

Yukon's
BEST

OKLAHOMA

**CITY OF
YUKON, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

THE CITY OF YUKON, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Yukon, Oklahoma

Report on the Financial Statements

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 City of Yukon, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension plan schedules, on pages 7-15 and 66-72, be presented to supplement the basic financial statements. Such information, 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.

Other 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 nonmajor governmental combining statements and the general fund accounts and the enterprise fund combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor governmental combining statements, schedule of expenditures of federal and state awards and the schedule of debt service coverage requirements 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 March 11, 2022, 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 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 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 CPAs & Advisors

Oklahoma City, Oklahoma
March 11, 2022

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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, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the City's total net position increased by \$2.6 million or 4.3 % from the prior year.
- During the year, the City's expenses for governmental activities were \$37.7 million and were funded by program revenues of \$6.1 million and further funded with taxes and other general revenues that totaled \$31.1 million.
- In the City's business-type activities, such as utilities, revenues excluding transfers exceeded expenses by \$3.2 million.
- At June 30, 2021, the General Fund reported an unassigned fund balance of \$9.3 million.
- For budgetary reporting purposes, the General Fund reported revenues and transfers over estimates by \$4,461,744 or a positive 17.3%, while expenditures and transfers were under the final appropriations by approximately \$1,090,480 or 4.1%.

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 23,630 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 \$64.1 million at the close of the most recent fiscal year.

(Unaudited. See accompanying auditor’s report.)

CITY OF YUKON, OKLAHOMA
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TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020		2021	2020		2021	2020	
Current assets	\$ 37,231	\$ 38,492	-3%	\$ 4,345	\$ 4,415	-2%	\$ 41,576	\$ 42,907	-3%
Capital assets, net	74,757	71,628	4%	16,309	17,024	-4%	91,066	88,652	3%
Other non-current assets	946	1,014	-7%	916	916	0%	1,862	1,930	-4%
Total assets	112,934	111,134	2%	21,570	22,355	-4%	134,504	133,489	1%
Deferred outflow of resources	7,855	6,261	25%	369	376	-2%	8,224	6,637	24%
Current liabilities	5,371	4,854	11%	3,592	3,525	2%	8,963	8,379	7%
Non-current liabilities	65,806	62,234	6%	2,359	5,271	-55%	68,165	67,505	1%
Total liabilities	71,177	67,088	6%	5,951	8,796	-32%	77,128	75,884	2%
Deferred inflow of resources	1,278	2,508	-49%	189	234	-19%	1,467	2,742	-46%
Net position									
Net investment in capital assets	36,638	36,393	1%	12,572	10,387	21%	49,210	46,780	5%
Restricted	18,061	18,321	-1%	1,126	1,119	1%	19,187	19,440	-1%
Unrestricted (deficit)	(6,365)	(6,915)	-8%	2,101	2,194	-4%	(4,264)	(4,721)	-10%
Total net position	\$ 48,334	\$ 47,799	1%	\$ 15,799	\$ 13,700	15%	\$ 64,133	\$ 61,499	4.28%

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2021, this net investment in capital assets amounted to \$49.2 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:

Deferred outflow of resources (25% increase of 1.6 million) - Increased due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Deferred inflow of resources (49% decrease of \$1.2 million) - Decreased due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Business-type Activities:

Non-current liabilities (55% decrease of \$2.9 million) – Mainly due to the net effect of regular debt payoff

Net investment in capital assets (21% increase of \$2.2 million) – Mainly due to the net effect of regular debt payoff and the purchase of additional capital assets

(Unaudited. See accompanying auditor's report.)

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Changes in Net Position

For the year ended June 30, 2021, 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.)
	2021	2020		2021	2020		2021	2020	
Revenues									
Charges for services	\$ 1,763	\$ 1,696	4%	\$ 11,798	\$ 11,937	-1%	\$ 13,561	\$ 13,633	-1%
Operating grants and contributions	4,327	1,874	131%	-	-	-	4,327	1,874	131%
Capital grants and contributions	27	2,074	-99%	-	937	-100%	27	3,011	-99%
Taxes	29,524	27,566	7%	-	-	-	29,524	27,566	7%
Intergovernmental revenue	490	404	21%	-	-	-	490	404	21%
Investment income	275	179	54%	-	15	-100%	275	194	42%
Miscellaneous	776	541	43%	12	19	-37%	788	560	41%
Total revenues	37,182	34,334	8%	11,810	12,908	-9%	48,992	47,242	4%
Expenses									
General government	8,690	8,053	8%	-	-	-	8,690	8,053	8%
Public safety	19,533	16,040	22%	-	-	-	19,533	16,040	22%
Streets	3,392	3,283	3%	-	-	-	3,392	3,283	3%
Culture, parks and recreation	3,913	3,597	9%	-	-	-	3,913	3,597	9%
Fleet maintenance	732	898	-18%	-	-	-	732	898	-18%
Economic development	159	212	-25%	-	-	-	159	212	-25%
Interest on long-term debt	1,326	1,179	12%	-	-	-	1,326	1,179	12%
Water and wastewater	-	-	-	6,341	6,184	3%	6,341	6,184	3%
Stormwater	-	-	-	188	173	9%	188	173	9%
Sanitation	-	-	-	2,085	1,924	8%	2,085	1,924	8%
Total expenses	37,745	33,262	13%	8,614	8,281	-	46,359	41,543	12%
Excess (deficiency) before transfers	(563)	1,072	153%	3,196	4,627	-31%	2,633	5,699	-54%
Transfers	1,098	1,565	-30%	(1,098)	(1,565)	-30%	-	-	-
Increase in net position	\$ 535	\$ 2,637	-80%	\$ 2,098	\$ 3,062	-31%	\$ 2,633	\$ 5,699	-54%

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

Governmental Activities:

Operating grants and contributions – (131% increase of \$2.4 million) - Resulting primarily from an increase in operating grant revenue due to CARES money.

Capital grants and contributions – (99% decrease of \$2.0 million) - Resulting primarily from a decrease in street capital grants as well as reimbursements of shares of capital projects.

Public Safety – (22% increase of \$3.5 million) - Resulting primarily from increase in fire and police pension expenses

Business-type Activities:

Capital grants and contributions – (100% decrease of \$937,000) Resulting from a decrease in capital contributed for stormwater and sewer

(Unaudited. See accompanying auditor's report.)

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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.)
	2021	2020		2021	2020	
General government	\$ 8,690	\$ 8,053	8%	\$ (8,211)	\$ (7,537)	9%
Public safety	19,533	16,040	22%	(14,305)	(13,277)	8%
Streets	3,392	3,283	3%	(3,392)	(1,226)	177%
Culture, parks and recreation	3,913	3,597	9%	(3,502)	(3,295)	6%
Fleet maintenance	732	898	-18%	(732)	(898)	-18%
Economic development	159	212	-25%	(159)	(205)	-22%
Interest on long-term debt	1,326	1,179	12%	(1,326)	(1,179)	12%
Total	\$ 37,745	\$ 33,262	13%	\$ (31,627)	\$ (27,617)	15%

Explanations for significant changes are shown after Table 2.

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.
	2021	2020		2021	2020	
Water and Wastewater	\$ 6,341	\$ 6,184	3%	\$ 2,895	\$ 3,219	-10%
Stormwater	188	173	9%	74	1,021	-93%
Sanitation	2,085	1,924	8%	216	353	-39%
Total	\$ 8,614	\$ 8,281	4%	\$ 3,185	\$ 4,593	-31%

Explanations for significant changes are shown after Table 2.

(Unaudited. See accompanying auditor's report.)

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A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$35.0 million or a 5.5% decrease of \$2.0 million from the prior year. The largest decrease was \$1.9 million in the General Fund and related to decreased capital contributions, proceeds from long-term debt, and operational costs.

General Fund Budgetary Highlights

Actual revenues and transfers in were over final estimates by \$4.5 million or 17.3%, and expenditures were under final appropriations by \$1.1 million or 4.1%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the City had \$91.1 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 \$2.4 million.

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

	Governmental		Business-Type		Total	
	Activities		Activities		2021	2020
Land	\$ 7,624	\$ 7,624	\$ 91	\$ 91	\$ 7,715	\$ 7,715
Buildings	13,370	13,970	919	1,021	14,289	14,991
Machinery, furniture and equipment	2,966	2,759	1,089	675	4,055	3,434
Infrastructure	37,027	37,923	14,210	15,237	51,237	53,160
Construction in progress	13,770	9,353	-	-	13,770	9,353
Totals	\$ 74,757	\$ 71,629	\$ 16,309	\$ 17,024	\$ 91,066	\$ 88,653

This year's more significant capital asset additions included:

Taylor Park Improvements	\$539,882
Gregory Road Bridge Rehabilitation	\$426,116
Construction in Progress	\$4,310,170

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

(Unaudited. See accompanying auditor's report.)

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Long- Term Debt

At year-end, the City had \$51.5 million in long-term debt outstanding which represents a \$4.7 million or 8% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Primary Government Long-Term Debt
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total</u> <u>Percentage</u> <u>Change</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		
Accrued absences	\$ 2,626	\$ 2,281	\$ 246	\$ 283	\$ 2,872	\$ 2,564	12%	
Revenue bonds/notes payable	1,940	2,885	1,275	1,895	3,215	4,780	-33%	
Revenue bonds/notes payable from direct borrow ings/direct placements	39,743	40,260	2,449	4,758	42,192	45,018	-6%	
General obligation bonds payable	2,730	3,380	-	-	2,730	3,380	-19%	
Deposits subject to refund	-	-	514	514	514	514	0%	
Totals	\$ 47,039	\$ 48,806	\$ 4,484	\$ 7,450	\$ 51,523	\$ 56,256	-8%	

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

Economic Factors and Next Year's Budget and Rates

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

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, phase two of the State Highway 4 project, the new Emergency Operations Center (EOC), and phase II of the I-40 & Frisco Road Interchange. The overall budget has increased \$424,780 from the previous year with notable funds outline below:

- The General Fund is \$1.9 million more
- The Capital Improvement Fund is \$0.4 million less
- The Grant Fund is \$1.2 million less

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
As of and for the Year Ended June 30, 2021

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Statement of Net Position—June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,834,057	\$ 2,121,421	\$ 16,955,478
Restricted cash and cash equivalents	12,062,871	522,648	12,585,519
Investments	122,805	-	122,805
Restricted investments	6,058,218	66,121	6,124,339
Accounts receivable, net of allowance	142,875	1,635,180	1,778,055
Court fine receivable, net of allowance	245,556	-	245,556
Due from other governments	3,764,218	-	3,764,218
Restricted cash and cash equivalents	945,660	621,733	1,567,393
Restricted investments	-	294,369	294,369
Capital assets:			
Land and construction in progress	21,393,553	91,005	21,484,558
Other capital assets, net of depreciation	53,363,607	16,218,317	69,581,924
Total Capital Assets	<u>74,757,160</u>	<u>16,309,322</u>	<u>91,066,482</u>
Total Assets	<u>112,933,420</u>	<u>21,570,794</u>	<u>134,504,214</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	7,673,248	352,892	8,026,140
Deferred amounts related to refunding	58,334	-	58,334
Deferred amounts related to OPEB	123,799	16,434	140,233
Total deferred outflows of resources	<u>7,855,381</u>	<u>369,326</u>	<u>8,224,707</u>
LIABILITIES			
Accounts payable	952,097	339,910	1,292,007
Accrued payroll liabilities	985,506	104,567	1,090,073
Accrued interest payable	656,135	16,673	672,808
Refundable court bonds	487,035	-	487,035
Long-term liabilities:			
Due within one year	2,289,864	3,131,369	5,421,233
Due in more than one year	45,039,706	1,366,040	46,405,746
Total OPEB liability	369,126	50,467	419,593
Net pension liability	20,397,618	942,946	21,340,564
Total liabilities	<u>71,177,087</u>	<u>5,951,972</u>	<u>77,129,059</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	1,275,243	185,035	1,460,278
Deferred amounts related to OPEB	3,024	4,014	7,038
Total deferred inflows of resources	<u>1,278,267</u>	<u>189,049</u>	<u>1,467,316</u>
NET POSITION			
Net investment in capital assets	36,637,766	12,572,505	49,210,271
Restricted for:			
Debt service	2,321,238	1,125,881	3,447,119
Public employees	2,362,083	-	2,362,083
Stabilization reserve	6,877,758	-	6,877,758
Economic development	1,700,104	-	1,700,104
Capital project	4,202,768	-	4,202,768
Other contracts/groups	596,620	-	596,620
Unrestricted (deficit)	(6,364,890)	2,100,713	(4,264,177)
Total net position	<u>\$ 48,333,447</u>	<u>\$ 15,799,099</u>	<u>\$ 64,132,546</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Statement of Activities –Year Ended June 30, 2021

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			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	\$ 8,689,587	\$ -	\$ 451,930	\$ -	\$ 26,743	\$ (8,210,914)	\$ -	\$ (8,210,914)
Public Safety	19,532,813	-	1,009,142	4,219,060	-	(14,304,611)	-	(14,304,611)
Transportation	3,391,843	-	-	-	-	(3,391,843)	-	(3,391,843)
Culture, parks and recreation	3,912,582	-	301,996	108,204	-	(3,502,382)	-	(3,502,382)
Fleet maintenance	731,727	-	-	-	-	(731,727)	-	(731,727)
Economic development	159,461	-	-	-	-	(159,461)	-	(159,461)
Interest on long-term debt	1,326,466	-	-	-	-	(1,326,466)	-	(1,326,466)
Total governmental activities	<u>37,744,479</u>	<u>-</u>	<u>1,763,068</u>	<u>4,327,264</u>	<u>26,743</u>	<u>(31,627,404)</u>	<u>-</u>	<u>(31,627,404)</u>
Business-type activities								
Water and Wastewater	5,615,887	725,026	9,235,682	-	-	-	2,894,769	2,894,769
Stormwater	167,196	20,539	261,640	-	-	-	73,905	73,905
Sanitation	1,904,327	180,618	2,300,790	-	-	-	215,845	215,845
Utility Billing	926,183	(926,183)	-	-	-	-	-	-
Total business-type activities	<u>8,613,593</u>	<u>-</u>	<u>11,798,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,184,519</u>	<u>3,184,519</u>
Total primary government	<u>46,358,072</u>	<u>-</u>	<u>13,561,180</u>	<u>4,327,264</u>	<u>26,743</u>	<u>(31,627,404)</u>	<u>3,184,519</u>	<u>(28,442,885)</u>
General revenues:								
Taxes:								
Sales and use taxes					27,327,398	-	27,327,398	
Property taxes					760,673	-	760,673	
Franchise and public service taxes					1,193,636	-	1,193,636	
Hotel/motel taxes					241,791	-	241,791	
Intergovernmental revenue not restricted to specific programs					489,740	-	489,740	
Investment income					274,605	137	274,742	
Miscellaneous					775,897	12,054	787,951	
Transfers - Internal activity					1,097,712	(1,097,712)	-	-
Total general revenues and transfers					<u>32,161,452</u>	<u>(1,085,521)</u>	<u>31,075,931</u>	
Change in net position					<u>534,048</u>	<u>2,098,998</u>	<u>2,633,046</u>	
Net position - beginning					<u>47,799,399</u>	<u>13,700,101</u>	<u>61,499,500</u>	
Net position - ending					<u>\$ 48,333,447</u>	<u>\$ 15,799,099</u>	<u>\$ 64,132,546</u>	

See accompanying notes to the financial statements.

**CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Balance Sheet - June 30, 2021

	<u>General Fund</u>	<u>96 Sales Tax Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,578,451	\$ 3,628,153	\$ 1,446,035	\$ 13,652,639
Investments	122,805	-	-	122,805
Restricted cash	11,987,531	-	2,202,418	14,189,949
Restricted investments	5,600,000	458,218	-	6,058,218
Due from other funds	7,902	-	29,418	37,320
Due from other governments	2,835,424	928,794	-	3,764,218
Court fines receivable, net	245,556	-	-	245,556
Other receivables	71,266	-	71,609	142,875
Total assets	<u>29,448,935</u>	<u>5,015,165</u>	<u>3,749,480</u>	<u>38,213,580</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:				
Accounts payable	134,634	812,397	8,854	955,885
Accrued payroll payable	985,306	-	-	985,306
Due to other funds	29,418	-	7,902	37,320
Accrued interest payable	576,052	-	-	576,052
Escrow liabilities	483,447	-	-	483,447
Total liabilities	<u>2,208,857</u>	<u>812,397</u>	<u>16,756</u>	<u>3,038,010</u>
Deferred inflows of resources:				
Unavailable revenue	201,141	-	-	201,141
Fund balances:				
Restricted	17,756,022	4,202,768	2,706,888	24,665,678
Assigned	-	-	1,025,836	1,025,836
Unassigned	9,282,915	-	-	9,282,915
Total fund balance	<u>27,038,937</u>	<u>4,202,768</u>	<u>3,732,724</u>	<u>34,974,429</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 29,448,935</u>	<u>\$ 5,015,165</u>	<u>\$ 3,749,480</u>	<u>\$ 38,213,580</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2021

	General Fund	96 Sales Tax Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 21,144,217	\$ 6,843,724	\$ 1,305,162	\$ 29,293,103
Intergovernmental	3,840,726	-	330,600	4,171,326
Licenses and permits	449,539	-	-	449,539
Charges for services	159,916	2,938	19,916	182,770
Fines and forfeitures	867,965	-	-	867,965
Investment income	270,021	911	839	271,771
Miscellaneous	447,145	185,122	852,414	1,484,681
Total revenues	<u>27,179,529</u>	<u>7,032,695</u>	<u>2,508,931</u>	<u>36,721,155</u>
EXPENDITURES				
Current:				
General government	6,390,570	517,157	1,189,447	8,097,174
Insurance	1,148,389	-	-	1,148,389
Fire	5,621,572	-	-	5,621,572
Police	8,608,898	-	312,034	8,920,932
Animal control	364,833	-	-	364,833
Fleet maintenance	751,059	-	-	751,059
Municipal court	303,946	-	-	303,946
Transportation	1,074,197	-	-	1,074,197
Culture, parks, and recreation	3,201,816	-	167,376	3,369,192
Economic development	-	-	159,461	159,461
Capital outlay	-	7,276,432	43,654	7,320,086
Debt service:				
Principal	944,950	517,100	650,000	2,112,050
Interest	50,287	1,165,979	169,480	1,385,746
Total Expenditures	<u>28,460,517</u>	<u>9,476,668</u>	<u>2,691,452</u>	<u>40,628,637</u>
Excess (deficiency) of revenues over expenditures	<u>(1,280,988)</u>	<u>(2,443,973)</u>	<u>(182,521)</u>	<u>(3,907,482)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,331,547	7,068,719	-	13,400,266
Transfers out	(6,968,598)	(4,178,643)	(388,289)	(11,535,530)
Total other financing sources and uses	<u>(637,051)</u>	<u>2,890,076</u>	<u>(388,289)</u>	<u>1,864,736</u>
Net change in fund balance	(1,918,039)	446,103	(570,810)	(2,042,746)
Fund balance - beginning	28,956,976	3,756,665	4,303,534	37,017,175
Fund balance - ending	<u>\$ 27,038,937</u>	<u>\$ 4,202,768</u>	<u>\$ 3,732,724</u>	<u>\$ 34,974,429</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Position Reconciliation:	\$ 34,974,429
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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 \$73,203,995

74,757,160

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	201,141
Pension related deferred outflows	7,673,248
Deferred outflow related to long-term debt refunding	58,334
Deferred outflow related to OPEB	123,799

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	(20,397,618)
Pension related deferred inflows	(1,275,243)
Deferred inflow related to OPEB	(3,024)
Accrued interest payable	(80,083)
General obligation bonds	(2,730,000)
Revenue bond obligations	(1,940,454)
Notes payable	(39,742,898)
Unamortized bond premium/discount	(290,364)
Total OPEB liability	(369,126)
Accrued compensated absences	(2,625,854)
	<hr/>
	(69,454,664)

Net Position of Governmental Activities in the Statement of Net Position

\$ 48,333,447

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Changes in Fund Balance - Changes in Net Position Reconciliation: \$ (2,042,746)

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	7,148,835
Depreciation expense	(4,020,001)
	<hr/> <u>3,128,834</u>

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.

(2,433,858)

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	71,759
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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	517,100
Principal payment on revenue bonds payable	944,950
Principal payment on general obligation bonds payable	650,000
Amortization of deferred amount on refunding	(19,445)
Amortization of bond premium/discount	59,057
	<hr/> <u>2,151,662</u>

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	19,188
Change in total OPEB liability	(15,832)
Change in accrued compensated absences	(344,959)
	<hr/> <u>(341,603)</u>

Change in net position of governmental activities	\$ 534,048
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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, 2021**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Net Position - June 30, 2021

ENTERPRISE FUNDS				
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,648,402	\$ 48,055	\$ 424,964	\$ 2,121,421
Restricted cash and cash equivalents	522,648	-	-	522,648
Restricted investments	66,121	-	-	66,121
Accounts receivable, net	1,276,922	320,146	38,112	1,635,180
Total current assets	<u>3,514,093</u>	<u>368,201</u>	<u>463,076</u>	<u>4,345,370</u>
Non-current assets:				
Restricted cash and cash equivalents	621,733			621,733
Restricted investments	294,369	-	-	294,369
Capital assets:				
Land and construction in progress	75,000	16,005	-	91,005
Other capital assets, net of accumulated depreciation	15,135,805	787,556	294,956	16,218,317
Total non-current assets	<u>16,126,907</u>	<u>803,561</u>	<u>294,956</u>	<u>17,225,424</u>
Total assets	<u>19,641,000</u>	<u>1,171,762</u>	<u>758,032</u>	<u>21,570,794</u>
DEFERRED OUTFLOW OF RESOURCES:				
Deferred amounts related to pensions	244,475	108,417	-	352,892
Deferred amounts related to OPEB	9,391	6,104	939	16,434
Total deferred outflow of resources	<u>253,866</u>	<u>114,521</u>	<u>939</u>	<u>369,326</u>
LIABILITIES				
Current liabilities:				
Accounts payable	296,330	43,561	19	339,910
Accrued payroll liabilities	55,109	43,034	6,424	104,567
Accrued interest payable	16,673	-	-	16,673
Current portion of:				
Deposits subject to refund	102,707	-	-	102,707
Notes payable	2,367,140	-	-	2,367,140
Revenue bonds payable, net	630,300	-	-	630,300
Accrued compensated absences	15,682	14,999	541	31,222
Total current liabilities	<u>3,483,941</u>	<u>101,594</u>	<u>6,984</u>	<u>3,592,519</u>
Non-current liabilities:				
Deposits subject to refund	410,828	-	-	410,828
Notes payable	81,480	-	-	81,480
Revenue bonds payable	657,897	-	-	657,897
Accrued compensated absences	75,994	134,972	4,869	215,835
Total OPEB liability	28,838	18,745	2,884	50,467
Net pension liability	650,230	292,716	-	942,946
Total non-current liabilities	<u>1,905,267</u>	<u>446,433</u>	<u>7,753</u>	<u>2,359,453</u>
Total liabilities	<u>5,389,208</u>	<u>548,027</u>	<u>14,737</u>	<u>5,951,972</u>
DEFERRED INFLOW OF RESOURCES:				
Deferred amounts related to pension	118,522	48,843	17,670	185,035
Deferred amounts related to OPEB	2,049	1,589	376	4,014
Total deferred inflow of resources	<u>120,571</u>	<u>50,432</u>	<u>18,046</u>	<u>189,049</u>
NET POSITION				
Net Investment in capital assets	11,473,988	803,561	294,956	12,572,505
Restricted for debt service	1,125,881	-	-	1,125,881
Unrestricted (deficit)	1,785,218	(115,737)	431,232	2,100,713
Total net position	<u>\$ 14,385,087</u>	<u>\$ 687,824</u>	<u>\$ 726,188</u>	<u>\$ 15,799,099</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2021

ENTERPRISE FUNDS				
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Totals
OPERATING REVENUES				
Water charges	\$ 6,276,085	\$ -	\$ -	\$ 6,276,085
Sewer charges	2,745,332	-	-	2,745,332
Sanitation charges	-	2,273,707	-	2,273,707
Stormwater charges	-	-	261,640	261,640
Penalties and interest	209,822	-	-	209,822
Miscellaneous	16,398	27,182	-	43,580
Total operating revenues	<u>9,247,637</u>	<u>2,300,889</u>	<u>261,640</u>	<u>11,810,166</u>
OPERATING EXPENSES				
Billing	926,183	-	-	926,183
Water Plant	758,191	-	-	758,191
Water Supply and Wastewater Treatment	3,457,094	-	-	3,457,094
Sanitation	-	1,651,600	-	1,651,600
Stormwater	-	-	150,815	150,815
Depreciation expense	1,189,115	230,929	16,381	1,436,425
Total Operating Expenses	<u>6,330,583</u>	<u>1,882,529</u>	<u>167,196</u>	<u>8,380,308</u>
Operating income	<u>2,917,054</u>	<u>418,360</u>	<u>94,444</u>	<u>3,429,858</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	137	-	-	137
Interest expense and fiscal charges	(150,089)	-	-	(150,089)
Total non-operating revenue (expenses)	<u>(149,952)</u>	<u>-</u>	<u>-</u>	<u>(149,952)</u>
Income before transfers and capital contributions	2,767,102	418,360	94,444	3,279,906
Capital contributions	343,675	291,764	48,389	683,828
Transfers in	3,056,804	10,320	-	3,067,124
Transfers out	(4,207,850)	(724,010)	-	(4,931,860)
Change in net position	1,959,731	(3,566)	142,833	2,098,998
Total net position - beginning	12,425,356	691,390	583,355	13,700,101
Total net position - ending	<u>\$ 14,385,087</u>	<u>\$ 687,824</u>	<u>\$ 726,188</u>	<u>\$ 15,799,099</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021

	ENTERPRISE FUNDS			
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,447,127	\$ 2,326,332	\$ 261,932	\$ 12,035,391
Payments to suppliers	(3,817,707)	(588,621)	(30,093)	(4,436,421)
Payments to employees	(1,379,161)	(1,027,032)	(136,516)	(2,542,709)
Receipts of customer meter deposits	179,392	-	-	179,392
Refunds of customer meter deposits	(115,873)	-	-	(115,873)
Net cash provided by operating activities	4,313,778	710,679	95,323	5,119,780
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	3,056,804	10,320	-	3,067,124
Transfers to other funds	(4,207,850)	(724,010)	-	(4,931,860)
Net cash provided by (used in) noncapital financing activities	(1,151,046)	(713,690)	-	(1,864,736)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	(22,583)	(15,686)	(38,269)
Principal paid on capital debt	(2,929,514)	-	-	(2,929,514)
Interest and fiscal agent fees paid on capital debt	(131,623)	-	-	(131,623)
Net cash provided by (used in) capital and related financing activities	(3,061,137)	(22,583)	(15,686)	(3,099,406)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	137	-	-	137
Net cash provided by investing activities	137	-	-	137
Net increase (decrease) in cash and cash equivalents	101,732	(25,594)	79,637	155,775
Balances - beginning of year	2,691,051	73,649	345,327	3,110,027
Balances - end of year	\$ 2,792,783	\$ 48,055	\$ 424,964	\$ 3,265,802
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 1,648,402	\$ 48,055	\$ 424,964	\$ 2,121,421
Restricted cash and cash equivalents - current	522,648	-	-	522,648
Restricted cash and cash equivalents - noncurrent	621,733	-	-	621,733
Total cash and cash equivalents, end of year	\$ 2,792,783	\$ 48,055	\$ 424,964	\$ 3,265,802

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021, (continued)

	<u>Yukon Municipal Authority</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income				
\$ 2,917,054	\$ 418,360	\$ 94,444	\$ 3,429,858	
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,189,115	230,929	16,381	1,436,425
Change in assets and liabilities:				
Accounts receivable	199,490	25,443	292	225,225
Net pension liability	34,913	41,797	-	76,710
Accounts payable	(11,230)	8,667	(5,388)	(7,951)
Accrued payroll payable	(973)	5,125	1,646	5,798
Total OPEB liability	(303)	(196)	(30)	(529)
Pension deferred inflow of resources	(14,334)	(18,206)	(12,845)	(45,385)
Pension deferred outflow of resources	(16,478)	(13,970)	482	(29,966)
OPEB deferred outflow of resources	1,265	822	-	2,087
Deposits subject to refund	63,519	-	-	63,519
Accrued compensated absences	(48,260)	11,908	341	(36,011)
Net cash provided by operating activities	\$ 4,313,778	\$ 710,679	\$ 95,323	\$ 5,119,780
Noncash activities:				
Contributed capital assets	\$ 343,675	\$ 291,764	\$ 48,389	\$ 683,828
Total noncash activites	\$ 343,675	\$ 291,764	\$ 48,389	\$ 683,828

See accompanying notes to the financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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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 23,630 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.

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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, 2021, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 21,037,528
Cash on hand			1,000
Time Deposits			6,541,513
			<u>27,580,041</u>
Investments:			
Trustee money market accounts		AAAm	10,069,863
			<u>10,069,863</u>
Total deposits and investments			\$ 37,649,904
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 16,955,478
Restricted cash and cash equivalents, current			12,585,520
Restricted cash and cash equivalents, noncurrent			1,567,393
Investments			122,805
Restricted investments, current			6,124,339
Restricted investments, noncurrent			<u>294,369</u>
			<u>\$ 37,649,904</u>

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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, 2021, 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, 2021:

- Money Market Mutual Funds of \$10,069,863 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, 2021 are as follows:

	ENTERPRISE FUNDS				GOVERNMENTAL FUNDS		
	Current Cash and cash Equivalents	Current Investments	Noncurrent Cash and cash Equivalents	Noncurrent Investments	Current Cash and cash Equivalents	Current Investments	Noncurrent Cash and cash Equivalents
2012 Revenue Bond Reserve Fund	\$ -	\$ -	115,464	\$ -	\$ -	\$ -	563,738
2012 Revenue Bond Interest Fund	2,521	-	-	-	12,313	-	-
2012 Revenue Bond Principal Fund	58,664	-	-	-	286,418	-	-
2013 Revenue Bond Reserve Fund	-	-	506,269	-	-	-	381,922
2013 Revenue Bond Interest Fund	11,033	-	-	-	8,322	-	-
2013 Revenue Bond Principal Fund	256,561	-	-	-	193,547	-	-
2015A Revenue Bond Interest Fund	6,187	-	-	-	-	-	-
2015A Revenue Bond Principal Fund	185,854	-	-	-	-	-	-
2017 Series Construction Account	-	-	-	-	1,152,105	-	-
2017 Series Principal Trust Account	-	-	-	-	20,000	-	-
2017 Series Interest Trust Account	-	-	-	-	126,210	-	-
2017B Interest Trust Account	-	-	-	-	119,417	-	-
2017B Principal Account	-	-	-	-	19,994	-	-
2018 Construction Trust Account	-	-	-	-	723,373	-	-
2018 Principal Trust Account	-	-	-	-	19,999	-	-
2018 Interest Trust Account	-	-	-	-	85,857	-	-
2019 Construction Trust Account	-	-	-	-	282,519	-	-
2019 Interest Trust Account	-	-	-	-	121,346	-	-
2019 Principal Trust Account	-	-	-	-	20,000	-	-
2020 Construction Trust Account	-	-	-	-	4,367,991	-	-
Sinking Fund	-	-	-	-	422,238	-	-
Hotel/Motel Tax	-	-	-	-	454,979	-	-
Municipal Court	-	-	-	-	228,301	-	-
Police Reserve	-	-	-	-	1,024,952	-	-
Fire Reserve	-	-	-	-	444,735	-	-
General Employees Reserve	-	-	-	-	276,936	-	-
General Fund Reserves	-	-	-	-	1,072,606	-	-
Capital Projects Fund	-	-	-	-	143,783	-	-
Escrow Account	-	-	-	-	434,930	-	-
96 Sales Tax Capital Improvement	-	-	-	-	-	458,218	-
CDARS Program-Reserves	-	-	-	-	-	5,600,000	-
Utility Deposits	1,828	66,121	-	294,369	-	-	-
Total	<u>\$ 522,648</u>	<u>\$ 66,121</u>	<u>\$ 621,733</u>	<u>\$ 294,369</u>	<u>\$ 12,062,871</u>	<u>\$ 6,058,218</u>	<u>\$ 945,660</u>

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.

Primary Government

	Court Fines Receivable	Service Receivable	Other Receivable
Accounts receivable	1,637,039	1,639,099	142,851
Less: allowance for uncollectible accounts	(1,391,483)	(3,919)	-
Accounts receivable, net of allowance	<u>\$ 245,556</u>	<u>\$ 1,635,180</u>	<u>\$ 142,851</u>

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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

For the year ended June 30, 2021, capital assets balances changed as follows:

	Balance at July 01, 2020	Additions	Disposals	Transfers	Balance at June 30, 2021
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 7,623,795	\$ -	\$ -	\$ -	\$ 7,623,795
Construction in progress	9,353,020	6,029,704	1,612,966	-	13,769,758
Total capital assets not being depreciated	<u>16,976,815</u>	<u>6,029,704</u>	<u>1,612,966</u>	<u>-</u>	<u>21,393,553</u>
Other capital assets:					
Buildings	23,677,760	221,759	-	-	23,899,519
Machinery and equipment	11,032,579	1,030,931	105,487	-	11,958,023
Vehicles	5,919,559	30,482	-	-	5,950,041
Infrastructure	91,031,414	1,448,925	-	-	92,480,339
Total other capital assets at historical cost	<u>131,661,312</u>	<u>2,732,097</u>	<u>105,487</u>	<u>-</u>	<u>134,287,922</u>
Less accumulated depreciation for:					
Buildings	9,708,110	820,897	-	-	10,529,007
Machinery and equipment	10,004,288	356,071	105,487	-	10,254,872
Vehicles	4,189,397	498,084	-	-	4,687,481
Infrastructure	53,108,006	2,344,949	-	-	55,452,955
Total accumulated depreciation	<u>77,009,801</u>	<u>4,020,001</u>	<u>105,487</u>	<u>-</u>	<u>80,924,315</u>
Other capital assets, net	<u>54,651,511</u>	<u>(1,287,904)</u>	<u>-</u>	<u>-</u>	<u>53,363,607</u>
Governmental activities capital assets, net	<u><u>\$ 71,628,326</u></u>	<u><u>\$ 4,741,800</u></u>	<u><u>\$ 1,612,966</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 74,757,160</u></u>

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Business-type activities:

Capital assets not being depreciated:

Land	\$ 91,005	\$ -	\$ -	\$ -	\$ 91,005
Total capital assets not being depreciated	<u>91,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,005</u>
Other capital assets:					
Buildings	2,028,138	-	-	-	2,028,138
Machinery and equipment	2,612,634	33,844	-	-	2,646,478
Vehicles	2,040,407	621,244	-	-	2,661,651
Infrastructure	44,831,242	67,009	-	-	44,898,251
Total other capital assets at historical cost	<u>51,512,421</u>	<u>722,097</u>	<u>-</u>	<u>-</u>	<u>52,234,518</u>
Less accumulated depreciation for:					
Buildings	1,007,017	101,705	-	-	1,108,722
Machinery and equipment	2,422,656	68,394	-	-	2,491,050
Vehicles	1,555,530	172,208	-	-	1,727,738
Infrastructure	29,594,573	1,094,118	-	-	30,688,691
Total accumulated depreciation	<u>34,579,776</u>	<u>1,436,425</u>	<u>-</u>	<u>-</u>	<u>36,016,201</u>
Other capital assets, net	<u>16,932,645</u>	<u>(714,328)</u>	<u>-</u>	<u>-</u>	<u>16,218,317</u>
Business-type activities capital assets, net	<u>\$ 17,023,650</u>	<u>\$ (714,328)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,309,322</u>

Depreciation:

Depreciation 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 expense has been allocated as follows:

Governmental Activities :

General Government	\$ 271,034
Public Safety	1,075,842
Transportation	2,185,577
Culture & Recreation	487,548
	<u>\$ 4,020,001</u>

Business-Type Activities :

Water & Wastewater	\$ 1,189,115
Stormwater	16,381
Sanitation	230,929
	<u>\$ 1,436,425</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

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Type of Debt	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 3,380,000	\$ -	\$ 650,000	\$ 2,730,000	\$ 655,000
Revenue bonds payable	2,885,404	-	944,950	1,940,454	959,700
Notes payable from direct borrowings and direct placements	40,259,998	-	517,099	39,742,899	278,489
Accrued compensated absences	2,280,895	996,639	651,680	2,625,854	396,675
Total Governmental Activities	<u>\$ 48,806,297</u>	<u>\$ 996,639</u>	<u>\$ 2,763,729</u>	<u>\$ 47,039,207</u>	<u>\$ 2,289,864</u>
Add: Unamortized bond premium				290,363	
				<u>\$ 47,329,570</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year				2,289,864	
Due in more than one year				45,039,706	
				<u>\$ 47,329,570</u>	
Business-Type Activities:					
Revenue bonds payable	1,894,600	-	620,050	1,274,550	630,300
Notes payable from direct borrowings and direct placements	4,758,084	-	2,309,464	2,448,620	2,367,140
Deposits subject to refund	513,532	-	-	513,532	102,707
Accrued compensated absences	283,068	31,311	67,321	247,058	31,222
Total Business-Type Activities	<u>\$ 7,449,284</u>	<u>\$ 31,311</u>	<u>\$ 2,996,835</u>	<u>\$ 4,483,760</u>	<u>\$ 3,131,369</u>
Add: Unamortized bond premium				13,649	
				<u>\$ 4,497,409</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year				3,131,369	
Due in more than one year				1,366,040	
				<u>\$ 4,497,409</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.

\$ 2,730,000

Current portion	\$ 655,000
Non-current portion	<u>2,075,000</u>
Total	<u>\$ 2,730,000</u>

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Revenue Bonds:

Series 2012 Sales Tax and Utility Revenue Bonds. Original amount of \$6,500,000 issued in December 2012 by the Yukon Municipal Authority, 83% or \$5,395,000 of the proceeds was used in governmental activities, due in annual installments of \$590,000 to \$705,000 through January 2023, interest ranges from 1.5% to 2.25%. See Business-type note below for percentage and balance. \$ 1,157,853

Series 2013 Sales Tax and Utility Revenue Bonds. Original amount of \$8,500,000 issued in March 2013 by the Yukon Municipal Authority, 43% of the proceeds or \$3,655,000 was used in governmental activities, due in annual installments of \$790,000 to \$920,000 through 2023, interest ranges from 1.2% to 2.25%. See Business-type note below for percentage and balance. 782,601

Total Revenue Bonds/Note Payable	<u>\$ 1,940,454</u>
Current portion	\$ 959,700
Non-current portion	980,754
Total	<u>\$ 1,940,454</u>

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. \$ 5,700,000

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. 9,860,000

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. 147,898

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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.	5,575,000
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.	9,480,000
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.	8,980,000
Total Notes Payable from Direct Borrowings and Direct Placements	<u>\$ 39,742,898</u>
Current portion	\$ 278,489
Non-current portion	39,464,409
Total	<u>\$ 39,742,898</u>

Business-type activities long-term debt:

Revenue Bonds:

Yukon Municipal Authority:

Series 2012 Sales Tax and Utility Revenue Bonds. Original amount of \$6,500,000 issued in December 2012, 17% or \$1,105,000 of the proceeds was used in business-type activities, due in annual installments of \$590,000 to \$705,000 through January 2023, interest ranges from 1.5% to 2.25%.	\$ 237,150
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Series 2013 Sales Tax and Utility Revenue Bonds. Original amount of \$8,500,000 issued in March 2013, 58% of the proceeds or \$4,845,000 was used in business-type activities, due in annual installments of \$790,000 to \$920,000 through 2023, interest ranges from 1.2% to 2.25%.	\$ 1,037,400
Total Revenue Bonds/ Notes Payable	<u>\$ 1,274,550</u>

Current Portion	\$ 630,300
Non-current Portion	644,250
Total	<u>\$ 1,274,550</u>

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Notes Payable from Direct Borrowings and Direct Placements:

Series 2015A Sales Tax Revenue Note. Original amount of \$9,520,000 issued in March 2015 was used to refund the 2005A, 2005B, and 2011 Series Sales Tax and Utility System Revenue Bonds, secured by and paid for by a year-to-year pledge of certain sales tax revenues, due in annual installments of \$240,000 to \$2,275,000 through June 2022, interest at 2.19%. 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, 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.

2,275,000

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:

	173,620
	\$ 2,448,620
Current portion	\$ 2,367,140
Non-current portion	81,480
Total	<u>\$ 2,448,620</u>

Debt Service Requirements to Maturity:

Year Ending June 30,	GOVERNMENTAL ACTIVITY DEBT				GOVERNMENTAL ACTIVITY - DIRECT BORROWINGS	
	General Obligation Bonds		Revenue Bonds/Notes Payable		Revenue Bonds/Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	655,000	120,125	959,700	41,261	278,489	1,113,125
2023	660,000	87,250	980,754	22,063	1,939,409	1,100,182
2024	700,000	53,250	-	-	3,645,000	1,026,334
2025	440,000	24,750	-	-	3,765,000	922,801
2026-2030	275,000	6,875	-	-	20,810,000	2,933,158
2031-2034	-	-	-	-	9,305,001	331,269
Totals	<u>\$ 2,730,000</u>	<u>\$ 292,250</u>	<u>\$ 1,940,454</u>	<u>\$ 63,324</u>	<u>\$ 39,742,899</u>	<u>\$ 7,426,869</u>

Year Ending June 30,	BUSINESS-TYPE ACTIVITY DEBT				BUSINESS-TYPE ACTIVITY - DIRECT BORROWINGS	
	Revenue Bonds Payable		Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	630,300	27,102	2,367,140	41,332		
2023	644,250	14,496	81,480	1,140		
Totals	<u>\$ 1,274,550</u>	<u>\$ 41,598</u>	<u>\$ 2,448,620</u>	<u>\$ 42,472</u>		

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Pledge of Future Revenues

Sales Tax and Net Utilities Revenue Pledge - The City has pledged one cent (or 25%) of future sales tax revenues and .75 cent (or 18.75%) of future use tax revenues as well as net water and sewer utilities revenue to repay \$15,000,000 of Series 2012 and 2013 Sales Tax and Utility System Revenue Bonds. Proceeds from the bonds provided financing for utility and governmental capital assets. The bonds are payable through 2023. The total principal and interest payable for the remainder of the life of these bonds is \$3,319,926. Total pledged sales taxes, use taxes, and net water and sewer utilities revenue received in the current fiscal year were \$12,361,417. Debt service payments for the current fiscal year of \$1,663,642 were 13.5% of the pledged sales taxes, use taxes, and net water and sewer utilities revenue.

Sales Tax Pledge - The City has also pledged an additional 2 cents (or 50%) of future sales tax revenues to repay \$55,380,000 of Series 2015A, 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 2022, 2031, 2031, 2032, 2032, and 2033 respectively. The total principal and interest payable for the remainder of the life of these notes are \$49,330,039. Total pledged sales taxes received in the current fiscal year was \$12,000,951. Debt service payments for the current fiscal year of \$3,541,085 were 29.5% 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		Other Governmental Funds	TOTAL
		96 Sales Tax Capital Project			
Restricted for:					
Forestry Grant	\$ -	\$ -	\$ 120	\$ 120	
Park Grant	-	-	59,620	59,620	
Park Events	-	-	98	98	
Mabel Fry R & L	-	-	2,281	2,281	
Mabel Fry Books	-	-	43,838	43,838	
Library State Aid Grant	-	-	21,995	21,995	
DRC Grants	-	-	315	315	
DEA	-	-	10,203	10,203	
Fire Rescue Grants	-	-	18,307	18,307	
RAC Grant	-	-	17,983	17,983	
State Seizures	-	-	18,552	18,552	
Homeland Security Grant	-	-	(758)	(758)	
Drug and Alcohol Fee	-	-	12,374	12,374	
E911	-	-	242,454	242,454	
Dare Grant	-	-	2,280	2,280	
Shop with a Cop	-	-	5,370	5,370	
Police Academy	-	-	4,427	4,427	
Other grants	-	-	125,087	125,087	
Economic Development	-	-	1,221,681	1,221,681	
TIF #1 District project costs	-	-	478,423	478,423	
Municipal Court	3,072	-	-	3,072	
Escrow Fund	8,038	-	-	8,038	
PEST Account	2,362,083	-	-	2,362,083	
General Reserve Account	6,877,758	-	-	6,877,758	
Capital outlay	6,525,988	4,202,768	-	10,728,756	
Debt service	1,979,083	-	422,238	2,401,321	
Sub-total Restricted	17,756,022	4,202,768	2,706,888	24,665,678	
Assigned to:					
Youth Sports	-	-	36,428	36,428	
Special Events	-	-	180,369	180,369	
Main Street	-	-	8,210	8,210	
Pennies for Parks	-	-	2,648	2,648	
Bricks	-	-	4,685	4,685	
LC Taylor Park	-	-	2,400	2,400	
Insurance Reimbursements	-	-	580,619	580,619	
Fire Rescue 651	-	-	1,293	1,293	
Veolia Rebate	-	-	43,635	43,635	
Police Community Relations	-	-	8,771	8,771	
CI Account	-	-	666	666	
Triad	-	-	142	142	
McNatt Rebate	-	-	3,018	3,018	
Pool Startup Cash	-	-	730	730	
Insurance Premiums	-	-	758	758	
Other	-	-	7,681	7,681	
Capital projects	-	-	143,783	143,783	
Sub-total Assigned	-	-	1,025,836	1,025,836	
Unassigned:	9,282,915	-	-	9,282,915	
TOTAL FUND BALANCES	\$ 27,038,937	\$ 4,202,768	\$ 3,732,724	\$ 34,974,429	

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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, 2021, there was \$6,877,758 on deposit in the General Reserve Account for that purpose, equivalent to 29.0% 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, 2021 were as follows:

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Transfer From	Transfer To	Amount	Purpose of Transfer
YMA Water/Sewer Operating Account	General Fund	\$ 4,197,530	Operating subsidy
YMA Sanitation Fund	General Fund	724,010	Operating subsidy
Hotel/Motel Tax Fund	General Fund	377,185	Operating subsidy for Main Street director
96 Sales Tax Capital Improvement Fund	General Fund	122,901	Debt service and bond proceeds
YMA Bond Fund	General Fund	998,938	Debt service
Special Revenue Fund	General Fund	11,104	Federal Seizure and library state aid revenue
General Fund	96 Sales Tax Capital Improvement Fund	5,161,664	Use of bond proceeds for capital projects
General Fund PEST Account	96 Sales Tax Capital Improvement Fund	628,388	Capital outlay
96 Sales Tax Capital Improvement Fund	YMA Bond Fund	3,056,804	Debt service
YMA Water/Sewer Operating Account	YMA Sanitation Fund	10,320	Capital outlay
General Reserve Fund	96 Sales Tax Capital Improvement Fund	1,178,546	Capital outlay
Total		\$ 16,467,390	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 13,400,266	\$ (11,535,530)	\$ 1,864,736
Proprietary Funds	3,067,124	(4,931,860)	(1,864,736)
	\$ 16,467,390	\$ (16,467,390)	\$ -

Reconciliation to Statement of Activities:

Net Transfers	\$ (1,864,736)
Transfer of capital outlay to business-type activities	767,024
Transfers - internal activity	\$ (1,097,712)

Balances:

Interfund receivable and payables at June 30, 2021 were comprised of the following:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
Hotel/Motel Tax Fund	General Fund	\$ 7,902	Negative cash
General Fund	Yukon Economic Development Authority	29,418	Incorrect bank account used
		\$ 37,320	

Reconciliation to Fund Financial Statements:

	Due to	Due From	Net Interfund Balances
Governmental Funds	\$ (37,320)	\$ 37,320	\$ -
Proprietary Funds	-	\$ -	\$ -
	\$ (37,320)	\$ 37,320	\$ -

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).
- 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.

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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, 2021, the City's net assessed valuation of taxable property was \$203,931,478. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2021 was \$3.70.

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 ceases 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, 2021 the following employees were covered by the benefit terms:

Active Employees	201
Inactives or beneficiaries currently receiving benefit payments	<u>10</u>
Total	<u>211</u>

Total OPEB Liability – The City's total OPEB liability of \$419,593 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

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Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.16%, based on June 30, 2020 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:

<i>Age</i>	<i>Retirement Rate</i>
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-2019

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>\$ 423,998</u>
<hr/>	
Changes for the Year:	
Service cost	9,959
Interest expense	8,953
Changes of assumptions	(3,846)
Benefits paid	(19,471)
Net Changes	<hr/> <hr/> (4,405)
Balances End of Year	<hr/> <hr/> <u>\$ 419,593</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB – For the year ended June 30, 2021, 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
Changes of assumptions	\$ 136,633	\$ 3,438
Changes in proportion and differences between City contributions and proportionate share of contributions	-	3,600
Changes in City's proportionate share of contributions	3,600	-
Total	\$ 140,233	\$ 7,038

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

Year ended June 30:

2022	\$ 18,007
2023	18,004
2024	18,004
2025	18,004
2026	18,004
Thereafter	43,172
Total	\$ 133,195

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	\$ 462,748	\$ 419,593	\$ 381,545

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	\$ 375,419	\$ 419,593	\$ 471,413

OPEB Expense- For the year ended June 30, 2021, the City recognized OPEB expense of \$32,961.

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.

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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.

Construction Commitments:

At June 30, 2021 the City had awarded construction contracts totaling approximately \$1,804,255 and of this amount, \$1,286,007 was still outstanding.

13. Pension Plan Participation

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

- Oklahoma Firefighter's Pension and Retirement System (OFPERS) – 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

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

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Liability:			
OkMRF	\$ 5,636,765	\$ 942,946	\$ 6,579,711
Police	1,235,735	-	1,235,735
Firefighters	13,525,118	-	13,525,118
Total	\$ 20,397,618	\$ 942,946	\$ 21,340,564
Deferred Outflows of Resources:			
OkMRF	\$ 2,209,337	\$ 352,892	\$ 2,562,229
Police	2,158,141	-	2,158,141
Firefighters	3,305,770	-	3,305,770
Total	\$ 7,673,248	\$ 352,892	\$ 8,026,140
Deferred Inflows of Resources:			
OkMRF	\$ 394,414	\$ 185,035	\$ 579,449
Police	346,729	-	346,729
Firefighters	534,100	-	534,100
Total	\$ 1,275,243	\$ 185,035	\$ 1,460,278
Pension Expense:			
OkMRF	\$ 1,243,215	\$ 207,971	\$ 1,451,186
Police	1,449,737	-	1,449,737
Firefighters	3,043,568	-	3,043,568
Total	\$ 5,736,520	\$ 207,971	\$ 5,944,491

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:

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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 \$518,163. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,183,004 (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 \$1,137,328.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$13,525,118 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 1.097896% percent.

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For the year ended June 30, 2021, the City recognized pension expense of \$3,043,568. At June 30, 2021, 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	\$ 1,723,781	\$ 181,474
Changes of assumptions	-	229,197
Net difference between projected and actual earnings on pension plan investments	198,803	-
Changes in proportion and differences between City contributions and proportionate share of contributions	864,550	111,766
City contributions during measurement date	473	11,663
City contributions subsequent to the measurement date	518,163	-
Total	<u>\$ 3,305,770</u>	<u>\$ 534,100</u>

The \$518,163 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, 2022. 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:		
2022	\$ 596,705	
2023	731,853	
2024	572,344	
2025	352,605	
2026	-	
Total	<u>2,253,507</u>	

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, 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, 2020, 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%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

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:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employer's net pension liability	\$ 17,564,867	\$ 13,525,118	\$ 10,145,329

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.

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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 \$519,021. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$327,748 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 \$433,575. 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, 2021, the City reported a liability of \$1,235,735 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 1.076002%.

For the year ended June 30, 2021, the City recognized pension expense of \$1,449,737. At June 30, 2021, 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	\$ 31,969	\$ 335,593
Changes of assumptions	126,946	-
Net difference between projected and actual earnings on pension plan investments	1,457,974	-
Changes in proportion and differences between City contributions and proportionate share of contributions	20,024	6,204
City contributions during measurement date	2,207	4,932
City contributions subsequent to the measurement date	519,021	-
Total	\$ 2,158,141	\$ 346,729

The \$519,021 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, 2022. 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:		
2022	\$ 179,646	
2023	373,677	
2024	481,138	
2025	281,386	
2026	<u>(23,456)</u>	
		<u>\$ 1,292,391</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, 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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private Equity	11.58%
Commodities	0.00%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% 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)	\$ 4,365,351	\$ 1,235,735	\$ (1,411,263)

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

As of 07/01/20

OkMRF Plan

<u>Provision</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
 - Return of employee contributions
 - Prior to Vesting
- 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	81
Deferred Vested Former Employees	43
Disabled	6
Retirees or Retiree Beneficiaries	66
Total	196

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 16.32% of covered payroll as of 7-1-20. For the year ended June 30, 2021 the City recognized \$895,775 of employer contributions to the plan based on covered payroll of \$5,488,821. Employees' contribution is 3% of covered payroll effective as of 7-1-20.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2020
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:
	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, 2020 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	100%		

Changes in Net Pension Liability-The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 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, 2020 and the City's report ending date of June 30, 2021, 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	\$ 32,024,858	\$ 26,994,495	\$ 5,030,363
Changes for the Year:			
Service cost	503,603	-	503,603
Interest expense	2,351,776	-	2,351,776
differences between expected and actual experience	829,130	-	829,130
Changes of assumptions	-	-	-
Contributions--City	-	916,886	(916,886)
Contributions--members	-	163,671	(163,671)
Net investment income	-	1,110,608	(1,110,608)
Benefits paid	(1,360,287)	(1,360,287)	-
Plan administrative expenses	-	(56,005)	56,005
Net Changes	2,324,222	774,873	1,549,349
Balances End of Year	\$ 34,349,080	\$ 27,769,368	\$ 6,579,712

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Sensitivity of the net pension liability to changes in the discount rate-The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability 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	\$ 11,062,846	\$ 6,579,712	\$ 2,851,940

The City reported \$1,451,186 in pension expense for the year ended June 30, 2021. At June 30, 2021, 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	\$ 656,242	\$ 460,392
Net difference between projected and actual earnings on pension plan investments	261,950	-
Differences between expected and actual experience	623,067	-
Changes in proportion and differences between contributions and proportionate share of contributions	125,195	119,057
City contributions subsequent to the measurement date	895,775	-
Total	\$ 2,562,229	\$ 579,449

Amortization of Pension Deferrals- The \$895,775 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, 2022. 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:

2022	\$ 229,686
2023	419,052
2024	257,941
2025	180,326
	<u>\$ 1,087,005</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 14.86% 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, 2021, the following amounts related to the defined contribution plan:

Employee contributions made	\$ 182,003
Employer contributions made	\$ 522,739

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. During this fiscal year, the city contributed 6.0%. Contributions to the plan for the current fiscal year were \$5,203 (employee) and \$6,244 (employer).

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, 2021.

Use of Restricted Reserves

As discussed in Note 8, 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	\$ 7,086,051
Add: .25 cent sales tax collections during fiscal year 2021	1,500,119
Interest earned during fiscal year 2021	264,982
Deduct: Transfers to Sales Tax Fund	(1,178,546)
Deduct: Transfer to General Fund Pooled Cash	(1,000,000)
Ending Cash and Investments Balance - General Fund Reserve	<u><u>\$ 6,672,606</u></u>
General Fund Prior Year Revenues	<u><u>\$ 18,224,106</u></u>
Required Reserve Balance (25%)	4,556,027
Ending Reserve Balance (34.5%)	(6,672,606)
Amount in excess of minimum balance	<u><u>\$ (2,116,580)</u></u>
CDARS	\$ 600,000
Cash	6,072,606
Total Cash and Investments	<u><u>\$ 6,672,606</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2021

	GENERAL FUND			Variance with Final Budget -	
	Budgeted Amounts		Actual Amounts, Budgetary Basis		
	Original	Final			
REVENUES					
Taxes	\$ 13,065,430	\$ 13,065,430	\$ 15,002,319	\$ 1,936,889	
Fees and fines	971,467	971,467	871,926	(99,541)	
Licenses and permits	472,216	472,216	449,539	(22,677)	
Intergovernmental	435,213	435,213	430,629	(4,584)	
Charges for services	294,572	294,572	183,107	(111,465)	
Investment earnings	1,560	1,560	3,889	2,329	
Miscellaneous	271,060	271,060	2,678,958	2,407,898	
Transfers from Other Funds	10,210,695	10,210,695	10,563,590	352,895	
Total revenues	<u>25,722,213</u>	<u>25,722,213</u>	<u>30,183,957</u>	<u>4,461,744</u>	
EXPENDITURES					
Legislative	1,009,284	1,106,237	923,555	182,682	
Administration	546,149	654,147	636,301	17,846	
Insurance	1,202,541	1,202,541	1,151,839	50,702	
Finance	504,446	523,993	488,671	35,322	
Fire	4,902,783	5,058,682	5,035,494	23,188	
Police	7,410,990	7,562,050	7,519,103	42,947	
Streets	1,001,441	1,081,034	1,048,788	32,246	
Municipal Court	309,205	321,903	292,777	29,126	
Emergency Management	97,045	99,745	84,131	15,614	
Technology	1,091,735	1,112,532	1,074,406	38,126	
Development Services	1,152,684	1,208,277	1,133,896	74,381	
Library	559,246	583,842	519,805	64,037	
Property Maintenance	1,113,363	1,139,858	1,109,285	30,573	
Human Resources	411,133	434,531	426,504	8,027	
Park Administration	403,204	414,303	369,266	45,037	
Park Maintenance	839,306	875,799	852,728	23,071	
Recreation Facilities	1,592,835	1,564,125	1,321,701	242,424	
Fleet Maintenance	699,119	728,116	710,317	17,799	
Animal Control	406,031	418,329	349,353	68,976	
Public Works Administration	469,673	488,471	440,115	48,356	
Total Expenditures	<u>25,722,213</u>	<u>26,578,515</u>	<u>25,488,035</u>	<u>1,090,480</u>	
Excess (deficiency) of revenues over expenditures	-	(856,302)	4,695,922	5,552,224	
Net change in fund balances	-	(856,302)	4,695,922	5,552,224	
Fund balances - beginning	-	18,938,340	18,938,340	-	
Fund balances - ending	<u>\$ -</u>	<u>\$ 18,082,038</u>	<u>\$ 23,634,262</u>	<u>\$ 5,552,224</u>	

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
Total revenue- budgetary basis	\$ 30,183,957
Total expense- budgetary basis	<u>(25,488,035)</u>
Change in fund balance-budgetary basis	4,695,922
Revenue accruals	(252,479)
Expenditures accruals	(1,461,730)
Debt service transfers in	1,029,597
Other transfers	(5,161,664)
Change in fund balance-GAAP basis	<u>\$ (1,150,354)</u>

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Proportionate Share of the Net Pension Liability

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability	0.866292%	0.961924%	1.022960%	1.033477%	1.011471%	1.041431%	1.097896%
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
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
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	375%	436%	459%	380%	342%	387%
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%

Notes to Schedule:

*Only seven 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*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Statutorily required contribution	\$ 381,109	\$ 401,355	\$ 396,879	\$ 419,126	\$ 450,874	\$ 488,939	\$ 518,163
Contributions in relation to the statutorily required contribution	<u>381,109</u>	<u>401,355</u>	<u>396,879</u>	<u>419,126</u>	<u>450,874</u>	<u>488,939</u>	<u>518,163</u>
Contribution deficiency (excess)	<u>\$ -</u>						
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
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

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

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability (asset)	1.0818%	1.0681%	1.063063%	1.055151%	1.129001%	1.066713%	1.076002%
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
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
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%
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%

Notes to Schedule:

*Only seven 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
Statutorily required contribution	\$ 393,201	\$ 393,087	\$ 409,043	\$ 447,693	\$ 450,786	\$ 477,644	\$ 519,021
Contributions in relation to the statutorily required contribution	<u>393,201</u>	<u>393,087</u>	<u>409,043</u>	<u>447,693</u>	<u>450,786</u>	<u>477,644</u>	<u>519,021</u>
Contribution deficiency (excess)	<u>\$ -</u>						
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
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

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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
Total pension liability							
Service cost	\$ 728,208	\$ 768,257	\$ 721,423	\$ 642,852	\$ 589,347	\$ 590,626	\$ 503,603
Interest	1,792,596	1,842,244	1,969,186	2,030,443	2,140,575	2,275,136	2,351,776
Differences between expected and actual experience	-	251,460	(584,036)	226,840	434,600	(1,104,300)	829,130
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)
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
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
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
Plan fiduciary net position							
Contributions - employer	\$ 1,743,018	\$ 1,694,508	\$ 1,569,940	\$ 1,032,268	\$ 876,735	\$ 884,550	\$ 916,886
Contributions - member	70,118	136,381	189,531	172,045	170,904	165,233	163,671
Net investment income	2,751,704	571,511	207,657	2,674,956	1,780,571	1,752,799	1,110,608
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)
Administrative expense	(40,786)	(42,045)	(42,069)	(47,065)	(49,929)	(53,109)	(56,005)
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
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
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
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
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%
Covered payroll	\$ 6,862,798	\$ 6,818,960	\$ 6,147,225	\$ 5,488,209	\$ 5,347,497	\$ 5,702,366	\$ 5,588,995
Net pension liability as a percentage of covered-payroll	64.86%	72.63%	83.52%	91.17%	100.80%	88.22%	117.73%

Notes to Schedule:

*Only seven 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
Actuarially determined contribution	\$ 1,260,144	\$ 986,630	\$ 880,858	\$ 858,811	\$ 915,800	\$ 942,305	\$ 895,775
Contributions in relation to the actuarially determined contribution	1,699,800	1,569,940	987,878	858,811	915,800	912,124	895,775
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>
Covered employee payroll	\$ 6,818,960	\$ 6,147,225	\$ 5,488,209	\$ 5,347,497	\$ 5,702,366	\$ 5,588,995	\$ 5,488,821
Contributions as a percentage of covered-employee payroll	24.93%	25.54%	18.00%	16.06%	16.06%	16.32%	16.32%

Notes to Schedule:

1. Only seven fiscal years is presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2020
3. A actuarially determined contribution rate is calculated as of July 1, 2020
 July 2020 through June 2021 the actuary determined contributions were at a rate of 16.32%.
4. 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
Total OPEB liability				
Service cost	\$ 9,959	\$ 9,959	\$ 9,959	\$ 9,959
Interest	9,414	9,414	9,721	8,953
Change in assumptions	-	-	173,461	(3,846)
Benefit payments, including refunds of member contributions	(14,067)	(14,067)	(19,471)	(19,471)
Net change in total OPEB liability	5,306	5,306	173,670	(4,405)
 Total OPEB liability - beginning	 239,716	 245,022	 250,328	 423,998
Total OPEB liability - ending (a)	\$ 245,022	\$ 250,328	\$ 423,998	\$ 419,593
 Covered employee payroll	 \$ 11,785,046	 \$ 11,785,046	 \$ 13,384,882	 \$ 13,384,882
 Total OPEB liability as a percentage of covered-employee payroll	 2.08%	 2.12%	 3.17%	 3.13%

Notes to Schedule:

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

Discount rates used: 3.88% 3.88% 2.21% 2.16%

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021

	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	\$ 1,321,072	\$ 124,963	\$ -	\$ -	\$ -	\$ -	\$ 1,446,035
Due from other funds	29,418	-	-	-	-	-	29,418
E-911 tax receivable	-	-	40,263	31,346	-	-	71,609
Restricted cash	-	-	1,181,418	454,979	143,783	422,238	2,202,418
Total assets	1,350,490	124,963	1,221,681	486,325	143,783	422,238	3,749,480
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	8,854	-	-	-	-	-	8,854
Due to other funds	-	-	-	7,902	-	-	7,902
Total liabilities	8,854	-	-	7,902	-	-	16,756
Fund balances:							
Restricted	459,583	124,963	1,221,681	478,423	-	422,238	2,706,888
Assigned	882,053	-	-	-	143,783	-	1,025,836
Total fund balance	1,341,636	124,963	1,221,681	478,423	143,783	422,238	3,732,724
Total liabilities and fund balance	\$ 1,350,490	\$ 124,963	\$ 1,221,681	\$ 486,325	\$ 143,783	\$ 422,238	\$ 3,749,480

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2021

	Special Revenue	CDBG Fund	Yukon Economic Development Authority	Hotel Motel Tax Fund	Capital Projects Fund	Debt Service Fund	Total-Other Governmental Funds
REVENUES							
Taxes	\$ -	\$ -	\$ 302,698	\$ 241,791	\$ -	\$ 760,673	\$ 1,305,162
Intergovernmental	71,857	258,743	-	-	-	-	330,600
Charges for services	19,916	-	-	-	-	-	19,916
Investment income	15	-	496	203	69	56	839
Miscellaneous	801,531	-	-	50,000	883	-	852,414
Total revenues	893,319	258,743	303,194	291,994	952	760,729	2,508,931
EXPENDITURES							
Current:							
General government	1,189,447	-	-	-	-	-	1,189,447
Public Safety	80,034	232,000	-	-	-	-	312,034
Culture, parks, and recreation	167,376	-	-	-	-	-	167,376
Economic development	-	-	-	159,461	-	-	159,461
Capital Outlay	16,953	26,701	-	-	-	-	43,654
Debt Service:							
Principal	-	-	-	-	-	650,000	650,000
Interest	-	-	-	-	-	169,480	169,480
Total Expenditures	1,453,810	258,701	-	159,461	-	819,480	2,691,452
Excess (deficiency) of revenues over expenditures	(560,491)	42	303,194	132,533	952	(58,751)	(182,521)
OTHER FINANCING SOURCES (USES)							
Transfers out	(11,104)	-	-	(377,185)	-	-	(388,289)
Total other financing sources and uses	(11,104)	-	-	(377,185)	-	-	(388,289)
Net change in fund balance	(571,595)	42	303,194	(244,652)	952	(58,751)	(570,810)
Fund balance - beginning	1,913,231	124,921	918,487	723,075	142,831	480,989	4,303,534
Fund balance - ending	\$ 1,341,636	\$ 124,963	\$ 1,221,681	\$ 478,423	\$ 143,783	\$ 422,238	\$ 3,732,724

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Combining Balance Sheet – General Fund Accounts – June 30, 2021

	<u>General Fund</u>	<u>PEST Fund</u>	<u>General Reserve Fund</u>	<u>Municipal Court</u>	<u>Escrow Fund</u>	<u>Total General Fund Accounts</u>
ASSETS						
Cash and cash equivalents	\$ 8,578,451	\$ -	\$ -	\$ -	\$ -	\$ 8,578,451
Investments	122,805	-	-	-	-	122,805
Restricted cash	8,505,071	1,746,623	1,072,606	228,301	434,930	11,987,531
Restricted investments	-	-	5,600,000	-	-	5,600,000
Due from other funds	7,902	-	-	-	-	7,902
Interaccount balances	168,698	-	-	(168,698)	-	-
Due from other governments	2,014,812	615,460	205,152	-	-	2,835,424
Court fine receivable, net	245,556	-	-	-	-	245,556
Other receivables	71,242	-	-	24	-	71,266
Total assets	<u>19,714,537</u>	<u>2,362,083</u>	<u>6,877,758</u>	<u>59,627</u>	<u>434,930</u>	<u>29,448,935</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities:						
Accounts payable	134,634	-	-	-	-	134,634
Accrued payroll payable	985,306	-	-	-	-	985,306
Due to other funds	29,418	-	-	-	-	29,418
Accrued interest payable	576,052	-	-	-	-	576,052
Escrow liabilities	-	-	-	56,555	426,892	483,447
Total liabilities	<u>1,725,410</u>	<u>-</u>	<u>-</u>	<u>56,555</u>	<u>426,892</u>	<u>2,208,857</u>
Deferred inflows of resources:						
Unavailable revenue	<u>201,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,141</u>
Fund Balance:						
Restricted	8,505,071	2,362,083	6,877,758	3,072	8,038	17,756,022
Unassigned	9,282,915	-	-	-	-	9,282,915
Total fund balance	<u>17,787,986</u>	<u>2,362,083</u>	<u>6,877,758</u>	<u>3,072</u>	<u>8,038</u>	<u>27,038,937</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 19,714,537</u>	<u>\$ 2,362,083</u>	<u>\$ 6,877,758</u>	<u>\$ 59,627</u>	<u>\$ 434,930</u>	<u>\$ 29,448,935</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>PEST Fund</u>	<u>General Reserve Fund</u>	<u>Municipal Court</u>	<u>Escrow Fund</u>	<u>Total General Fund Accounts</u>
REVENUES						
Taxes	\$ 15,109,319	\$ 4,526,174	\$ 1,508,724	\$ -	\$ -	\$ 21,144,217
Intergovernmental	3,840,726	-	-	-	-	3,840,726
Licenses and permits	449,539	-	-	-	-	449,539
Charges for services	159,916	-	-	-	-	159,916
Fines and forfeitures	867,965	-	-	-	-	867,965
Investment income	4,030	802	264,982	(1)	208	270,021
Miscellaneous	447,145	-	-	-	-	447,145
Total revenues	<u>20,878,640</u>	<u>4,526,976</u>	<u>1,773,706</u>	<u>(1)</u>	<u>208</u>	<u>27,179,529</u>
EXPENDITURES						
Current:						
General government	6,390,570	-	-	-	-	6,390,570
Insurance	1,148,389	-	-	-	-	1,148,389
Fire	5,621,572	-	-	-	-	5,621,572
Police	8,608,898	-	-	-	-	8,608,898
Animal control	364,833	-	-	-	-	364,833
Fleet maintenance	751,059	-	-	-	-	751,059
Municipal court	303,946	-	-	-	-	303,946
Transportation	1,074,197	-	-	-	-	1,074,197
Culture, parks, and recreation	3,201,816	-	-	-	-	3,201,816
Debt Service:						
Principal	944,950	-	-	-	-	944,950
Interest	50,287	-	-	-	-	50,287
Total Expenditures	<u>28,460,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,460,517</u>
Excess (deficiency) of revenues over expenditures	<u>(7,581,877)</u>	<u>4,526,976</u>	<u>1,773,706</u>	<u>(1)</u>	<u>208</u>	<u>(1,280,988)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,331,547	-	-	-	-	6,331,547
Transfers out	(5,161,664)	(628,388)	(1,178,546)	-	-	(6,968,598)
Intra-account transfers in	5,261,640	-	-	-	-	5,261,640
Intra-account transfers out	-	(4,261,640)	(1,000,000)	-	-	(5,261,640)
Total other financing sources and uses	<u>6,431,523</u>	<u>(4,890,028)</u>	<u>(2,178,546)</u>	<u>-</u>	<u>-</u>	<u>(637,051)</u>
Net change in fund balances	<u>(1,150,354)</u>	<u>(363,052)</u>	<u>(404,840)</u>	<u>(1)</u>	<u>208</u>	<u>(1,918,039)</u>
Fund balances - beginning	<u>18,938,340</u>	<u>2,725,135</u>	<u>7,282,598</u>	<u>3,073</u>	<u>7,830</u>	<u>28,956,976</u>
Fund balances - ending	<u><u>\$ 17,787,986</u></u>	<u><u>\$ 2,362,083</u></u>	<u><u>\$ 6,877,758</u></u>	<u><u>\$ 3,072</u></u>	<u><u>\$ 8,038</u></u>	<u><u>\$ 27,038,937</u></u>

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

**Combining Schedule of Net Position – Yukon Municipal Authority Water and Sewer Fund (YMA)
– June 30, 2021**

Enterprise Fund Accounts					
	Yukon Municipal Authority	Water and Sewer Fund	YMA Bond Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 661,565	\$ 986,837	\$ -	\$ 1,648,402	
Restricted cash and cash equivalents	-	1,828	520,820	522,648	
Restricted Investments	-	66,121	-	66,121	
Accounts Receivable, net	1,276,922	-	-	1,276,922	
Total current assets	<u>1,938,487</u>	<u>1,054,786</u>	<u>520,820</u>	<u>3,514,093</u>	
Non-current assets:					
Restricted cash and cash equivalents	-	-	621,733	621,733	
Restricted investments	-	294,369	-	294,369	
Capital Assets:					
Land and construction in progress	75,000	-	-	75,000	
Other capital assets, net of accumulated depreciation	15,135,805	-	-	15,135,805	
Total non-current assets	<u>15,210,805</u>	<u>294,369</u>	<u>621,733</u>	<u>16,126,907</u>	
Total assets	<u>17,149,292</u>	<u>1,349,155</u>	<u>1,142,553</u>	<u>19,641,000</u>	
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts related to pensions	-	244,475	-	244,475	
Deferred amounts related to OPEB	-	9,391	-	9,391	
Total deferred outflow of resources	<u>-</u>	<u>253,866</u>	<u>-</u>	<u>253,866</u>	
LIABILITIES					
Current Liabilities:					
Accounts payable	64,436	231,894	-	296,330	
Accrued payroll payable	-	55,109	-	55,109	
Accrued interest payable	-	-	16,673	16,673	
Current portion of:					
Deposits subject to refund	-	102,707	-	102,707	
Notes payable	-	-	2,367,140	2,367,140	
Revenue bonds payable	-	-	630,300	630,300	
Accrued compensated absences	-	15,682	-	15,682	
Total current liabilities	<u>64,436</u>	<u>405,392</u>	<u>3,014,113</u>	<u>3,483,941</u>	
Non-current liabilities:					
Deposits subject to refund	-	410,828	-	410,828	
Notes payable	-	-	81,480	81,480	
Revenue bonds payable, net	-	-	657,897	657,897	
Accrued compensated absences	-	75,994	-	75,994	
Total OPEB liability	-	28,838	-	28,838	
Net pension liability	-	650,230	-	650,230	
Total non-current liabilities	<u>-</u>	<u>1,165,890</u>	<u>739,377</u>	<u>1,905,267</u>	
Total liabilities	<u>64,436</u>	<u>1,571,282</u>	<u>3,753,490</u>	<u>5,389,208</u>	
DEFERRED INFLOW OF RESOURCES					
Deferred amounts related to pension	-	118,522	-	118,522	
Deferred amounts related to OPEB	-	2,049	-	2,049	
Total deferred inflow of resources	<u>-</u>	<u>120,571</u>	<u>-</u>	<u>120,571</u>	
NET POSITION					
Net investment in capital assets	15,210,805	-	(3,736,817)	11,473,988	
Restricted for debt service	-	-	1,125,881	1,125,881	
Unrestricted (deficit)	1,874,051	(88,832)	(1)	1,785,218	
Total net position	<u>\$ 17,084,856</u>	<u>\$ (88,832)</u>	<u>\$ (2,610,937)</u>	<u>\$ 14,385,087</u>	

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Yukon Municipal Authority Water and Sewer (YMA) - Year Ended June 30, 2021

Enterprise Fund Accounts				
	Yukon Municipal Authority	Water and Sewer Fund	YMA Bond Fund	Total
OPERATING REVENUES				
Water charges	\$ 6,276,085	\$ -	\$ -	\$ 6,276,085
Sewer charges	2,620,583	124,749	-	2,745,332
Penalties	209,822	-	-	209,822
Miscellaneous	11,955	4,443	-	16,398
Total operating revenues	<u>9,118,445</u>	<u>129,192</u>	<u>-</u>	<u>9,247,637</u>
OPERATING EXPENSES				
Billing	-	926,183	-	926,183
Water Plant	-	758,191	-	758,191
Water Supply and Wastewater Treatment	-	3,457,094	-	3,457,094
Depreciation expense	1,189,115	-	-	1,189,115
Total Operating Expenses	<u>1,189,115</u>	<u>5,141,468</u>	<u>-</u>	<u>6,330,583</u>
Operating income (loss)	<u>7,929,330</u>	<u>(5,012,276)</u>	<u>-</u>	<u>2,917,054</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	1	136	137
Interest expense and fiscal charges	-	-	(150,089)	(150,089)
Total non-operating revenue (expenses)	<u>-</u>	<u>1</u>	<u>(149,953)</u>	<u>(149,952)</u>
Income (loss) before contributions and transfers	<u>7,929,330</u>	<u>(5,012,275)</u>	<u>(149,953)</u>	<u>2,767,102</u>
Capital contributions	343,675	-	-	343,675
Transfers in	-	-	3,056,804	3,056,804
Transfers out	-	(4,207,850)	-	(4,207,850)
Intra-account Transfers in	-	9,321,073	-	9,321,073
Intra-account Transfers out	(9,321,073)	-	-	(9,321,073)
Change in net position	<u>(1,048,068)</u>	<u>100,948</u>	<u>2,906,851</u>	<u>1,959,731</u>
Total net position - beginning	<u>18,132,924</u>	<u>(189,780)</u>	<u>(5,517,788)</u>	<u>12,425,356</u>
Total net position - ending	<u><u>\$ 17,084,856</u></u>	<u><u>\$ (88,832)</u></u>	<u><u>\$ (2,610,937)</u></u>	<u><u>\$ 14,385,087</u></u>

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Schedule of Expenditures of Federal Awards – Year Ended June 30, 2021

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	129,255
2019 Assistance to Firefighters Grant (AFG)	97.040		232,000	232,000
Total U.S. Department of Homeland Security			647,068	361,255
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Passed through Oklahoma Office of Management and Enterprise Services:				
CARES Act Grant	21.019		2,165,483	2,165,483
Total U.S. Department of Treasury			2,165,483	2,165,483
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Oklahoma Humanities	45.129		20,000	1,279
Oklahoma Humanities HOPE Grant			20,000	1,279
Total National Endowment for the Humanities				
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>				
Oklahoma Department of Libraries				
Library State Aid FY 20	45.310		15,694	7,194
Library State Aid FY 21	45.310		15,054	15,054
August '19 Library Literacy Grant	45.310		2,946	294
Library CARES Digital Inclusion Grant	45.310		5,000	5,000
Library CARES PPE Grant	45.310		1,000	1,000
Library Health Literacy Grant '21	45.310		4,000	4,000
Library Web/Headphone Grant	45.310		2,750	2,750
Total ALN 45.310 and Institute of Museum and Library Services			46,444	35,292
<u>U.S. DEPARTMENT OF JUSTICE</u>				
District Attorney's Council				
2020 Coronavirus Emergency Supplemental Funding Grant	16.034	2020-VD-BX-00	51,714	51,233
Total Federal Awards			\$ 2,930,709	\$ 2,614,542

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, 2021. 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, 2021**

SINGLE AUDIT AND 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, 2021, 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 March 11, 2022.

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 CPAs + Advisors

Oklahoma City, Oklahoma

March 11, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Yukon, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Yukon, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Yukon, Oklahoma's major federal programs for the year ended June 30, 2021. City of Yukon, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Yukon, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Yukon, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Yukon, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Yukon, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City of Yukon, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Yukon, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Yukon, Oklahoma's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Oklahoma City, Oklahoma
March 11, 2022

City of Yukon, Oklahoma
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

I. Summary of Auditors' Results

Financial Statements

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
• Noncompliance which is material to the financial statements noted?	No

Federal Rewards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs

CDFA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

Dollar threshold to distinguish between Type A and Type B programs	\$750,000
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Auditee qualities as a low-risk auditee?	No
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II. Financial Statement Findings

None noted.

City of Yukon, Oklahoma
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

There were no prior year audit findings for the period ended June 30, 2020.