	-	-	-	375,469	375,469
Utility Billing	787,496	(787,496)	-	-	-	-	-	-
Total business-type activities	8,241,959	-	12,045,535	-	2,159,382	-	5,962,958	5,962,958
Total primary government	40,394,907	-	13,793,414	2,188,348	3,516,617	(26,859,486)	5,962,958	(20,896,528)
General revenues:								
Taxes:								
Sales and use taxes						30,725,587	-	30,725,587
Property taxes						712,895	-	712,895
Franchise and public service taxes						1,265,382	-	1,265,382
Hotel/motel taxes						330,892	-	330,892
Intergovernmental revenue not restricted to specific programs						440,416	-	440,416
Investment income						47,435	985	48,420
Miscellaneous						541,097	10,301	551,398
Transfers - Internal activity						2,777,939	(2,777,939)	-
Total general revenues and transfers						36,841,643	(2,766,653)	34,074,990
Change in net position						9,982,157	3,196,305	13,178,462
Net position - beginning						48,333,447	15,799,099	64,132,546
Net position - ending						\$ 58,315,604	\$ 18,995,404	\$ 77,311,008

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Balance Sheet - June 30, 2022

	General Fund	96 Sales Tax Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,749,209	\$ 5,815,862	\$ 1,834,452	\$ 18,399,523
Investments	122,962	-	-	122,962
Restricted cash	7,888,419	-	2,404,354	10,292,773
Restricted investments	5,600,000	458,264	-	6,058,264
Due from other funds	190,010	-	29,418	219,428
Due from other governments	3,158,569	1,022,484	236,679	4,417,732
Court fines receivable, net	276,673	-	-	276,673
Other receivables	79,904	-	73,651	153,555
Lease receivables	-	21,446	1,814,239	1,835,685
Total assets	<u>28,065,746</u>	<u>7,318,056</u>	<u>6,392,793</u>	<u>41,776,595</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:				
Accounts payable	235,770	143,109	34,137	413,016
Accrued payroll payable	1,051,851	-	-	1,051,851
Due to other funds	211,150	-	8,278	219,428
Accrued interest payable	552,478	-	-	552,478
Escrow liabilities	477,427	-	-	477,427
Total liabilities	<u>2,528,676</u>	<u>143,109</u>	<u>42,415</u>	<u>2,714,200</u>
Deferred Inflows of resources:				
Unavailable revenue	289,262	-	231,836	521,098
Leases	-	19,464	1,789,816	1,809,280
Total deferred inflow of resources	<u>289,262</u>	<u>19,464</u>	<u>2,021,652</u>	<u>2,330,378</u>
Fund balances:				
Restricted	13,722,571	7,155,483	3,075,095	23,953,149
Assigned	-	-	1,253,631	1,253,631
Unassigned	11,525,237	-	-	11,525,237
Total fund balance	<u>25,247,808</u>	<u>7,155,483</u>	<u>4,328,726</u>	<u>36,732,017</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 28,065,746</u>	<u>\$ 7,318,056</u>	<u>\$ 6,392,793</u>	<u>\$ 41,776,595</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2022

	General Fund	96 Sales Tax Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 23,842,979	\$ 7,671,487	\$ 1,336,339	\$ 32,850,805
Intergovernmental	2,000,733	-	523,806	2,524,539
Licenses and permits	369,634	-	-	369,634
Charges for services	291,012	11,679	15,648	318,339
Fines and forfeitures	755,200	-	-	755,200
Investment income	10,938	978	22,254	34,170
Miscellaneous	575,671	10,037	772,270	1,357,978
Total revenues	<u>27,846,167</u>	<u>7,694,181</u>	<u>2,670,317</u>	<u>38,210,665</u>
EXPENDITURES				
Current:				
General government	6,794,370	447,349	386,524	7,628,243
Insurance	1,120,032	-	-	1,120,032
Fire	6,680,689	-	-	6,680,689
Police	7,786,838	-	64,901	7,851,739
Animal control	355,115	-	-	355,115
Fleet maintenance	851,949	-	-	851,949
Municipal court	291,591	-	-	291,591
Transportation	998,857	-	-	998,857
Culture, parks, and recreation	3,695,910	-	231,226	3,927,136
Economic development	-	-	270,972	270,972
Capital outlay	-	5,402,580	115,784	5,518,364
Debt service:				
Principal	1,963,560	278,491	655,000	2,897,051
Interest	27,041	1,110,025	136,980	1,274,046
Total Expenditures	<u>30,565,952</u>	<u>7,238,445</u>	<u>1,861,387</u>	<u>39,665,784</u>
Excess (deficiency) of revenues over expenditures	<u>(2,719,785)</u>	<u>455,736</u>	<u>808,930</u>	<u>(1,455,119)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,840,903	6,245,868	2,500	12,089,271
Transfers out	(4,912,247)	(3,748,889)	(215,428)	(8,876,564)
Total other financing sources and uses	<u>928,656</u>	<u>2,496,979</u>	<u>(212,928)</u>	<u>3,212,707</u>
Net change in fund balance	(1,791,129)	2,952,715	596,002	1,757,588
Fund balance - beginning	27,038,937	4,202,768	3,732,724	34,974,429
Fund balance - ending	<u>\$ 25,247,808</u>	<u>\$ 7,155,483</u>	<u>\$ 4,328,726</u>	<u>\$ 36,732,017</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Position Reconciliation: \$ 36,732,017

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$84,839,084 76,714,735

Other long-term assets are not available to pay for current period expenditures and they, along with deferred outflows, are either deferred or not reported in the funds:

Grants receivable and accounts receivable, net of allowance for doubtful accounts	521,098
Net pension asset	5,534,606
Pension related deferred outflows	6,199,329
Deferred outflow related to long-term debt refunding	38,889
Deferred outflow related to OPEB	95,414

Certain long-term liabilities are not due and payable from current financial resources and therefore they, along with deferred inflows, are not reported in the funds:

Net pension liability	(8,624,235)
Pension related deferred inflows	(14,108,430)
Deferred inflow related to OPEB	(62,237)
Accrued interest payable	(34,583)
General obligation bonds	(2,075,000)
Lease obligation	(106,896)
Notes payable	(39,464,407)
Unamortized bond premium/discount	(231,307)
Total OPEB liability	(276,718)
Accrued compensated absences	(2,536,671)
	<u>(67,520,484)</u>

Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 58,315,604</u>
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See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Changes in Fund Balance - Changes in Net Position Reconciliation: \$ 1,757,588

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	6,432,643
Book value of disposed capital assets	(175,723)
Depreciation expense	(4,429,347)
	1,827,573

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

3,000,883

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	319,957
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payment on notes payable	278,491
Principal payment on leases	23,106
Principal payment on revenue bonds payable	1,940,454
Principal payment on general obligation bonds payable	655,000
Amortization of deferred amount on refunding	(19,445)
Amortization of bond premium/discount	59,057
	2,936,663

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	45,500
Change in total OPEB liability	4,810
Change in accrued compensated absences	89,183
	139,493

Change in net position of governmental activities	\$ 9,982,157
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See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Net Position - June 30, 2022

	ENTERPRISE FUNDS			
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,351,279	\$ 70,045	\$ 523,384	\$ 4,944,708
Restricted cash and cash equivalents	194,869	-	-	194,869
Restricted investments	66,187	-	-	66,187
Accounts receivable, net	1,406,065	321,506	37,853	1,765,424
Total current assets	6,018,400	391,551	561,237	6,971,188
Non-current assets:				
Restricted cash and cash equivalents	28,348	-	-	28,348
Restricted investments	294,665	-	-	294,665
Capital assets:				
Land and construction in progress	75,000	16,005	-	91,005
Other capital assets, net of accumulated depreciation	14,333,878	903,038	803,343	16,040,259
Total non-current assets	14,731,891	919,043	803,343	16,454,277
Total assets	20,750,291	1,310,594	1,364,580	23,425,465
DEFERRED OUTFLOW OF RESOURCES:				
Deferred amounts related to pensions	122,352	54,795	-	177,147
Deferred amounts related to OPEB	6,404	4,144	753	11,301
Total deferred outflow of resources	128,756	58,939	753	188,448
LIABILITIES				
Current liabilities:				
Accounts payable	475,528	46,962	-	522,490
Accrued payroll liabilities	61,579	34,513	7,229	103,321
Unearned revenue	2,397,799	-	-	2,397,799
Current portion of:				
Deposits subject to refund	116,451	-	-	116,451
Notes payable	81,479	-	-	81,479
Accrued compensated absences	6,531	7,958	532	15,021
Total current liabilities	3,139,367	89,433	7,761	3,236,561
Non-current liabilities:				
Deposits subject to refund	465,806	-	-	465,806
Accrued compensated absences	45,875	59,683	4,788	110,346
Total OPEB liability	19,201	12,424	2,259	33,884
Net pension liability	106,525	48,137	-	154,662
Total non-current liabilities	637,407	120,244	7,047	764,698
Total liabilities	3,776,774	209,677	14,808	4,001,259
DEFERRED INFLOW OF RESOURCES:				
Deferred amounts related to pension	415,911	182,282	5,117	603,310
Deferred amounts related to OPEB	7,848	5,357	735	13,940
Total deferred inflow of resources	423,759	187,639	5,852	617,250
NET POSITION				
Net Investment in capital assets	14,327,399	919,043	803,343	16,049,785
Restricted for debt service	221,389	-	-	221,389
Unrestricted	2,129,726	53,174	541,330	2,724,230
Total net position	\$ 16,678,514	\$ 972,217	\$ 1,344,673	\$ 18,995,404

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2022

	ENTERPRISE FUNDS			
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Totals
OPERATING REVENUES				
Water charges	\$ 6,424,251	\$ -	\$ -	\$ 6,424,251
Sewer charges	2,917,650	-	-	2,917,650
Sanitation charges	-	2,204,081	-	2,204,081
Stormwater charges	-	-	262,944	262,944
Penalties and interest	207,153	-	-	207,153
Miscellaneous	12,423	27,334	-	39,757
Total operating revenues	9,561,477	2,231,415	262,944	12,055,836
OPERATING EXPENSES				
Billing	787,496	-	-	787,496
Water Plant	754,396	-	-	754,396
Water Supply and Wastewater Treatment	3,546,337	-	-	3,546,337
Sanitation	-	1,398,769	-	1,398,769
Stormwater	-	-	152,846	152,846
Depreciation expense	1,230,714	311,254	18,412	1,560,380
Total Operating Expenses	6,318,943	1,710,023	171,258	8,200,224
Operating income	3,242,534	521,392	91,686	3,855,612
NON-OPERATING REVENUES (EXPENSES)				
Investment income	985	-	-	985
Interest expense and fiscal charges	(41,735)	-	-	(41,735)
Total non-operating revenue (expenses)	(40,750)	-	-	(40,750)
Income before transfers and capital contributions	3,201,784	521,392	91,686	3,814,862
Capital contributions	1,742,522	324,829	526,799	2,594,150
Transfers in	2,869,427	-	-	2,869,427
Transfers out	(5,520,306)	(561,828)	-	(6,082,134)
Change in net position	2,293,427	284,393	618,485	3,196,305
Total net position - beginning	14,385,087	687,824	726,188	15,799,099
Total net position - ending	\$ 16,678,514	\$ 972,217	\$ 1,344,673	\$ 18,995,404

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022

	ENTERPRISE FUNDS			Total
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,432,334	\$ 2,230,055	\$ 263,203	\$ 11,925,592
Payments to suppliers	(3,751,555)	(654,835)	(20,014)	(4,426,404)
Payments to employees	(1,315,320)	(889,495)	(144,769)	(2,349,584)
Receipts of customer meter deposits	231,707	-	-	231,707
Refunds of customer meter deposits	(162,985)	-	-	(162,985)
Net cash provided by operating activities	4,434,181	685,725	98,420	5,218,326
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	2,869,427	-	-	2,869,427
Transfers to other funds	(5,520,306)	(561,828)	-	(6,082,134)
Net cash provided by (used in) noncapital financing activities	(2,650,879)	(561,828)	-	(3,212,707)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(77,097)	(101,907)	-	(179,004)
Principal paid on capital debt	(3,641,691)	-	-	(3,641,691)
Capital contributions - grants	3,788,631	-	-	3,788,631
Interest and fiscal agent fees paid on capital debt	(72,055)	-	-	(72,055)
Net cash provided by (used in) capital and related financing activities	(2,212)	(101,907)	-	(104,119)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(362)	-	-	(362)
Interest and dividends	985	-	-	985
Net cash provided by investing activities	623	-	-	623
Net increase in cash and cash equivalents	1,781,713	21,990	98,420	1,902,123
Balances - beginning of year	2,792,783	48,055	424,964	3,265,802
Balances - end of year	\$ 4,574,496	\$ 70,045	\$ 523,384	\$ 5,167,925
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 4,351,279	\$ 70,045	\$ 523,384	\$ 4,944,708
Restricted cash and cash equivalents - current	194,869	-	-	194,869
Restricted cash and cash equivalents - noncurrent	28,348	-	-	28,348
Total cash and cash equivalents, end of year	\$ 4,574,496	\$ 70,045	\$ 523,384	\$ 5,167,925

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022, (continued)

	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 3,242,534	\$ 521,392	\$ 91,686	\$ 3,855,612
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,230,714	311,254	18,412	1,560,380
Change in assets, liabilities, and deferrals:				
Accounts receivable	(129,143)	(1,360)	259	(130,244)
Net pension liability	(543,705)	(244,579)	-	(788,284)
Accounts payable	179,198	3,401	(19)	182,580
Accrued payroll payable	6,470	(8,521)	805	(1,246)
Total OPEB liability	(9,637)	(6,321)	(625)	(16,583)
Pension deferred inflow of resources	303,188	137,207	(12,194)	428,201
Pension deferred outflow of resources	122,123	53,622	186	175,931
OPEB deferred outflow of resources	2,987	1,960	-	4,947
Deposits subject to refund	68,722	-	-	68,722
Accrued compensated absences	(39,270)	(82,330)	(90)	(121,690)
Net cash provided by operating activities	<u>\$ 4,434,181</u>	<u>\$ 685,725</u>	<u>\$ 98,420</u>	<u>\$ 5,218,326</u>
Noncash activities:				
Contributed capital assets	\$ 351,690	\$ 324,829	\$ 526,799	\$ 1,203,318
Total noncash activities	<u>\$ 351,690</u>	<u>\$ 324,829</u>	<u>\$ 526,799</u>	<u>\$ 1,203,318</u>

See accompanying notes to the financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Yukon) and two active blended component units and one inactive blended component unit as noted below. This annual report includes all activities for which the City of Yukon City Council/Manager is fiscally responsible.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by Statement 61 and includes all component units for which the City is financially accountable.

The City of Yukon – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Yukon has a population of approximately 24,623 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

The City provides typical municipal services such as public safety, street maintenance, culture, parks and recreation and airport.

Blended Component Units:

The Yukon Municipal Authority (YMA) –that operates the water, sewer and sanitation services of the City – City Council serves as Authority Trustees and City Management serves as management of the trust.

The Yukon Economic Development Authority (YEDA) – that promotes economic and community development in the Yukon area. City Council appoints 7 trustees – two of which are City Council members; YEDA almost exclusively provides services to the City.

The Yukon Educational Facilities Authority (YEFA) – promotes growth and development of commerce, education, and industry. City Council serves as Authority Trustees. This component unit is inactive.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues in the Statement of Activities, are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, restricted operating grants, and restricted capital grants
- Transportation – Restricted capital grants.
- Culture, parks, and recreation – cemetery revenues, pool fees, park fees, and restricted operating and capital grants
- General Government – license and permits, plat and abatement fees, demolition fees, and restricted operating grants
- Water and wastewater– water and wastewater service charges
- Sanitation – sanitation service charges
- Stormwater – stormwater fees

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

The funds of the financial reporting entity are described below.

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts:
 - Public Employee Sales Tax Account (PEST)
 - General Reserve Account
 - Municipal Court Account
 - Escrow Account
- 1996 Sales Tax Capital Projects Fund (reported as a capital project fund) – accounts for one penny sales taxes restricted for capital improvements and equipment, as well as hotel/motel taxes restricted for economic development, tourism, conventions, and parks/recreation.

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Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- Special Revenue Fund – accounts for restricted revenues for various programs and projects.
- CDBG Fund – accounts for CDGB grant activity.
- Yukon Economic Development Authority Fund – accounts for tax increment sales, use, and hotel/motel taxes generated from within the TIF district equal to 90% of the non-dedicated two cents sales and use tax, as well as 90% of the five cents hotel/motel tax to be used for construction of an interchange at Frisco Road and Interstate 40, as well as the creation of an attractive viable commercial corridor south of Interstate 40 on and east of Frisco Road.
- Hotel/Motel Tax Fund – accounts for hotel/motel tax revenues received other than those within the TIF District as noted above.

Capital Project Fund:

- Capital Projects Fund – accounts for oil and gas receipts to be used for capital projects.

Debt Service Fund:

- Debt Service Fund – accounts for property taxes used to pay general obligation bonds debt service.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund and the 1996 Sales Tax Capital Projects Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

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Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

- Yukon Municipal Authority (YMA) Water and Sewer Fund that accounts for the activities of the public trust in providing water and sewer services to the public. For financial reporting purposes, it includes the following accounts: YMA Capital and Utility Billing Account, YMA Water and Sewer Operations Account, and YMA Bond Account.
- YMA Sanitation Fund accounts for the activities of the public trust in providing sanitation services to the public.
- City Stormwater Fund accounts for stormwater services.

For purposes of the statement of revenues, expenses and changes in net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

3. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

At June 30, 2022, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 29,535,156
Cash on hand			1,000
Time Deposits			6,542,078
OMAG Escrow			68,073
			<u>36,146,307</u>
Investments:			
Trustee money market accounts		AAAm	<u>4,255,992</u>
			<u>4,255,992</u>
Total deposits and investments			<u>\$ 40,402,299</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 24,819,490
Restricted cash and cash equivalents, current			8,969,659
Restricted cash and cash equivalents, noncurrent			71,072
Investments			122,962
Restricted investments, current			6,124,451
Restricted investments, noncurrent			294,665
			<u>\$ 40,402,299</u>

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value. At June 30, 2022, the City was exposed to no custodial risk.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City is currently working with the City Attorney to revise the investment policy for adaptation during the new re-codification. The City has limited its investment choices to state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., d., and e.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City places no limit on the amount it may invest in any one issuer.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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The City has the following recurring fair value measurements as of June 30, 2022:

- Money Market Mutual Funds of \$4,255,992 are valued using quoted market prices (Level 1 inputs).

Restricted Cash and Investments – The amounts reported as restricted assets of the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, restricted use resources or construction purposes. The restricted assets as of June 30, 2022 are as follows:

	ENTERPRISE FUNDS				GOVERNMENTAL FUNDS		
	Current		Noncurrent		Current		Noncurrent
	Cash and cash Equivalents	Current Investments	Cash and cash Equivalents	Noncurrent Investments	Cash and cash Equivalents	Current Investments	Cash and cash Equivalents
2012 Revenue Bond Reserve Fund	\$ -	\$ -	\$ 5,168	\$ -	\$ -	\$ -	\$ 25,238
2013 Revenue Bond Reserve Fund	-	-	23,180	-	-	-	17,486
2015A Revenue Bond Interest Fund	2,091	-	-	-	-	-	-
2015A Revenue Bond Principal Fund	190,950	-	-	-	-	-	-
2017 Series Construction Account	-	-	-	-	155,188	-	-
2017 Series Principal Trust Account	-	-	-	-	20,002	-	-
2017 Series Interest Trust Account	-	-	-	-	125,708	-	-
2017B Interest Trust Account	-	-	-	-	118,589	-	-
2017B Principal Account	-	-	-	-	20,002	-	-
2018 Construction Trust Account	-	-	-	-	720,228	-	-
2018 Principal Trust Account	-	-	-	-	20,002	-	-
2018 Interest Trust Account	-	-	-	-	85,248	-	-
2019 Construction Trust Account	-	-	-	-	81,723	-	-
2019 Interest Trust Account	-	-	-	-	120,845	-	-
2019 Principal Trust Account	-	-	-	-	390,041	-	-
2020 Construction Trust Account	-	-	-	-	1,673,374	-	-
2020 Principal Trust Account	-	-	-	-	20,002	-	-
2020 Interest Trust Account	-	-	-	-	102,374	-	-
Sinking Fund	-	-	-	-	338,553	-	-
Hotel/Motel Tax	-	-	-	-	444,973	-	-
Municipal Court	-	-	-	-	235,371	-	-
Police Reserve	-	-	-	-	1,491,912	-	-
Fire Reserve	-	-	-	-	742,833	-	-
General Employees Reserve	-	-	-	-	536,235	-	-
General Fund Reserves	-	-	-	-	751,003	-	-
Capital Projects Fund	-	-	-	-	145,569	-	-
Escrow Account	-	-	-	-	435,015	-	-
96 Sales Tax Capital Improvement	-	-	-	-	-	458,264	-
CDARS Program-Reserves	-	-	-	-	-	5,600,000	-
Utility Deposits	1,828	66,187	-	294,665	-	-	-
Total	\$ 194,869	\$ 66,187	\$ 28,348	\$ 294,665	\$ 8,774,790	\$ 6,058,264	\$ 42,724

4. Accounts Receivable

Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines, franchise tax, hotel/motel tax, and E911 tax receivables.

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Primary Government

	Court Fines Receivable	Service Receivable	Lease Receivable	Other Receivable
Accounts receivable	1,844,484	1,768,227	1,835,685	153,555
Less: allowance for uncollectible accounts	(1,567,811)	(2,803)	-	-
Accounts receivable, net of allowance	<u>\$ 276,673</u>	<u>\$ 1,765,424</u>	<u>\$ 1,835,685</u>	<u>\$ 153,555</u>

In addition, the City as a lessor, has entered into lease agreements involving land, buildings, and infrastructure. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$173,879.

5. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, construction in progress, buildings and building improvements, machinery and equipment, vehicles, and infrastructure. Capital assets are reported at actual or estimated historical cost if actual is unavailable, and reported in the government-wide financial statements. Donated capital assets are recorded at their fair value at the date of donation. Prior to July 1, 2002, governmental activities' infrastructure assets were not capitalized. These assets (back to July 1, 1980) are valued at estimated historical cost. The City capitalized some of the infrastructure assets in the fiscal year ended June 30, 2005; while the remaining infrastructure assets were valued and capitalized in the fiscal year ended June 30, 2007, complying with GASB 34 standards. Proprietary fund capital assets are also reported in their respective funds.

The City capitalizes assets with cost in excess of \$5,000 as purchases and construction outlays occur. Capital assets are depreciated using the straight-line method. Estimated useful lives, in year, for depreciable assets are as follows:

Buildings	40 years
Building Improvements	20-40 years
Vehicles	2-5 years
Office Equipment	7 – 10 years
Computer Equipment	3-5 years
Infrastructure	25 – 50 years

Leased assets are amortized over the life of the associated contract.

For the year ended June 30, 2022, capital assets balances changed as follows:

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	Balance at July 01, 2021	Additions	Disposals	Balance at June 30, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,623,795	\$ -	\$ -	\$ 7,623,795
Construction in progress	13,769,758	4,800,557	16,041,874	2,528,441
Total capital assets not being depreciated	21,393,553	4,800,557	16,041,874	10,152,236
Other capital assets:				
Buildings	23,899,519	1,542,447	314,726	25,127,240
Machinery and equipment	11,958,023	502,523	39,241	12,421,305
Vehicles	5,950,041	109,772	312,865	5,746,948
Infrastructure	92,480,339	15,519,218	-	107,999,557
Total other capital assets at historical cost	134,287,922	17,673,960	666,832	151,295,050
Less accumulated depreciation for:				
Buildings	10,529,007	854,542	139,004	11,244,545
Machinery and equipment	10,254,872	416,799	39,241	10,632,430
Vehicles	4,687,481	484,010	312,864	4,858,627
Infrastructure	55,452,955	2,650,527	-	58,103,482
Total accumulated depreciation	80,924,315	4,405,878	491,109	84,839,084
Lease assets:				
Buildings	-	130,002	-	130,002
Less accumulated amortization for:				
Buildings	-	23,469	-	23,469
Other capital assets and lease assets, net	53,363,607	13,374,615	175,723	66,562,499
Governmental activities capital assets, net	\$ 74,757,160	\$18,175,172	\$16,217,597	\$ 76,714,735
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 91,005	\$ -	\$ -	\$ 91,005
Total capital assets not being depreciated	91,005	-	-	91,005
Other capital assets:				
Buildings	2,028,138	-	-	2,028,138
Machinery and equipment	2,646,478	16,319	-	2,662,797
Vehicles	2,661,651	416,049	199,132	2,878,568
Infrastructure	44,898,251	949,954	-	45,848,205
Total other capital assets at historical cost	52,234,518	1,382,322	199,132	53,417,708
Less accumulated depreciation for:				
Buildings	1,108,722	93,875	-	1,202,597
Machinery and equipment	2,491,050	56,577	-	2,547,627
Vehicles	1,727,738	322,765	199,132	1,851,371
Infrastructure	30,688,691	1,087,163	-	31,775,854
Total accumulated depreciation	36,016,201	1,560,380	199,132	37,377,449
Other capital assets, net	16,218,317	(178,058)	-	16,040,259
Business-type activities capital assets, net	\$ 16,309,322	\$ (178,058)	\$ -	\$ 16,131,264

Depreciation and Amortization:

Depreciation and amortization of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation and amortization expense have been allocated as follows:

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Governmental Activities:

Depreciation:

General Government	\$	269,044
Public Safety		1,155,827
Transportation		2,463,545
Culture & Recreation		517,462
	\$	<u>4,405,878</u>

Amortization:

Amortization on leased assets:	
Buildings	<u>23,469</u>

Business-Type Activities:

Depreciation:

Water & Wastewater	\$	1,230,714
Stormwater		311,254
Sanitation		18,412
	\$	<u>1,560,380</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 2,730,000	\$ -	\$ 655,000	\$ 2,075,000	\$ 660,000
Revenue bonds payable	1,940,454	-	1,940,454	-	-
Notes payable from direct borrowings and direct placements	39,742,899	-	278,492	39,464,407	1,939,407
Lease obligations payable	130,002	-	23,106	106,896	23,205
Accrued compensated absences	2,625,854	610,881	700,064	2,536,671	396,096
Total Governmental Activities	<u>\$ 47,169,209</u>	<u>\$ 610,881</u>	<u>\$ 3,597,116</u>	<u>\$ 44,182,974</u>	<u>\$ 3,018,708</u>
Add: Unamortized bond premium				231,307	
				<u>\$ 44,414,281</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year				3,018,708	
Due in more than one year				41,395,573	
				<u>\$ 44,414,281</u>	
Business-Type Activities:					
Revenue bonds payable	1,274,550	-	1,274,550	-	-
Notes payable from direct borrowings and direct placements	2,448,620	-	2,367,141	81,479	81,479
Deposits subject to refund	513,532	231,710	162,985	582,257	116,451
Accrued compensated absences	247,058	27,180	148,871	125,367	15,021
Total Business-Type Activities	<u>\$ 4,483,760</u>	<u>\$ 258,890</u>	<u>\$ 3,953,547</u>	<u>\$ 789,103</u>	<u>\$ 212,951</u>
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year				212,951	
Due in more than one year				576,152	
				<u>\$ 789,103</u>	

Governmental activities long-term debt:

General Obligation Bonds Payable:

Series 2015 General Obligation Bonds. Original amount of \$6,885,000 used for current capital projects and to refund the Series 2004, 2005, and 2006 General Obligation Bonds. These prior bonds were used for the following purposes:

2004 GO Bonds - 60% Street, 22% Sewer, 11% Water, and 7% Bridge - Original Issue of \$4,500,000
2005 GO Bonds - 67% Street, 15% Water, and 18% Bridge - Original Issue of \$3,900,000
2006 GO Bonds - 83% Street, 6% Water, and 11% Bridge - Original Issue of \$4,600,000
These bonds are due in annual principal installments ranging from \$785,000 to \$275,000 and semi-annual interest payments at rates ranging from 1% to 5%. They were issued in June 2015 and mature in March 2026.

	<u>\$ 2,075,000</u>
Current portion	\$ 660,000
Non-current portion	<u>1,415,000</u>
Total	<u>\$ 2,075,000</u>

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Notes Payable from Direct Borrowings and Direct Placements

Series 2017B Revenue Note payable to Bank of Oklahoma, original amount of \$5,840,000, issued in October 2017 by the Yukon Municipal Authority, secured by and payable from a year-to-year pledge of certain sales tax revenues; due in semi-annual installments, used to refinance the outstanding balances of notes payable to Yukon National Bank and BancFirst Yukon, fund certain capital improvements, matures in July 2031, interest at 4.19%. In the event of default on the note, the lender may: 1) file suit for specific performance of covenants, 2) require sales tax revenue be deposited with the bank, 3) acceleration of payment of principal and interest accrued on all notes, 4) suit to enforce or enjoin action or inaction of parties under provisions of the note of sales tax agreement.

\$ 5,660,000

Series 2017 Sales Tax Revenue Note payable to Bank of Oklahoma, original amount of \$10,000,000, secured by and payable from Sales Tax Revenue pledged, issued in July 2017 by the Yukon Municipal Authority, due in semi-annual installments, used to finance improvements to roadways, streets and interchanges, and construction of a Public Works Building, matures in July 2031, interest at 2.56%. In the event of default on the note, the lender may: 1) file suit for specific performance of any or all of the covenants contained in this note indenture, the sales tax agreement or the notes; 2) require the Sales Tax Revenue be deposited directly as received with the bank; 3) acceleration of the payment of principal and interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of this note.

9,820,000

Series 2018 Revenue Note payable to RCB Bank, original amount of \$380,000, issued in May 2018 by the Yukon Municipal Authority, secured by a written Security Agreement, a written sales Tax Agreement, and chattel and motor vehicle liens; due in monthly installments, used to purchase vehicles and equipment, matures in June 2020, interest at 2.95%. In the event of default on the note, the lender may without notice or demand, declare this note in default and accelerate the maturity of the then unpaid principal and accrued interest.

69,407

Series 2018 Sales Tax Revenue Note payable to Bank of Oklahoma, original amount \$5,675,000, issued in August 2018 by the Yukon Municipal authority, secured by and payable by a year-to-year pledge of certain sales tax revenues; due in semi-annual installments; used for capital improvements to roadways, streets, and design and construction of an Animal Shelter Facility, matures in January 2032, interest at 3.08%. In the event of default on the note, the lender may: 1) file suit for specific performance of any or all of the covenants contained in this note indenture, the sales tax agreement or the notes; 2) require the Sales Tax Revenue be deposited directly as received with the bank; 3) acceleration of the payment of principal and interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of this note.

5,535,000

Series 2019 Sales Tax Revenue Note payable to Bank of Oklahoma, original amount \$9,540,000, issued in May 2019 by the Yukon Municipal Authority, secured by and payable by a year-to-year pledge of certain sales tax revenues, due in semi-annual installments, used to purchase improvements to Phase 2 of the I-40/Frisco Road Interchange Project, matures in January 2032, interest at 2.56%. In the event of default on the note, the lender may: 1) suit for specific performance of any or all of the covenants of the authority contained in the note indenture; 2) require that the sales tax revenue be deposited directly as received with the bank; 3) acceleration of the payment of principal of and interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of this note indenture or the sales tax agreement.

9,440,000

Series 2020 Sales Tax Revenue Note payable to Bank of Oklahoma. Original amount of \$9,000,000 issued in April 2020 will be used for street projects, park parking lot expansion, and emergency operations center, secured by and paid for by a year-to-year pledge of certain sales tax revenues, due in semi-annual installments of \$20,000 to \$490,000 through January 2033, interest at 2.29%. In the event of default on the note, the lender may: 1) file suit for specific performance of any or all of the covenants of the authority contained in the note indenture, or the Sales Tax Agreement; 2) require that the sales tax revenue be deposited directly as received with the bank; 3) acceleration of the payment of principal of and interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the note indenture or the sales tax agreement.

8,940,000

Total Notes Payable from Direct Borrowings and Direct Placements \$ 39,464,407

Current portion	\$ 1,939,407
Non-current portion	<u>37,525,000</u>
Total	<u>\$ 39,464,407</u>

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Lease Obligations Payable

American Legion Post - Ten year lease for use of building. Original liability of \$58,936 with monthly fixed payments of \$1,000 with an imputed interest rate of 0.73% based on municipal yield curves as of January 2022. The value of the right to use asset as of June 30, 2022 was \$58,936 with accumulated amortization of \$11,787. This is included in Buildings within the Lease Capital Assets class. \$ 47,292

Wright Estate - Ten year lease for use of building. Original liability of \$71,066 with monthly fixed payments of \$1,000 with an imputed interest rate of 0.90% based on municipal yield curves as of January 2022. The value of the right to use asset as of June 30, 2022 was \$71,066 with accumulated amortization of \$11,682. This is included in Buildings within the Lease Capital Assets class. 59,604

Total Lease Obligations Payable	\$ 106,896
Current portion	\$ 23,205
Non-current portion	83,691
Total	\$ 106,896

Business-type activities long-term debt:

Notes Payable from Direct Borrowings and Direct Placements:

2018 Revenue Note note with RCB Bank, original amount of \$433,908, secured by a written Security Agreement, a written Sales Tax Agreement, and chattel and vehicle liens, used for sanitation purchases, monthly payments of \$8,002, with an interest rate of 2.95%. In the event of default on the note, the lender may without notice or demand, declare this note in default and accelerate the maturity of the then unpaid principal and accrued interest.

Total Notes Payable from Direct Borrowings and Direct Placements:	81,479
	\$ 81,479
Current portion	\$ 81,479
Non-current portion	-
Total	\$ 81,479

Debt Service Requirements to Maturity:

Year Ending June 30,	GOVERNMENTAL ACTIVITY DEBT				GOVERNMENTAL ACTIVITY - DIRECT BORROWINGS	
	General Obligation Bonds		Lease Obligation Payable		Revenue Bonds/Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	660,000	103,750	23,205	795	1,939,407	1,100,182
2024	700,000	70,750	23,394	606	3,645,000	1,026,334
2025	440,000	35,750	23,586	414	3,765,000	922,801
2026	275,000	13,750	23,779	221	3,890,000	815,830
2027	-	-	11,933	67	4,025,000	705,218
2028-2032	-	-	999	1	21,220,000	1,726,548
2033-2034	-	-	-	-	980,000	16,831
Totals	\$ 2,075,000	\$ 224,000	\$ 106,896	\$ 2,104	\$ 39,464,407	\$ 6,313,744

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BUSINESS-TYPE ACTIVITY - DIRECT BORROWINGS		
<u>Year Ending June 30,</u>	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2023	81,479	1,140
Totals	<u>\$ 81,479</u>	<u>\$ 1,140</u>

Pledge of Future Revenues

Sales Tax Pledge - The City has also pledged an additional 2 cents (or 50%) of future sales tax revenues to repay \$40,055,000 of Series 2017B, 2017, 2018, 2019, and 2020 Sales Tax Revenue Notes. Proceeds from the bonds provided for the refinancing of the Series 2005A, 2005B, 2007, 2010, and 2011 Sales Tax and Utility System Revenue Bonds which were used for utility and governmental capital assets and new governmental and utility assets. The bonds are payable through 2031, 2031, 2032, 2032, and 2033 respectively. The total principal and interest payable for the remainder of the life of these notes are \$45,707,772. Total pledged sales taxes received in the current fiscal year was \$13,371,933. Debt service payments for the current fiscal year of \$3,622,267 were 27.1% of the pledged sales taxes.

7. Net Position and Fund Balances

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance, while the Yukon Economic Development Authority's highest level of decision-making authority is by resolution.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

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- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Major Capital Project Funds 96 Sales Tax Capital Project	Other Governmental Funds	TOTAL
Restricted for:				
Forestry Grant	\$ -	\$ -	\$ 120	\$ 120
Park Grant	-	-	122,375	122,375
Park Events	-	-	98	98
Mabel Fry R & L	-	-	2,461	2,461
Mabel Fry Books	-	-	61,889	61,889
Library State Aid Grant	-	-	28,357	28,357
Other Library Grants	-	-	11,055	11,055
DRC Grants	-	-	315	315
DEA	-	-	7,424	7,424
Fire Rescue Grants	-	-	25,072	25,072
Federal Seizures	-	-	970	970
RAC Grant	-	-	31,248	31,248
State Seizures	-	-	15,207	15,207
Jail Fund	-	-	1,594	1,594
Drug and Alcohol Fee	-	-	11,613	11,613
E911	-	-	309,801	309,801
Dare Grant	-	-	2,280	2,280
Shop with a Cop	-	-	1,862	1,862
Police Academy	-	-	4,427	4,427
Other grants	-	-	127,587	127,587
Economic Development	-	-	1,514,485	1,514,485
TIF #1 District project costs	-	-	451,459	451,459
Municipal Court	3,102	-	-	3,102
Escrow Fund	8,125	-	-	8,125
PEST Account	3,440,964	-	-	3,440,964
General Reserve Account	6,574,330	-	-	6,574,330
Capital outlay	2,630,513	7,155,483	-	9,785,996
Debt service	1,065,537	-	343,396	1,408,933
Sub-total Restricted	13,722,571	7,155,483	3,075,095	23,953,149
Assigned to:				
Youth Sports	-	-	111,967	111,967
Spirit League	-	-	3,233	3,233
Special Events	-	-	19,261	19,261
Main Street	-	-	8,210	8,210
Pennies for Parks	-	-	2,655	2,655
Bricks	-	-	4,685	4,685
LC Taylor Park	-	-	2,400	2,400
Insurance Reimbursements	-	-	679,364	679,364
Fire Rescue 651	-	-	1,293	1,293
FEMA Reimbursements	-	-	155,973	155,973
Veolia Rebate	-	-	43,635	43,635
Police Training	-	-	1,048	1,048
Police Community Relations	-	-	7,441	7,441
CI Account	-	-	22,288	22,288
Triad	-	-	142	142
McNatt Rebate	-	-	3,018	3,018
Pool Startup Cash	-	-	860	860
Other	-	-	40,589	40,589
Capital projects	-	-	145,569	145,569
Sub-total Assigned	-	-	1,253,631	1,253,631
Unassigned:	11,525,237	-	-	11,525,237
TOTAL FUND BALANCES	\$ 25,247,808	\$ 7,155,483	\$ 4,328,726	\$ 36,732,017

Equity is classified as net position and displayed in three components:

- f. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- g. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- h. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Minimum Fund Balance (Reserve) Ordinance

In 2003, city voters approved an additional .25 cent sales tax to be earmarked for replenishing and maintaining a reserve account at a level equal to 25% of the previous fiscal year’s revenues as determined by the City Council. The City Council has determined that the minimum reserve requirement is based only on the revenues of the General Fund. Any sales taxes received after that level is obtained, is to be deposited in the General Fund to be used and expended only as approved in individual circumstances by the City Council. At June 30, 2022, there was \$6,351,003 on deposit in the General Reserve Account for that purpose, equivalent to 30.4% of the previous year’s General Fund total revenue.

8. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Transfers:

Internal transfers between funds, accounts and activities for the year ended June 30, 2022 were as follows:

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Transfer From	Transfer To	Amount	Purpose of Transfer
YMA Water/Sewer Operating Account	General Fund	\$ 4,107,088	Operating subsidy
YMA Sanitation Fund	General Fund	561,828	Operating subsidy
Hotel/Motel Tax Fund	General Fund	88,235	Operating subsidy for Main Street director
96 Sales Tax Capital Improvement Fund	General Fund	372,998	Debt service and bond proceeds
YMA Bond Fund	General Fund	583,561	Debt service
Special Revenue Fund	General Fund	5,648	Federal seizure revenue
Grant Fund	General Fund	121,545	Safer grant revenue
General Fund	96 Sales Tax Capital Improvement Fund	3,778,058	Use of bond proceeds for capital projects
General Fund PEST Account	96 Sales Tax Capital Improvement Fund	134,189	Capital outlay
96 Sales Tax Capital Improvement Fund	YMA Bond Fund	2,792,330	Debt service
YMA Water/Sewer Operating Account	Yukon Municipal Authority	77,097	Capital outlay
General Reserve Fund	96 Sales Tax Capital Improvement Fund	1,000,000	General reserve
YMA Water/Sewer Operating Account	96 Sales Tax Capital Improvement Fund	1,336,121	Debt service
Total		<u>\$ 14,958,698</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 12,089,271	\$ (8,876,564)	\$ 3,212,707
Proprietary Funds	2,869,427	(6,082,134)	(3,212,707)
	<u>\$ 14,958,698</u>	<u>\$ (14,958,698)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (3,212,707)
Transfer of capital outlay to business-type activities	434,768
Transfers - internal activity	<u>\$ (2,777,939)</u>

Balances:

Interfund receivable and payables at June 30, 2022 were comprised of the following:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
Municipal Court Fund	General Fund	\$ 181,732	Municipal Court Fees
Municipal Court Fund	General Fund	8,278	Negative cash
General Fund	Special Revenue Fund	29,418	Incorrect bank account used
		<u>\$ 219,428</u>	

Reconciliation to Fund Financial Statements:

	Due to	Due From	Net Interfund Balances
Governmental Funds	\$ (219,428)	\$ 219,428	\$ -
Proprietary Funds	-	-	-
	<u>\$ (219,428)</u>	<u>\$ 219,428</u>	<u>\$ -</u>

9. Revenues

Sales Tax:

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents is recorded in the General Fund except as noted in the last bullet.
- 1 cent is recorded in the 1996 Sales Tax Capital Project Fund to be used for capital improvements and equipment per voter election.
- .25 cents is recorded in the General Reserve Account (an account of the General Fund) to be used first to establish and maintain a reserve account at a level equal to 25% of the previous year's revenues as determined by the City Council; and second, any remainder to be deposited in the General Fund to be used and expended as determined by the City Council.
- .75 cents is recorded in the Public Employees Sales Tax Account (an account of the General Fund).

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- 90% of the 2 cents sales tax collected within the TIF #1 District is transferred from the General Fund to the Yukon Economic Development Fund to be used to pay eligible project costs related to the construction of an interchange at Frisco Road and Interstate 40, as well as creation of an attractive viable commercial corridor south of Interstate 40 on and east of Frisco Road.

Property Tax:

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of general obligation bonds outstanding.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. Property taxes levied, but not collected during the year or within 60 days of year-end are reported as deferred revenue.

For the year ended June 30, 2022, the City's net assessed valuation of taxable property was \$209,139,186. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022 was \$3.41.

10. Other Post-Employment Benefits

Plan description: The City's defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The City Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided: The City provides medical, dental, and vision benefits to eligible retirees and their dependents. The benefits are provided in accordance with State law, the City of Yukon Health Benefits Plan Amended and Restated July 1, 2014, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The retirees and dependents pay 100% of the active employee coverage rates; this results in the retirees and beneficiaries receiving an implicit rate subsidy. Retirees and dependents coverage cease at age 65 and are no longer eligible for the City's OPEB plan. All active employees who retire directly from the City after age 55 with 8 years of service may participate.

Employees covered by benefit terms: At June 30, 2022 the following employees were covered by the benefit terms:

Active Employees	229
Inactives or beneficiaries currently receiving benefit payments	<u>10</u>
Total	<u>239</u>

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Total OPEB Liability – The City’s total OPEB liability of \$310,602 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.54%, based on June 30, 2021 published Bond Pay Go-20 bond index
- Participation Rate – 100% of active and retirees will elect to continue coverage
- Turnover –employee rates are based on actual experience of the Oklahoma Municipal Retirement Fund.
- Retirement Rates:

<u>Age</u>	<u>Retirement Rate</u>
55	25%
60	17%
61	17%
62	30%
63	20%
64	15%
65	30%
70	100%

- Healthcare cost trend rates - 4.50% level
- Mortality Rates - RPA-2014 Mortality Table with projection MP-2021

Changes in Total OPEB Liability –The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability (a)
Balances Beginning of Year	<u>\$ 419,593</u>
Changes for the Year:	
Service cost	13,751
Interest expense	8,943
Difference between expected and actual experience	6,852
Changes of assumptions	(37,759)
Benefits paid	(38,658)
Net Changes	<u>(46,871)</u>
Balances End of Year	<u>\$ 372,722</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB – For the year ended June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,084	\$ -
Changes of assumptions	98,516	30,548
Changes in proportion and differences between City contributions and proportionate share of contributions	3,115	45,629
Changes in City's proportionate share of contributions	-	-
Total	<u>\$ 106,715</u>	<u>\$ 76,177</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	6,968
2024	6,968
2025	6,968
2026	6,968
2027	6,968
Thereafter	(4,302)
Total	<u>\$ 30,538</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate-The following presents the total OPEB liability of the employer calculated using the discount rate of 2.16%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Employers' total OPEB liability	\$ 411,056	\$ 372,722	\$ 338,915

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate-The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 4.50%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Employers' total OPEB liability	\$ 333,482	\$ 372,722	\$ 418,753

OPEB Expense- For the year ended June 30, 2022, the City recognized OPEB expense of \$37,319.

For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows and OPEB expense for the single employer other postemployment benefit plan the measurement has been prepared in accordance with GASB Statement No. 75.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Employee's Group Medical – Purchased commercial insurance

12. Commitments and Contingencies

Litigation:

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City's public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Yukon participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

13. Pension Plan Participation

The City of Yukon participates in four pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan
- Oklahoma Municipal Retirement Fund – agent multiple-employer defined contribution plans

A summary of all the amounts recorded in the City's financial statements for the plans is as follows:

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	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Liability (Asset):			
OkMRF	\$ 1,121,032	\$ 154,662	\$ 1,275,694
Police	(5,534,606)	-	(5,534,606)
Firefighters	7,503,203	-	7,503,203
Total	\$ 3,089,629	\$ 154,662	\$ 3,244,291
Deferred Outflows of Resources:			
OkMRF	\$ 1,391,468	\$ 177,147	\$ 1,568,615
Police	692,971	-	692,971
Firefighters	4,114,890	-	4,114,890
Total	\$ 6,199,329	\$ 177,147	\$ 6,376,476
Deferred Inflows of Resources:			
OkMRF	\$ 3,507,362	\$ 603,310	\$ 4,110,672
Police	4,264,506	-	4,264,506
Firefighters	6,336,562	-	6,336,562
Total	\$ 14,108,430	\$ 603,310	\$ 14,711,740
Pension Expense (Benefit):			
OkMRF	\$ 79,429	\$ 10,958	\$ 90,387
Police	(552,836)	-	(552,836)
Firefighters	337,742	-	337,742
Total	\$ (135,665)	\$ 10,958	\$ (124,707)

Summary of Significant Accounting Policies - For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS) and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from OFPRS, OPPRS and OkMRF's fiduciary net position have been determined on the same basis as they are reported by OFPRS, OPPRS and OkMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows and OPEB expense for the single employer other postemployment benefit plan the measurement has been prepared in accordance with GASB Statement No. 75.

Fire Plan:

Plan description - The City of Yukon, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month

- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$535,476. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,126,228 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$830,839.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability of \$7,503,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 1.139324% percent.

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For the year ended June 30, 2022, the City recognized pension expense of \$337,742. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,721,242	\$ 131,769
Changes of assumptions	-	166,421
Net difference between projected and actual earnings on pension plan investments	-	5,964,725
Changes in proportion and differences between City contributions and proportionate share of contributions	856,573	66,517
City contributions during measurement date	1,599	7,130
City contributions subsequent to the measurement date	535,476	-
Total	<u>\$ 4,114,890</u>	<u>\$ 6,336,562</u>

The \$535,476 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (277,192)
2024	(442,105)
2025	(668,007)
2026	<u>(1,369,844)</u>
Total	<u>(2,757,148)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.50% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employer's net pension liability	\$ 11,725,308	\$ 7,503,203	\$ 3,968,437

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at www.ok.gov/FPRS.

Police Plan:

Plan description - The City of Yukon, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions- The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$507,268. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$434,089 during the calendar year and this is reported as both an expenditure and a revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$327,289. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported an asset of \$5,534,606 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 1.153726%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$552,836). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,464	\$ 218,450
Changes of assumptions	84,163	-
Net difference between projected and actual earnings on pension plan investments	-	4,037,303
Changes in proportion and differences between City contributions and proportionate share of contributions	14,809	7,031
City contributions during measurement date	7,267	1,722
City contributions subsequent to the measurement date	507,268	-
Total	<u>\$ 692,971</u>	<u>\$ 4,264,506</u>

The \$507,268 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (919,788)
2024	(804,632)
2025	(1,018,814)
2026	(1,345,356)
2027	9,787
	<u>\$ (4,078,803)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

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Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of an increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement): RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private Equity	9.36%
Commodities	0.00%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected

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future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ (2,075,645)	\$ (5,534,606)	\$ (8,459,416)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Employee Defined Benefit Plan:

Plan Description-The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems, those employees hired after June 30, 2014, and any city manager hired after January 17, 2011 who is currently accruing benefits under another retirement system approved by the city council. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Eligibility Factors and Benefit Provisions

<u>Provision</u>	As of 07/01/21 <u>OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters, employees hired after June 30, 2014, city managers hired after January 17, 2011 covered under an approved system.
b. Period Required to Vest	10 year Cliff vesting schedule – hired on or after 7/1/05 5 year Cliff vesting schedule – hired before 7/1/05
c. Eligibility for Distribution	-Normal retirement: the earlier of 1) age 65 – vested; or 2) the later of age 62 and the age at which participant completed 30 years of service. -Early retirement at age 55 with vesting -Disability retirement upon disability with vesting -Death benefit with vesting for married employees and others with vesting-5 years certain

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d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-3% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage or death -50% of employees accrued benefit for non-married employees for 5 years certain
Prior to Vesting	- Return of employee contributions
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	72
Deferred Vested Former Employees	45
Disabled	6
Retirees or Retiree Beneficiaries	<u>67</u>
Total	<u>190</u>

Contribution Requirements-The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 17.92% of covered payroll as of 7-1-21. For the year ended June 30, 2022 the City recognized \$870,963 of employer contributions to the plan based on covered payroll of \$4,860,286. Employees' contribution is 3% of covered payroll effective as of 7-1-21.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2021
a. Actuarial cost method	Entry age normal

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b. Rate of Return on Investments and Discount Rate	7.50%										
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age										
d. Post Retirement Cost-of-Living Increase	None										
e. Inflation Rate	2.75%										
f. Mortality Table	UP 1994, with projected mortality improvement										
g. Percent of married employees	100%										
h. Spouse age difference	3 years (female spouses younger)										
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: <table> <tr><td>Year 1:</td><td>225</td></tr> <tr><td>Year 2:</td><td>140</td></tr> <tr><td>Year 3:</td><td>100</td></tr> <tr><td>Year 4:</td><td>70</td></tr> <tr><td>Year 5:</td><td>40</td></tr> </table>	Year 1:	225	Year 2:	140	Year 3:	100	Year 4:	70	Year 5:	40
Year 1:	225										
Year 2:	140										
Year 3:	100										
Year 4:	70										
Year 5:	40										
j. Date of last experience study	September 2012 for fiscal years 2007 through 2011										

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2021 are summarized in the following table:

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	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		<u>4.75%</u>

Changes in Net Pension Liability—The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2021 and the City's report ending date of June 30, 2022, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning of Year	\$ 34,349,080	\$ 27,769,368	\$ 6,579,712
Changes for the Year:			
Service cost	531,744	-	531,744
Interest expense	2,525,461	-	2,525,461
differences between expected and actual experience	294,086	-	294,086
Changes of assumptions	-	-	-
Contributions—City	-	903,450	(903,450)
Contributions—members	-	165,358	(165,358)
Net investment income	-	7,644,198	(7,644,198)
Benefits paid	(1,377,444)	(1,377,444)	-
Plan administrative expenses	-	(57,697)	57,697
Net Changes	<u>1,973,847</u>	<u>7,277,865</u>	<u>(5,304,018)</u>
Balances End of Year	<u>\$ 36,322,927</u>	<u>\$ 35,047,233</u>	<u>\$ 1,275,694</u>

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Sensitivity of the net pension liability (asset) to changes in the discount rate-The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability (Asset)	\$ 5,953,198	\$ 1,275,694	\$ (2,619,071)

The City reported \$90,387 in pension expense for the year ended June 30, 2022. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 78,768	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,852,814
Differences between expected and actual experience	502,397	138,440
Changes in proportion and differences between contributions and proportionate share of contributions	116,487	119,418
City contributions subsequent to the measurement date	870,963	-
Total	<u>\$ 1,568,615</u>	<u>\$ 4,110,672</u>

Amortization of Pension Deferrals- The \$870,963 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:		
2023	\$	(599,184)
2024		(764,167)
2025		(934,674)
2026		<u>(1,114,995)</u>
	<u>\$</u>	<u>(3,413,020)</u>

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Employee Defined Contribution Plan:

The City has also provided a defined contribution plan and trust known as the City of Yukon Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). The defined contribution plan is available to all full-time employees hired after June 30, 2014, except for those employees participating in another state or local retirement system including police officers, firefighters, and the city manager. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after 90 days of employment and must make contributions to the plan, based upon employee contributions under the pick-up option, at a rate of 5% of covered payroll. These picked-up contributions are made by the employer and paid in lieu of contributions by the employee. Additionally, the employer intends to make contributions to the plan in varying amounts each year. During this fiscal year, the city contributed an additional 15.92% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested after 7 years of employment. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting shall decrease the required employer contributions. The authority to establish and amend the provisions of the plan rest with the City Council.

For the year ended June 30, 2022, the following amounts related to the defined contribution plan:

Employee contributions made	\$ 186,820
Employer contributions made	\$ 594,833

City Manager Defined Contribution Plan:

The City also has a defined contribution plan and trust known as the City of Yukon City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The city manager is eligible to participate upon employment and must contribute 5% to the plan, based upon contributions under the pick-up option. These picked-up contributions are made by the employer and paid in lieu of contributions by the city manager. Additionally, the employer intends to make contributions to the plan in varying amounts each year. The current City Manager is not participating in the plan; therefore, no contributions were made during the year ended June 30, 2022.

14. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

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15. Compliance

Budgetary Compliance

The City prepares and administers their budgets at the department level. This is the legal level of control. Expenditures did not exceed appropriation within any department at June 30, 2022.

Use of Restricted Reserves

As discussed in Note 9, the voter-approved reserve requirement is such that .25 cents of restricted sales tax must be deposited into and maintained in the General Reserve Account until the minimum balance of 25% of the prior year General Fund revenue is obtained. The following table shows the change in the General Reserve cash and investment balances and the required minimum balance:

Beginning Cash and Investment Balance - General Fund Reserve	\$ 6,672,606
Add: .25 cent sales tax collections during fiscal year 2022	1,671,492
Interest earned during fiscal year 2022	6,905
Deduct: Transfers to Sales Tax Fund	(1,000,000)
Deduct: Transfer to General Fund Pooled Cash	(1,000,000)
Ending Cash and Investments Balance - General Fund Reserve	<u>\$ 6,351,003</u>
 General Fund Prior Year Revenues	 <u>\$ 20,878,640</u>
Required Reserve Balance (25%)	5,219,660
Ending Reserve Balance (30.4%)	<u>(6,351,003)</u>
Amount in excess of minimum balance	<u>\$ (1,131,343)</u>
 CDARS	 \$ 600,000
Cash	<u>5,751,003</u>
Total Cash and Investments	<u>\$ 6,351,003</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YUKON, OKLAHOMA
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Budgetary Comparison Schedule – Year Ended June 30, 2022

	GENERAL FUND				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	
	Original	Final			
REVENUES					
Taxes	\$ 15,203,456	\$ 15,203,456	\$ 16,860,198	\$ 1,656,742	
Fees and fines	841,913	841,913	763,045	(78,868)	
Licenses and permits	406,111	406,111	369,634	(36,477)	
Intergovernmental	447,090	447,090	441,548	(5,542)	
Charges for services	268,929	268,929	318,956	50,027	
Investment earnings	2,260	2,260	1,171	(1,089)	
Miscellaneous	351,625	351,625	553,345	201,720	
Transfers from Other Funds	10,067,774	10,067,774	9,735,052	(332,722)	
Total revenues	27,589,158	27,589,158	29,042,949	1,453,791	
EXPENDITURES					
Legislative	940,880	1,088,115	1,065,655	22,460	
Administration	519,320	557,695	530,039	27,656	
Insurance	1,318,586	1,318,586	1,189,080	129,506	
Finance	506,011	521,011	505,781	15,230	
Fire	5,608,961	5,625,207	5,530,622	94,585	
Police	7,746,162	7,752,462	7,346,068	406,394	
Streets	1,068,014	1,068,014	996,400	71,614	
Municipal Court	333,538	333,538	290,517	43,021	
Emergency Management	15,070	16,340	528	15,812	
Technology	1,398,015	1,402,265	1,299,751	102,514	
Development Services	1,284,023	1,286,023	1,164,516	121,507	
Library	595,302	595,302	569,739	25,563	
Property Maintenance	1,228,519	1,354,119	1,315,902	38,217	
Human Resources	437,810	459,010	446,387	12,623	
Park Maintenance	964,009	1,239,009	1,188,828	50,181	
Recreation Facilities	2,003,728	2,003,722	1,901,371	102,351	
Fleet Maintenance	749,727	924,827	880,966	43,861	
Animal Control	380,680	382,530	354,168	28,362	
Public Works Administration	490,803	606,803	342,588	264,215	
Total Expenditures	27,589,158	28,534,578	26,918,906	1,615,672	
Excess (deficiency) of revenues over expenditures	-	(945,420)	2,124,043	3,069,463	
Net change in fund balances	-	(945,420)	2,124,043	3,069,463	
Fund balances - beginning	-	17,787,986	17,787,986	-	
Fund balances - ending	\$ -	\$ 16,842,566	\$ 19,912,029	\$ 3,069,463	

See accompanying footnotes to this schedule.

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a cash basis. For budgetary purposes expenditures are recorded in the period when paid and revenues are recorded in the period received.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
	<hr/>
Total revenue- budgetary basis	\$ 29,042,949
Total expense- budgetary basis	(26,918,906)
Change in fund balance-budgetary basis	<hr/> 2,124,043
Revenue accruals	211,838
Expenditures accruals	(2,089,229)
Debt service transfers in	956,559
Other transfers	(3,769,910)
Change in fund balance-GAAP basis	<hr/> <hr/> \$ (2,566,699)

CITY OF YUKON, OKLAHOMA
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Proportionate Share of the Net Pension Liability

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	0.866292%	0.961924%	1.022960%	1.033477%	1.011471%	1.041431%	1.097896%	1.139324%
City's proportionate share of the net pension liability	\$ 8,908,499	\$10,209,958	\$12,497,650	\$12,998,280	\$11,385,587	\$11,004,444	\$13,525,118	\$ 7,503,203
City's covered payroll	\$ 2,312,686	\$ 2,722,207	\$ 2,866,828	\$ 2,834,850	\$ 2,993,757	\$ 3,220,529	\$ 3,492,421	\$ 3,701,164
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	375%	436%	459%	380%	342%	387%	203%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

Notes to Schedule:

*Only eight fiscal years are presented because 10-year data is not yet available.

Schedule of City Contributions

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 381,109	\$ 401,355	\$ 396,879	\$ 419,126	\$ 450,874	\$ 488,939	\$ 518,163	\$ 535,476
Contributions in relation to the statutorily required contribution	381,109	401,355	396,879	419,126	450,874	488,939	518,163	535,476
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,722,207	\$ 2,866,828	\$ 2,834,850	\$ 2,993,757	\$ 3,220,529	\$ 3,492,421	\$ 3,701,164	\$ 3,824,829
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

*Only eight fiscal years are presented because 10-year data is not yet available.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proportionate Share of the Net Pension Liability (Asset)

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	1.0818%	1.0681%	1.063063%	1.055151%	1.129001%	1.066713%	1.076002%	1.153726%
City's proportionate share of the net pension liability (asset)	\$ (364,234)	\$ 43,549	\$ 1,628,017	\$ 81,162	\$ (537,800)	\$ (68,099)	\$ 1,235,735	\$(5,534,606)
City's covered payroll	\$ 3,026,462	\$ 3,024,623	\$ 3,023,747	\$ 3,146,485	\$ 3,443,792	\$ 3,467,585	\$ 3,674,185	\$ 3,992,469
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.03%	1.44%	53.84%	2.58%	15.62%	1.96%	-33.63%	138.63%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

Notes to Schedule:

*Only eight fiscal years are presented because 10-year data is not yet available.

Schedule of City Contributions

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 393,201	\$ 393,087	\$ 409,043	\$ 447,693	\$ 450,786	\$ 477,644	\$ 519,021	\$ 507,268
Contributions in relation to the statutorily required contribution	393,201	393,087	409,043	447,693	450,786	477,644	519,021	507,268
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,024,623	\$ 3,023,747	\$ 3,146,485	\$ 3,443,792	\$ 3,467,585	\$ 3,674,185	\$ 3,992,469	\$ 3,902,062
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

*Only eight fiscal years are presented because 10-year data is not yet available.

CITY OF YUKON, OKLAHOMA
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Oklahoma Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios								Last 10 Fiscal Years
	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Service cost	\$ 728,208	\$ 768,257	\$ 721,423	\$ 642,852	\$ 589,347	\$ 590,626	\$ 503,603	\$ 531,744
Interest	1,792,596	1,842,244	1,969,186	2,030,443	2,140,575	2,275,136	2,351,776	2,525,461
Differences between expected and actual experience	-	251,460	(584,036)	226,840	434,600	(1,104,300)	829,130	294,086
Changes of assumptions	-	-	-	801,879	-	628,314	-	-
Benefit payments, including refunds of member contributions	(1,133,944)	(1,170,678)	(1,279,360)	(1,354,360)	(1,365,624)	(1,375,280)	(1,360,287)	(1,377,444)
Net change in total pension liability	1,386,860	1,691,283	827,213	2,347,654	1,798,898	1,014,496	2,324,222	1,973,847
Total pension liability - beginning	22,958,454	24,345,314	26,036,597	26,863,810	29,211,464	31,010,362	32,024,858	34,349,080
Total pension liability - ending (a)	\$ 24,345,314	\$ 26,036,597	\$ 26,863,810	\$ 29,211,464	\$ 31,010,362	\$ 32,024,858	\$ 34,349,080	\$ 36,322,927
Plan fiduciary net position								
Contributions - employer	\$ 1,743,018	\$ 1,694,508	\$ 1,569,940	\$ 1,032,268	\$ 876,735	\$ 884,550	\$ 916,886	\$ 903,450
Contributions - member	70,118	136,381	189,531	172,045	170,904	165,233	163,671	165,358
Net investment income	2,751,704	571,511	207,657	2,674,956	1,780,571	1,752,799	1,110,608	7,644,198
Benefit payments, including refunds of member contributions	(1,133,945)	(1,170,678)	(1,279,360)	(1,354,360)	(1,365,624)	(1,375,280)	(1,360,287)	(1,377,444)
Administrative expense	(40,786)	(42,045)	(42,069)	(47,065)	(49,929)	(53,109)	(56,005)	(57,698)
Net change in plan fiduciary net position	3,390,109	1,189,677	645,699	2,477,844	1,412,657	1,374,193	774,873	7,277,864
Plan fiduciary net position - beginning	16,504,317	19,894,426	21,084,103	21,729,802	24,207,646	25,620,303	26,994,496	27,769,369
Plan fiduciary net position - ending (b)	\$ 19,894,426	\$ 21,084,103	\$ 21,729,802	\$ 24,207,646	\$ 25,620,303	\$ 26,994,496	\$ 27,769,369	\$ 35,047,233
Net pension liability - ending (a) - (b)	\$ 4,450,888	\$ 4,952,494	\$ 5,134,008	\$ 5,003,818	\$ 5,390,059	\$ 5,030,362	\$ 6,579,711	\$ 1,275,694
Plan fiduciary net position as a percentage of the total pension liability	81.72%	80.98%	80.89%	82.87%	82.62%	84.29%	80.84%	96.49%
Covered payroll	\$ 6,862,798	\$ 6,818,960	\$ 6,147,225	\$ 5,488,209	\$ 5,347,497	\$ 5,702,366	\$ 5,588,995	\$ 5,488,821
Net pension liability as a percentage of covered payroll	64.86%	72.63%	83.52%	91.17%	100.80%	88.22%	117.73%	23.24%

Notes to Schedule:

*Only eight fiscal years are presented because 10-year data is not yet available.
The discount rate was reduced from 7.75% to 7.50% for fiscal year 2018.

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Oklahoma Municipal Retirement System

Schedule of Employer Contributions		Last 10 Fiscal Years							
	2015	2016	2017	2018	2019	2020	2021	2022	
Actuarially determined contribution	\$ 1,260,144	\$ 986,630	\$ 880,858	\$ 858,811	\$ 915,800	\$ 942,305	\$ 895,775	\$ 870,963	
Contributions in relation to the actuarially determined contribution	1,699,800	1,569,940	987,878	858,811	915,800	912,124	895,775	870,963	
Contribution deficiency (excess)	<u>\$ (439,656)</u>	<u>\$ (583,310)</u>	<u>\$ (107,020)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,181</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered employee payroll	\$ 6,818,960	\$ 6,147,225	\$ 5,488,209	\$ 5,347,497	\$ 5,702,366	\$ 5,588,995	\$ 5,488,821	\$ 4,860,286	
Contributions as a percentage of covered-employee payroll	24.93%	25.54%	18.00%	16.06%	16.06%	16.32%	16.32%	17.92%	

Notes to Schedule:

- Only eight fiscal years is presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2021
- Actuarially determined contribution rate is calculated as of July 1, 2021
July 2021 through June 2022 the actuary determined contributions were at a rate of 17.92%.
- Methods and assumptions used to determine contribution rates:
Actuarial cost method - Entry age normal
Amortization method - Level percent of payroll, closed
Remaining amortization period - 30 years
Asset valuation method - Actuarial:
Smoothing period - 4 years
Recognition method - Non-asymptotic
Corridor - 70% - 130%
Salary increases - 4.50% to 7.50% (varies by attained age)
Investment rate of return - 7.25%

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Other Post-Employment Benefits

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 9,959	\$ 9,959	\$ 9,959	\$ 9,959	\$ 13,751
Interest	9,414	9,414	9,721	8,953	8,943
Change in assumptions	-	-	173,461	(3,846)	(37,759)
Differences between expected and actual experience	-	-	-	-	6,852
Benefit payments, including refunds of member contributions	(14,067)	(14,067)	(19,471)	(19,471)	(38,658)
Net change in total OPEB liability	<u>5,306</u>	<u>5,306</u>	<u>173,670</u>	<u>(4,405)</u>	<u>(46,871)</u>
Total OPEB liability - beginning	<u>239,716</u>	<u>245,022</u>	<u>250,328</u>	<u>423,998</u>	<u>419,593</u>
Total OPEB liability - ending (a)	<u>\$ 245,022</u>	<u>\$ 250,328</u>	<u>\$ 423,998</u>	<u>\$ 419,593</u>	<u>\$ 372,722</u>
 Covered employee payroll	 \$ 11,785,046	 \$ 11,785,046	 \$ 13,384,882	 \$ 13,384,882	 \$ 14,808,372
Total OPEB liability as a percentage of covered-employee payroll	2.08%	2.12%	3.17%	3.13%	2.52%

Notes to Schedule:

Only five years are presented because 10-year data is not yet available.

Discount rates used:	3.88%	3.88%	2.21%	2.16%	3.54%
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CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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OTHER SUPPLEMENTARY INFORMATION

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022

	Special Revenue	CDBG Fund	Yukon Economic Development Authority	Hotel Motel Tax Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,706,989	\$ 127,463	\$ -	\$ -	\$ -	\$ -	\$ 1,834,452
Due from other funds	29,418	-	-	-	-	-	29,418
Due from other governments	7,387	224,449	-	-	-	4,843	236,679
E-911 tax receivable	-	-	39,226	34,425	-	-	73,651
Restricted cash	-	-	1,475,259	444,973	145,569	338,553	2,404,354
Leases receivable	1,814,239	-	-	-	-	-	1,814,239
Total assets	<u>\$ 3,558,033</u>	<u>\$ 351,912</u>	<u>\$ 1,514,485</u>	<u>\$ 479,398</u>	<u>\$ 145,569</u>	<u>\$ 343,396</u>	<u>\$ 6,392,793</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 14,476	\$ -	\$ -	\$ 19,661	\$ -	\$ -	\$ 34,137
Due to other funds	-	-	-	8,278	-	-	8,278
Total liabilities	<u>14,476</u>	<u>-</u>	<u>-</u>	<u>27,939</u>	<u>-</u>	<u>-</u>	<u>42,415</u>
Deferred Inflows of resources:							
Unavailable revenue	7,387	224,449	-	-	-	-	231,836
Leases	1,789,816	-	-	-	-	-	1,789,816
Total deferred inflows of resources	<u>1,797,203</u>	<u>224,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,021,652</u>
Fund balances:							
Restricted	638,292	127,463	1,514,485	451,459	-	343,396	3,075,095
Assigned	1,108,062	-	-	-	145,569	-	1,253,631
Total fund balance	<u>1,746,354</u>	<u>127,463</u>	<u>1,514,485</u>	<u>451,459</u>	<u>145,569</u>	<u>343,396</u>	<u>4,328,726</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 3,558,033</u>	<u>\$ 351,912</u>	<u>\$ 1,514,485</u>	<u>\$ 479,398</u>	<u>\$ 145,569</u>	<u>\$ 343,396</u>	<u>\$ 6,392,793</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2022

	Special Revenue	CDBG Fund	Yukon Economic Development Authority	Hotel Motel Tax Fund	Capital Projects Fund	Debt Service Fund	Total-Other Governmental Funds
REVENUES							
Taxes	\$ -	\$ -	\$ 292,552	\$ 330,892	\$ -	\$ 712,895	\$ 1,336,339
Intergovernmental	293,639	230,167	-	-	-	-	523,806
Charges for services	14,388	-	-	1,260	-	-	15,648
Investment income	21,640	-	252	91	28	243	22,254
Miscellaneous	770,512	-	-	-	1,758	-	772,270
Total revenues	<u>1,100,179</u>	<u>230,167</u>	<u>292,804</u>	<u>332,243</u>	<u>1,786</u>	<u>713,138</u>	<u>2,670,317</u>
EXPENDITURES							
Current:							
General government	386,524	-	-	-	-	-	386,524
Public Safety	64,901	-	-	-	-	-	64,901
Culture, parks, and recreation	231,226	-	-	-	-	-	231,226
Economic development	-	-	-	270,972	-	-	270,972
Capital Outlay	9,662	106,122	-	-	-	-	115,784
Debt Service:							
Principal	-	-	-	-	-	655,000	655,000
Interest	-	-	-	-	-	136,980	136,980
Total Expenditures	<u>692,313</u>	<u>106,122</u>	<u>-</u>	<u>270,972</u>	<u>-</u>	<u>791,980</u>	<u>1,861,387</u>
Excess (deficiency) of revenues over expenditures	<u>407,866</u>	<u>124,045</u>	<u>292,804</u>	<u>61,271</u>	<u>1,786</u>	<u>(78,842)</u>	<u>808,930</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	2,500	-	-	-	-	-	2,500
Transfers out	(5,648)	(121,545)	-	(88,235)	-	-	(215,428)
Total other financing sources and uses	<u>(3,148)</u>	<u>(121,545)</u>	<u>-</u>	<u>(88,235)</u>	<u>-</u>	<u>-</u>	<u>(212,928)</u>
Net change in fund balance	404,718	2,500	292,804	(26,964)	1,786	(78,842)	596,002
Fund balance - beginning	1,341,636	124,963	1,221,681	478,423	143,783	422,238	3,732,724
Fund balance - ending	<u>\$ 1,746,354</u>	<u>\$ 127,463</u>	<u>\$ 1,514,485</u>	<u>\$ 451,459</u>	<u>\$ 145,569</u>	<u>\$ 343,396</u>	<u>\$ 4,328,726</u>

CITY OF YUKON, OKLAHOMA
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Combining Balance Sheet – General Fund Accounts – June 30, 2022

	General Fund	PEST Account	General Reserve Account	Municipal Court	Escrow Account	Total General Fund Accounts
ASSETS						
Cash and cash equivalents	\$ 10,749,209	\$ -	\$ -	\$ -	\$ -	\$ 10,749,209
Investments	122,962	-	-	-	-	122,962
Restricted cash	3,696,050	2,770,980	751,003	235,371	435,015	7,888,419
Restricted investments	-	-	5,600,000	-	-	5,600,000
Due from other funds	190,010	-	-	-	-	190,010
Due from other governments	2,265,258	669,984	223,327	-	-	3,158,569
Court fine receivable, net	276,673	-	-	-	-	276,673
Other receivables	79,904	-	-	-	-	79,904
Total assets	\$ 17,380,066	\$ 3,440,964	\$ 6,574,330	\$ 235,371	\$ 435,015	\$ 28,065,746
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 235,770	\$ -	\$ -	\$ -	\$ -	\$ 235,770
Accrued payroll payable	1,051,851	-	-	-	-	1,051,851
Due to other funds	29,418	-	-	181,732	-	211,150
Accrued interest payable	552,478	-	-	-	-	552,478
Escrow liabilities	-	-	-	50,537	426,890	477,427
Total liabilities	1,869,517	-	-	232,269	426,890	2,528,676
Deferred inflows of resources:						
Unavailable revenue	289,262	-	-	-	-	289,262
Fund Balance:						
Restricted	3,696,050	3,440,964	6,574,330	3,102	8,125	13,722,571
Unassigned	11,525,237	-	-	-	-	11,525,237
Total fund balance	15,221,287	3,440,964	6,574,330	3,102	8,125	25,247,808
Total liabilities, deferred inflows and fund balance	\$ 17,380,066	\$ 3,440,964	\$ 6,574,330	\$ 235,371	\$ 435,015	\$ 28,065,746

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2022

	General Fund	PEST Account	General Reserve Account	Municipal Court	Escrow Account	Total General Fund Accounts
REVENUES						
Taxes	\$ 17,084,313	\$ 5,068,999	\$ 1,689,667	\$ -	\$ -	\$ 23,842,979
Intergovernmental	2,000,733	-	-	-	-	2,000,733
Licenses and permits	369,634	-	-	-	-	369,634
Charges for services	291,012	-	-	-	-	291,012
Fines and forfeitures	755,200	-	-	-	-	755,200
Investment income	3,519	427	6,905	-	87	10,938
Miscellaneous	575,641	-	-	30	-	575,671
Total revenues	21,080,052	5,069,426	1,696,572	30	87	27,846,167
EXPENDITURES						
Current:						
General government	6,794,370	-	-	-	-	6,794,370
Insurance	1,120,032	-	-	-	-	1,120,032
Fire	6,680,689	-	-	-	-	6,680,689
Police	7,786,838	-	-	-	-	7,786,838
Animal control	355,115	-	-	-	-	355,115
Fleet maintenance	851,949	-	-	-	-	851,949
Municipal court	291,591	-	-	-	-	291,591
Transportation	998,857	-	-	-	-	998,857
Culture, parks, and recreation	3,695,910	-	-	-	-	3,695,910
Debt Service:						
Principal	1,963,560	-	-	-	-	1,963,560
Interest	27,041	-	-	-	-	27,041
Total Expenditures	30,565,952	-	-	-	-	30,565,952
Excess (deficiency) of revenues over expenditures	(9,485,900)	5,069,426	1,696,572	30	87	(2,719,785)
OTHER FINANCING SOURCES (USES)						
Transfers in	5,840,903	-	-	-	-	5,840,903
Transfers out	(3,778,058)	(134,189)	(1,000,000)	-	-	(4,912,247)
Intra-account transfers in	4,856,356	-	-	-	-	4,856,356
Intra-account transfers out	-	(3,856,356)	(1,000,000)	-	-	(4,856,356)
Total other financing sources and uses	6,919,201	(3,990,545)	(2,000,000)	-	-	928,656
Net change in fund balances	(2,566,699)	1,078,881	(303,428)	30	87	(1,791,129)
Fund balances - beginning	17,787,986	2,362,083	6,877,758	3,072	8,038	27,038,937
Fund balances - ending	\$ 15,221,287	\$ 3,440,964	\$ 6,574,330	\$ 3,102	\$ 8,125	\$ 25,247,808

CITY OF YUKON, OKLAHOMA
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Combining Schedule of Net Position – Yukon Municipal Authority Water and Sewer Fund (YMA)
– June 30, 2022

	Enterprise Fund Accounts				
	Yukon Municipal Authority	Water and Sewer Account	ARPA Account	YMA Bond Account	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 712,855	\$ 1,240,254	\$ 2,398,170	\$ -	\$ 4,351,279
Restricted cash and cash equivalents	-	1,828	-	193,041	194,869
Restricted Investments	-	66,187	-	-	66,187
Accounts Receivable, net	1,406,065	-	-	-	1,406,065
Total current assets	2,118,920	1,308,269	2,398,170	193,041	6,018,400
Non-current assets:					
Restricted cash and cash equivalents	-	-	-	28,348	28,348
Restricted investments	-	294,665	-	-	294,665
Capital Assets:					
Land and construction in progress	75,000	-	-	-	75,000
Other capital assets, net of accumulated depreciation	14,333,878	-	-	-	14,333,878
Total non-current assets	14,408,878	294,665	-	28,348	14,731,891
Total assets	16,527,798	1,602,934	2,398,170	221,389	20,750,291
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts related to pensions	-	122,352	-	-	122,352
Deferred amounts related to OPEB	-	6,404	-	-	6,404
Total deferred outflow of resources	-	128,756	-	-	128,756
LIABILITIES					
Current Liabilities:					
Accounts payable	64,071	411,457	-	-	475,528
Accrued payroll payable	-	61,579	-	-	61,579
Unearned revenue	-	-	2,397,799	-	2,397,799
Current portion of:					
Deposits subject to refund	-	116,451	-	-	116,451
Notes payable	-	-	-	81,479	81,479
Accrued compensated absences	-	6,531	-	-	6,531
Total current liabilities	64,071	596,018	2,397,799	81,479	3,139,367
Non-current liabilities:					
Deposits subject to refund	-	465,806	-	-	465,806
Accrued compensated absences	-	45,875	-	-	45,875
Total OPEB liability	-	19,201	-	-	19,201
Net pension liability	-	106,525	-	-	106,525
Total non-current liabilities	-	637,407	-	-	637,407
Total liabilities	64,071	1,233,425	2,397,799	81,479	3,776,774
DEFERRED INFLOW OF RESOURCES					
Deferred amounts related to pension	-	415,911	-	-	415,911
Deferred amounts related to OPEB	-	7,848	-	-	7,848
Total deferred inflow of resources	-	423,759	-	-	423,759
NET POSITION					
Net investment in capital assets	14,408,878	-	-	(81,479)	14,327,399
Restricted for debt service	-	-	-	221,389	221,389
Unrestricted	2,054,849	74,506	371	-	2,129,726
Total net position	\$ 16,463,727	\$ 74,506	\$ 371	\$ 139,910	\$ 16,678,514

CITY OF YUKON, OKLAHOMA
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Combining Schedule of Revenues, Expenses, and Changes in Net Position – Yukon Municipal Authority Water and Sewer (YMA) - Year Ended June 30, 2022

	Enterprise Fund Accounts				
	Yukon Municipal Authority	Water and Sewer Account	ARPA Account	YMA Bond Account	Total
OPERATING REVENUES					
Water charges	\$ 6,424,251	\$ -	\$ -	\$ -	\$ 6,424,251
Sewer charges	2,784,336	133,314	-	-	2,917,650
Penalties	207,153	-	-	-	207,153
Miscellaneous	9,546	2,877	-	-	12,423
Total operating revenues	<u>9,425,286</u>	<u>136,191</u>	<u>-</u>	<u>-</u>	<u>9,561,477</u>
OPERATING EXPENSES					
Billing	-	787,496	-	-	787,496
Water Plant	-	754,396	-	-	754,396
Water Supply and Wastewater Treatment	-	3,546,337	-	-	3,546,337
Depreciation expense	1,230,714	-	-	-	1,230,714
Total Operating Expenses	<u>1,230,714</u>	<u>5,088,229</u>	<u>-</u>	<u>-</u>	<u>6,318,943</u>
Operating income (loss)	<u>8,194,572</u>	<u>(4,952,038)</u>	<u>-</u>	<u>-</u>	<u>3,242,534</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	362	371	252	985
Interest expense and fiscal charges	-	-	-	(41,735)	(41,735)
Total non-operating revenue (expenses)	<u>-</u>	<u>362</u>	<u>371</u>	<u>(41,483)</u>	<u>(40,750)</u>
Income (loss) before contributions and transfers	<u>8,194,572</u>	<u>(4,951,676)</u>	<u>371</u>	<u>(41,483)</u>	<u>3,201,784</u>
Capital contributions	1,687,811	-	54,711	-	1,742,522
Transfers in	77,097	-	-	2,792,330	2,869,427
Transfers out	(1,336,121)	(4,129,474)	(54,711)	-	(5,520,306)
Intra-account Transfers in	-	9,244,488	-	-	9,244,488
Intra-account Transfers out	(9,244,488)	-	-	-	(9,244,488)
Change in net position	<u>(621,129)</u>	<u>163,338</u>	<u>371</u>	<u>2,750,847</u>	<u>2,293,427</u>
Total net position - beginning	<u>17,084,856</u>	<u>(88,832)</u>	<u>-</u>	<u>(2,610,937)</u>	<u>14,385,087</u>
Total net position - ending	<u>\$ 16,463,727</u>	<u>\$ 74,506</u>	<u>\$ 371</u>	<u>\$ 139,910</u>	<u>\$ 16,678,514</u>

CITY OF YUKON, OKLAHOMA
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Schedule of Expenditures of Federal Awards – Year Ended June 30, 2022

Grantor/Pass through agency Grantor/Program Title	Assistance Listing Number	Pass Thru Grant #	Award Amount	Federal Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Federal Emergency Management Agency:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	720.004	415,068	183,934
Disaster Recovery - Oct 2020 Winter Storm	97.036	FEMA 4575-DR-OK	44,320	44,320
2019 Assistance to Firefighters Grant (AFG)	97.044	EMW-2020-FG-19847	70,945	70,945
Total U.S. Department of Homeland Security			530,333	299,199
<u>U.S. DEPARTMENT OF TREASURY:</u>				
American Rescue Plan Act	21.027		4,905,020	54,711
Total U.S. Department of Treasury			4,905,020	54,711
<u>OKLAHOMA DEPARTMENT OF TRANSPORTATION:</u>				
ODOT (ACOG TAP) Garth Brooks Trail	20.105	TAP3-3282(004)AG	60,040	60,040
Total Oklahoma Department of Transportation			60,040	60,040
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Oklahoma Humanities				
A More Perfect Union grant initiative	45.129		2,104	742
Total National Endowment for the Humanities			2,104	742
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>				
Oklahoma Department of Libraries				
Library State Aid FY 22	45.310		15,078	8,715
FY21 Health Literacy Grant	45.310		7,284	7,284
ARPA targeted grant to libraries	45.310		14,592	13,230
Total ALN 45.310 and Institute of Museum and Library Services			36,954	29,229
<u>U.S. DEPARTMENT OF INTERIOR</u>				
Oklahoma Tourism and Recreation Department				
Land and Water Conservation Fund	15.916		400,000	-
			400,000	-
<u>TOTAL FEDERAL AWARDS</u>			\$ 5,934,451	\$ 443,921

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Yukon, Oklahoma (the "City") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

INTERNAL CONTROL AND COMPLIANCE INFORMATION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Yukon, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yukon, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Yukon, Oklahoma's basic financial statements, and have issued our report thereon dated April 14, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Yukon, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Yukon, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Yukon, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Yukon, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBC CPA's & Advisors

Oklahoma City, Oklahoma
April 14, 2023