



CITY OF YUKON, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

THE CITY OF YUKON, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Yukon, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yukon, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Yukon, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yukon, Oklahoma, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Yukon, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 June 5, 2024, on our consideration of the City of Yukon, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Yukon, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Yukon, Oklahoma's internal control over financial reporting and compliance.

HBC CPAs & Advisors

Oklahoma City, Oklahoma
June 5, 2024

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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, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2023, the City's total net position increased by \$6.9 million or 8.9% from the prior year.
- During the year, the City's expenses for governmental activities were \$37.9 million and were funded by program revenues of \$4.2 million and further funded with taxes and other general revenues that totaled \$36.9 million.
- In the City's business-type activities, such as utilities, revenues excluding transfers exceeded expenses by \$3.7 million.
- At June 30, 2023, the General Fund reported an unassigned fund balance of \$14.2 million.
- For budgetary reporting purposes, the General Fund reported revenues and transfers over estimates by \$1,590,915 or a positive 5.4%, while expenditures and transfers were under the final appropriations by \$817,186 or 2.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

About the City

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

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

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

The City's Financial Reporting Entity

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

(Unaudited. See accompanying auditor's report.)

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

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

Using This Annual Report

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

(Unaudited. See accompanying auditor's report.)

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

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

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

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

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$84.2 million at the close of the most recent fiscal year.

(Unaudited. See accompanying auditor’s report.)

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TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Current assets	\$ 47,525	\$ 39,679	20%	\$ 9,339	\$ 6,971	34%	\$ 56,864	\$ 46,650	22%
Capital assets, net	73,697	76,715	-4%	15,464	16,131	-4%	89,161	92,846	-4%
Other non-current assets	2,554	7,413	-66%	295	323	-9%	2,849	7,736	-63%
Total assets	<u>123,776</u>	<u>123,807</u>	-	<u>25,098</u>	<u>23,425</u>	7%	<u>148,874</u>	<u>147,232</u>	1%
Deferred outflow of resources	<u>10,245</u>	<u>6,334</u>	62%	<u>292</u>	<u>188</u>	55%	<u>10,537</u>	<u>6,522</u>	62%
Current liabilities	7,485	5,548	35%	5,274	3,236	63%	12,759	8,784	45%
Non-current liabilities	58,080	50,297	15%	1,092	765	43%	59,172	51,062	16%
Total liabilities	<u>65,565</u>	<u>55,845</u>	17%	<u>6,366</u>	<u>4,001</u>	59%	<u>71,931</u>	<u>59,846</u>	20%
Deferred inflow of resources	<u>3,030</u>	<u>15,980</u>	-81%	<u>234</u>	<u>617</u>	-62%	<u>3,264</u>	<u>16,597</u>	-80%
Net position									
Net investment in capital assets	36,515	37,507	-3%	15,465	16,050	-4%	51,980	53,557	-3%
Restricted	26,397	21,520	23%	-	221	-100%	26,397	21,741	21%
Unrestricted (deficit)	2,514	(711)	-454%	3,325	2,724	22%	5,839	2,013	190%
Total net position	<u>\$ 65,426</u>	<u>\$ 58,316</u>	12%	<u>\$ 18,790</u>	<u>\$ 18,995</u>	-1%	<u>\$ 84,216</u>	<u>\$ 77,311</u>	9%

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2023, this net investment in capital assets amounted to \$52 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Governmental Activities:

Other non-current assets (66% decrease of \$4.9 million) – Mainly due to decrease of \$4.7 million in net pension asset

Deferred outflow of resources (62% increase of \$3.9 million) - Due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Current liabilities (35% increase of \$1.9 million) – Mainly due to increase in current portion of long-term liabilities

Deferred inflow of resources (81% decrease of \$13 million) - Due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Restricted net position (23% increase of \$4.9 million) – Due to restricted revenues exceeding expenses

Unrestricted (deficit) net position (454% decrease in deficit and increase in net position of \$3.2 million) – Mainly due to unrestricted revenues exceeding expenses

(Unaudited. See accompanying auditor's report.)

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Business-type Activities:

Current assets (34% increase of \$2.4 million) – Mainly due to an increase in cash and cash equivalents from \$2.4 million of unspent ARPA grant

Deferred outflow of resources (55% increase of \$1 million) –Due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Current liabilities (63% increase of \$2 million) – Mainly due to increase in unearned revenue from unspent ARPA grant

Non-current liabilities (43% increase of \$327,000) – Mainly due to increase in OMRF net pension liability

Deferred inflow of resources (62% decrease of \$383,000) –Due to differences in actual investment earnings versus projected investment earnings in defined benefit retirement plans

Unrestricted net position (22% increase of \$601,000) – Mainly due to unrestricted revenues exceeding expenses

Changes in Net Position

For the year ended June 30, 2023, 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.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for services	\$ 2,027	\$ 1,748	16%	\$ 12,227	\$ 12,046	2%	\$ 14,254	\$ 13,794	3%
Operating grants and contributions	2,124	2,188	-3%	-	-	-	2,124	2,188	-3%
Capital grants and contributions	6	1,357	-100%	413	2,159	-81%	419	3,516	-88%
Taxes	34,670	33,035	5%	-	-	-	34,670	33,035	5%
Intergovernmental revenue	431	440	-2%	-	-	-	431	440	-2%
Investment income	536	48	1,017%	1	1	-	537	49	996%
Miscellaneous	1,293	541	139%	6	10	-40%	1,299	551	136%
Total revenues	41,087	39,357	4%	12,647	14,216	-11%	53,734	53,573	-
Expenses									
General government	9,018	8,460	7%	-	-	-	9,018	8,460	7%
Public safety	17,334	13,493	28%	-	-	-	17,334	13,493	28%
Streets	4,174	3,606	16%	-	-	-	4,174	3,606	16%
Culture, parks and recreation	4,928	4,332	14%	-	-	-	4,928	4,332	14%
Fleet maintenance	978	803	22%	-	-	-	978	803	22%
Economic development	329	271	21%	-	-	-	329	271	21%
Interest on long-term debt	1,145	1,188	-4%	-	-	-	1,145	1,188	-4%
Water and wastewater	-	-	-	6,616	6,198	7%	6,616	6,198	7%
Stormwater	-	-	-	234	188	24%	234	188	24%
Sanitation	-	-	-	2,073	1,856	12%	2,073	1,856	12%
Total expenses	37,906	32,153	18%	8,923	8,242	8%	46,829	40,395	16%
Excess (deficiency) before transfers	3,181	7,204	56%	3,724	5,974	-38%	6,905	13,178	-48%
Transfers	3,930	2,778	41%	(3,930)	(2,778)	41%	-	-	-
Increase (decrease) in net position	\$ 7,111	\$ 9,982	-29%	\$ (206)	\$ 3,196	-106%	\$ 6,905	\$ 13,178	-48%

(Unaudited. See accompanying auditor's report.)

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

Governmental Activities:

Capital grants and contributions – (100% decrease of \$1.4 million) - Resulting primarily from street capital grants received in FY22 that were not received in FY23

Investment income – (1,017% increase of \$488,000) - Resulting from increased interest rates on certificates of deposit

Miscellaneous – (139% increase of \$752,000) - Resulting primarily from an increase in insurance reimbursement revenue and proceeds from the sale of city property

Public Safety – (28% increase of \$3.8 million) - Resulting primarily from an increase in fire and police pension expenses

Business-type Activities:

Capital grants and contributions – (81% decrease of \$1.7 million) Resulting from a decrease in capital contributed for stormwater, water, and sewer

Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 9,018	\$ 8,460	7%	\$ (8,659)	\$ (7,922)	9%
Public safety	17,334	13,493	28%	(14,186)	(10,790)	31%
Streets	4,174	3,606	16%	(4,174)	(2,262)	85%
Culture, parks and recreation	4,928	4,332	14%	(4,278)	(3,624)	18%
Fleet maintenance	978	803	22%	(978)	(803)	22%
Economic development	329	271	21%	(329)	(270)	22%
Interest on long-term debt	1,145	1,188	-4%	(1,145)	(1,188)	-4%
Total	<u>\$ 37,906</u>	<u>\$ 32,153</u>	18%	<u>\$ (33,749)</u>	<u>\$ (26,859)</u>	26%

Explanations for significant changes are shown after Table 2.

(Unaudited. See accompanying auditor's report.)

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Business-type Activities

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

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water and Wastewater	\$ 6,616	\$ 6,198	7%	\$ 3,483	\$ 5,057	-31%
Stormwater	234	188	24%	32	531	-94%
Sanitation	2,073	1,856	12%	203	375	-46%
Total	\$ 8,923	\$ 8,242	8%	\$ 3,718	\$ 5,963	-38%

Explanations for significant changes are shown after Table 2.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$44.4 million or a 21.0% increase of \$7.7 million from the prior year.

General Fund Budgetary Highlights

Actual revenues and transfers in were over final estimates by \$1.6 million or 5.4%, and expenditures were under final appropriations by \$817,186 or 2.7%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$89.2 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 a decrease of \$2.7 million.

(Unaudited. See accompanying auditor's report.)

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	restated				restated	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 7,624	\$ 7,624	\$ 91	\$ 91	\$ 7,715	\$ 7,715
Buildings	13,016	13,882	733	826	13,749	14,708
Machinery, furniture and equipment	3,658	2,676	441	115	4,099	2,791
Infrastructure	46,159	48,819	849	1,027	47,008	49,846
Construction in progress	3,051	2,528	13,351	14,072	16,402	16,600
Leased assets	83	107	-	-	83	107
SBITA assets	106	58	-	-	106	58
Totals	\$ 73,697	\$ 75,694	\$ 15,465	\$ 16,131	\$ 89,162	\$ 91,825

This year's more significant capital asset additions included:

Wagner Rd Improvements – Phase II	\$155,647
Turtle Creek at Kimbell Park Street Improvements	\$149,995
Jackie Cooper Gym Rehab Project	\$185,412
2023 Crane Carrier	\$382,874
2022 Pierce MFG. Fire Truck	\$629,058
2023 Bobcat Skid Steer	\$118,734

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

Long- Term Debt

At year-end, the City had \$43 million in long-term debt outstanding which represents a \$2.2 million or 5% 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>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total</u> <u>Percentage</u> <u>Change</u>
	Restated				Restated		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>
Accrued absences	\$ 2,592	\$ 2,537	\$ 108	\$ 126	\$ 2,700	\$ 2,663	1%
Revenue bonds/notes payable from direct borrow ings/direct placements	37,949	39,464	-	81	37,949	39,545	-4%
General obligation bonds payable	1,415	2,075	-	-	1,415	2,075	-32%
Lease obligations payable	84	107	-	-	84	107	-21%
SBITA obligations payable	105	58	-	-	105	58	81%
Deposits subject to refund	-	-	594	582	594	582	2%
Totals	\$ 42,145	\$ 44,241	\$ 702	\$ 789	\$ 42,847	\$ 45,030	-5%

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

(Unaudited. See accompanying auditor's report.)

CITY OF YUKON, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Economic Factors and Next Year's Budget and Rates

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

Given the continued economic uncertainty and stagnant sales tax growth, the City of Yukon will continue to operate under a tight budget in order to continue improving its overall financial position. During this fiscal year, the City should see the completion or advancement of several major projects, most notably, improvements to Wagner Road between Yukon Parkway and Sara Road, the resurfacing of Garth Brooks Boulevard, traffic signalization on 10th St and Shedeck Parkway as well as a number of sidewalk and street striping projects. ARPA funds will continue to provide an enormous boon to our water and sewer infrastructure and rehabilitation. Additionally, the City of Yukon remains hopeful commercial development may begin along the I-40 & Frisco Road Interchange. The overall budget has increased \$8,753,589 from the previous year with notable funds outlined below:

The General Fund increased by \$4.4 million

The Capital Improvement Fund increased by \$3.4 million

Contacting the City's Financial Management

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

(Unaudited. See accompanying auditor's report.)

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Net Position— June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,882,163	\$ 7,565,694	\$ 33,447,857
Restricted cash and cash equivalents	10,235,293	1,847	10,237,140
Investments	123,393	-	123,393
Restricted investments	6,097,588	66,368	6,163,956
Accounts receivable, net of allowance	411,107	1,704,953	2,116,060
Court fine receivable, net of allowance	296,398	-	296,398
Due from other governments	4,479,158	-	4,479,158
Restricted cash and cash equivalents	9	-	9
Restricted investments	-	294,665	294,665
Leases receivable	1,680,493	-	1,680,493
Net Pension Asset	873,591	-	873,591
Capital assets:			
Land and construction in progress	10,674,978	91,005	10,765,983
Other capital assets, net of depreciation	63,022,188	15,373,351	78,395,539
Total Capital Assets	<u>73,697,166</u>	<u>15,464,356</u>	<u>89,161,522</u>
Total Assets	<u>123,776,359</u>	<u>25,097,883</u>	<u>148,874,242</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	10,144,544	282,982	10,427,526
Deferred amounts related to refunding	19,445	-	19,445
Deferred amounts related to OPEB	80,671	8,986	89,657
Total deferred outflows of resources	<u>10,244,660</u>	<u>291,968</u>	<u>10,536,628</u>
LIABILITIES			
Accounts payable	551,568	644,561	1,196,129
Accrued payroll liabilities	466,213	40,240	506,453
Accrued interest payable	552,352	-	552,352
Escrow liabilities	250,000	-	250,000
Refundable court bonds	631,661	-	631,661
Unearned revenue	-	4,460,261	4,460,261
Long-term liabilities:			
Due within one year	5,032,757	130,054	5,162,811
Due in more than one year	37,284,499	571,637	37,856,136
Total OPEB liability	268,964	30,771	299,735
Net pension liability	20,526,564	489,210	21,015,774
Total liabilities	<u>65,564,578</u>	<u>6,366,734</u>	<u>71,931,312</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	1,342,545	220,200	1,562,745
Deferred amounts related to OPEB	54,628	13,491	68,119
Leases	1,632,673	-	1,632,673
Total deferred inflows of resources	<u>3,029,846</u>	<u>233,691</u>	<u>3,263,537</u>
NET POSITION			
Net investment in capital assets	36,515,308	15,464,356	51,979,664
Restricted for:			
Debt service	2,598,711	19	2,598,730
Public employees	3,885,046	-	3,885,046
Stabilization reserve	6,517,560	-	6,517,560
Economic development	2,203,255	-	2,203,255
Capital project	10,105,990	-	10,105,990
Other contracts/groups	1,086,730	-	1,086,730
Unrestricted	2,513,995	3,325,051	5,839,046
Total net position	<u>\$ 65,426,595</u>	<u>\$ 18,789,426</u>	<u>\$ 84,216,021</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Activities –Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Indirect Expense Allocation	Program Revenue			Primary Government		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government								
Governmental Activities								
General Government	\$ 9,018,106	\$ -	\$ 358,993	\$ -	\$ -	\$ (8,659,113)	\$ -	\$ (8,659,113)
Public Safety	17,334,438	-	1,144,664	2,004,055	-	(14,185,719)	-	(14,185,719)
Transportation	4,173,566	-	-	-	-	(4,173,566)	-	(4,173,566)
Culture, parks and recreation	4,927,742	-	523,518	120,378	5,781	(4,278,065)	-	(4,278,065)
Fleet maintenance	978,053	-	-	-	-	(978,053)	-	(978,053)
Economic development	329,120	-	-	-	-	(329,120)	-	(329,120)
Interest on long-term debt	1,144,921	-	-	-	-	(1,144,921)	-	(1,144,921)
Total governmental activities	37,905,946	-	2,027,175	2,124,433	5,781	(33,748,557)	-	(33,748,557)
Business-type activities								
Water and Wastewater	5,961,093	654,575	9,685,035	-	413,299	-	3,482,666	3,482,666
Stormwater	215,662	17,989	266,165	-	-	-	32,514	32,514
Sanitation	1,918,966	153,777	2,275,263	-	-	-	202,520	202,520
Utility Billing	826,341	(826,341)	-	-	-	-	-	-
Total business-type activities	8,922,062	-	12,226,463	-	413,299	-	3,717,700	3,717,700
Total primary government	46,828,008	-	14,253,638	2,124,433	419,080	(33,748,557)	3,717,700	(30,030,857)
General revenues:								
Taxes:								
Sales and use taxes						32,192,374	-	32,192,374
Property taxes						692,328	-	692,328
Franchise and public service taxes						1,415,238	-	1,415,238
Hotel/motel taxes						371,200	-	371,200
Intergovernmental revenue not restricted to specific programs						430,590	-	430,590
Investment income						535,107	831	535,938
Miscellaneous						1,292,634	5,568	1,298,202
Transfers - Internal activity						3,930,077	(3,930,077)	-
Total general revenues and transfers						40,859,548	(3,923,678)	36,935,870
Change in net position						7,110,991	(205,978)	6,905,013
Net position - beginning						58,315,604	18,995,404	77,311,008
Net position - ending						\$ 65,426,595	\$ 18,789,426	\$ 84,216,021

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Balance Sheet - June 30, 2023

	General Fund	96 Sales Tax Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,702,258	\$ 8,865,198	\$ 2,550,134	\$ 24,117,590
Investments	123,393	-	-	123,393
Restricted cash	9,091,687	250,000	2,658,188	11,999,875
Restricted investments	5,639,278	458,310	-	6,097,588
Due from other funds	198,734	-	29,418	228,152
Due from other governments	3,266,306	1,048,331	164,521	4,479,158
Court fines receivable, net	296,398	-	-	296,398
Other receivables	94,578	-	316,529	411,107
Lease receivables	-	7,821	1,672,672	1,680,493
Total assets	<u>31,412,632</u>	<u>10,629,660</u>	<u>7,391,462</u>	<u>49,433,754</u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:				
Accounts payable	224,936	265,885	79,906	570,727
Accrued payroll payable	465,963	-	-	465,963
Due to other funds	216,374	-	11,778	228,152
Accrued interest payable	521,274	-	-	521,274
Escrow liabilities	612,752	250,000	-	862,752
Total liabilities	<u>2,041,299</u>	<u>515,885</u>	<u>91,684</u>	<u>2,648,868</u>
 Deferred Inflows of resources:				
Unavailable revenue	300,996	-	404,413	705,409
Leases	-	7,785	1,624,888	1,632,673
Total deferred inflow of resources	<u>300,996</u>	<u>7,785</u>	<u>2,029,301</u>	<u>2,338,082</u>
 Fund balances:				
Restricted	14,860,591	10,105,990	3,395,771	28,362,352
Assigned	-	-	1,874,706	1,874,706
Unassigned	14,209,746	-	-	14,209,746
Total fund balance	<u>29,070,337</u>	<u>10,105,990</u>	<u>5,270,477</u>	<u>44,446,804</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 31,412,632</u>	<u>\$ 10,629,660</u>	<u>\$ 7,391,462</u>	<u>\$ 49,433,754</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2023

	General Fund	96 Sales Tax Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 25,152,384	\$ 7,995,254	\$ 1,352,246	\$ 34,499,884
Intergovernmental	1,788,828	32,520	155,823	1,977,171
Licenses and permits	350,799	-	-	350,799
Charges for services	313,044	11,679	7,176	331,899
Fines and forfeitures	798,021	-	-	798,021
Investment income	404,052	94,858	34,319	533,229
Miscellaneous	766,503	1,142,297	1,354,883	3,263,683
Total revenues	<u>29,573,631</u>	<u>9,276,608</u>	<u>2,904,447</u>	<u>41,754,686</u>
EXPENDITURES				
Current:				
General government	6,944,128	255,818	292,354	7,492,300
Insurance	1,108,020	-	-	1,108,020
Fire	6,694,827	-	-	6,694,827
Police	8,253,948	-	41,673	8,295,621
Animal control	342,842	-	-	342,842
Fleet maintenance	979,953	-	-	979,953
Municipal court	312,601	-	-	312,601
Transportation	1,155,548	-	-	1,155,548
Culture, parks, and recreation	3,866,848	-	312,828	4,179,676
Economic development	-	-	329,120	329,120
Capital outlay	88,298	4,309,809	29,691	4,427,798
Debt service:				
Principal	51,982	1,940,007	660,000	2,651,989
Interest	2,018	1,286,849	105,066	1,393,933
Total Expenditures	<u>29,801,013</u>	<u>7,792,483</u>	<u>1,770,732</u>	<u>39,364,228</u>
Excess (deficiency) of revenues over expenditures	<u>(227,382)</u>	<u>1,484,125</u>	<u>1,133,715</u>	<u>2,390,458</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,096,964	2,344,223	-	8,441,187
Transfers out	(2,122,623)	(1,506,899)	(191,964)	(3,821,486)
Proceeds from long-term debt	-	629,058	-	629,058
Bond premium	75,570	-	-	75,570
Total other financing sources and uses	<u>4,049,911</u>	<u>1,466,382</u>	<u>(191,964)</u>	<u>5,324,329</u>
Net change in fund balance	3,822,529	2,950,507	941,751	7,714,787
Fund balance - beginning	25,247,808	7,155,483	4,328,726	36,732,017
Fund balance - ending	<u>\$ 29,070,337</u>	<u>\$ 10,105,990</u>	<u>\$ 5,270,477</u>	<u>\$ 44,446,804</u>

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Position Reconciliation: \$ 44,446,804

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$84,839,084 73,697,166

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	705,409
Net pension asset	873,591
Pension related deferred outflows	10,144,544
Deferred outflow related to long-term debt refunding	19,445
Deferred outflow related to OPEB	80,671

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	(20,526,564)
Pension related deferred inflows	(1,342,545)
Deferred inflow related to OPEB	(54,628)
Accrued interest payable	(31,078)
Lease obligation	(83,691)
SBITA obligation	(104,952)
Revenue bond obligations	(1,415,000)
Notes payable	(37,948,880)
Unamortized bond premium/discount	(172,250)
Total OPEB liability	(268,964)
Accrued compensated absences	(2,592,483)
	<u>(64,541,035)</u>

Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 65,426,595</u>
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See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Changes in Fund Balance - Changes in Net Position Reconciliation: \$ 7,714,787

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	3,049,266
Book value of disposed capital assets	(16,447)
Reimbursement of capital expenditures	(1,101,449)
Depreciation expense	(5,007,098)
	<u>(3,075,728)</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.

147,756

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	184,311
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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:

Loan proceeds	(629,058)
SBITA proceeds	(75,570)
Principal payment on notes payable	2,144,585
Principal payment on leases	23,205
Principal payment on SBITA obligation	28,777
Principal payment on general obligation bonds payable	660,000
Amortization of deferred amount on refunding	(19,444)
Amortization of bond premium/discount	59,057
	<u>2,191,552</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	3,505
Change in total OPEB liability	620
Change in accrued compensated absences	(55,812)
	<u>(51,687)</u>

Change in net position of governmental activities \$ 7,110,991

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position - June 30, 2023

	ENTERPRISE FUNDS			
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,801,290	\$ 166,534	\$ 597,870	\$ 7,565,694
Restricted cash and cash equivalents	1,847	-	-	1,847
Restricted investments	66,368	-	-	66,368
Accounts receivable, net	1,328,610	336,581	39,762	1,704,953
Total current assets	8,198,115	503,115	637,632	9,338,862
Non-current assets:				
Restricted investments	294,665	-	-	294,665
Capital assets:				
Land and construction in progress	75,000	16,005	-	91,005
Other capital assets, net of accumulated depreciation	13,634,686	969,140	769,525	15,373,351
Total non-current assets	14,004,351	985,145	769,525	15,759,021
Total assets	22,202,466	1,488,260	1,407,157	25,097,883
DEFERRED OUTFLOW OF RESOURCES:				
Deferred amounts related to pensions	174,633	108,349	-	282,982
Deferred amounts related to OPEB	5,291	2,976	719	8,986
Total deferred outflow of resources	179,924	111,325	719	291,968
LIABILITIES				
Current liabilities:				
Accounts payable	644,561	-	-	644,561
Accrued payroll liabilities	22,253	14,767	3,220	40,240
Unearned revenue	4,460,261	-	-	4,460,261
Current portion of:				
Deposits subject to refund	118,771	-	-	118,771
Accrued compensated absences	4,195	6,432	656	11,283
Total current liabilities	5,250,041	21,199	3,876	5,275,116
Non-current liabilities:				
Deposits subject to refund	475,084	-	-	475,084
Accrued compensated absences	30,290	60,361	5,902	96,553
Total OPEB liability	18,235	10,257	2,279	30,771
Net pension liability	301,900	187,310	-	489,210
Total non-current liabilities	825,509	257,928	8,181	1,091,618
Total liabilities	6,075,550	279,127	12,057	6,366,734
DEFERRED INFLOW OF RESOURCES:				
Deferred amounts related to pension	159,303	60,897	-	220,200
Deferred amounts related to OPEB	7,093	5,755	643	13,491
Total deferred inflow of resources	166,396	66,652	643	233,691
NET POSITION				
Net Investment in capital assets	13,709,686	985,145	769,525	15,464,356
Restricted for debt service	19	-	-	19
Unrestricted	2,430,739	268,661	625,651	3,325,051
Total net position	\$ 16,140,444	\$ 1,253,806	\$ 1,395,176	\$ 18,789,426

See accompanying notes to the financial statements.

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2023

	ENTERPRISE FUNDS			
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	Totals
OPERATING REVENUES				
Water charges	\$ 6,475,820	\$ -	\$ -	\$ 6,475,820
Sewer charges	2,988,804	-	-	2,988,804
Sanitation charges	-	2,246,955	-	2,246,955
Stormwater charges	-	-	266,165	266,165
Penalties and interest	218,294	-	-	218,294
Miscellaneous	7,685	28,308	-	35,993
Total operating revenues	<u>9,690,603</u>	<u>2,275,263</u>	<u>266,165</u>	<u>12,232,031</u>
OPERATING EXPENSES				
Billing	826,341	-	-	826,341
Water Plant	631,293	-	-	631,293
Water Supply and Wastewater Treatment	4,230,800	-	-	4,230,800
Sanitation	-	1,601,053	-	1,601,053
Stormwater	-	-	181,844	181,844
Depreciation expense	1,099,000	316,772	33,818	1,449,590
Total Operating Expenses	<u>6,787,434</u>	<u>1,917,825</u>	<u>215,662</u>	<u>8,920,921</u>
Operating income	<u>2,903,169</u>	<u>357,438</u>	<u>50,503</u>	<u>3,311,110</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	831	-	-	831
Operating grant revenue	323,892	-	-	323,892
Interest expense and fiscal charges	(1,141)	-	-	(1,141)
Total non-operating revenue	<u>323,582</u>	<u>-</u>	<u>-</u>	<u>323,582</u>
Income before transfers and capital contributions	<u>3,226,751</u>	<u>357,438</u>	<u>50,503</u>	<u>3,634,692</u>
Capital contributions	399,808	382,874	-	782,682
Transfers in	172,027	-	-	172,027
Transfers out	(4,336,656)	(458,723)	-	(4,795,379)
Change in net position	<u>(538,070)</u>	<u>281,589</u>	<u>50,503</u>	<u>(205,978)</u>
Total net position - beginning	<u>16,678,514</u>	<u>972,217</u>	<u>1,344,673</u>	<u>18,995,404</u>
Total net position - ending	<u>\$ 16,140,444</u>	<u>\$ 1,253,806</u>	<u>\$ 1,395,176</u>	<u>\$ 18,789,426</u>

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023

	ENTERPRISE FUNDS			Total
	Yukon Municipal Authority	Sanitation Fund	Stormwater Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,768,058	\$ 2,260,188	\$ 264,256	\$ 12,292,502
Payments to suppliers	(4,479,195)	(772,679)	(21,926)	(5,273,800)
Payments to employees	(1,211,575)	(932,297)	(167,844)	(2,311,716)
Receipts of customer meter deposits	167,828	-	-	167,828
Refunds of customer meter deposits	(156,230)	-	-	(156,230)
Net cash provided by operating activities	4,088,886	555,212	74,486	4,718,584
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	172,027	-	-	172,027
Transfers to other funds	(4,336,656)	(458,723)	-	(4,795,379)
Noncapital grants and contribution	323,892	-	-	323,892
Net cash provided by (used in) noncapital financing activities	(3,840,737)	(458,723)	-	(4,299,460)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(89,407)	-	-	(89,407)
Principal paid on capital debt	(81,479)	-	-	(81,479)
Capital contributions - grants	2,151,869	-	-	2,151,869
Interest and fiscal agent fees paid on capital debt	(1,141)	-	-	(1,141)
Net cash provided by capital and related financing activities	1,979,842	-	-	1,979,842
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(181)	-	-	(181)
Interest and dividends	831	-	-	831
Net cash provided by investing activities	650	-	-	650
Net increase in cash and cash equivalents	2,228,641	96,489	74,486	2,399,616
Balances - beginning of year	4,574,496	70,045	523,384	5,167,925
Balances - end of year	\$ 6,803,137	\$ 166,534	\$ 597,870	\$ 7,567,541
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 6,801,290	\$ 166,534	\$ 597,870	\$ 7,565,694
Restricted cash and cash equivalents - current	1,847	-	-	1,847
Total cash and cash equivalents, end of year	\$ 6,803,137	\$ 166,534	\$ 597,870	\$ 7,567,541

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023, (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	\$ 2,903,169	\$ 357,438	\$ 50,503	\$ 3,311,110
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,099,000	316,772	33,818	1,449,590
Change in assets, liabilities, and deferrals:				
Accounts receivable	77,455	(15,075)	(1,909)	60,471
Net pension liability	195,375	139,173	-	334,548
Accounts payable	169,033	(46,962)	-	122,071
Accrued payroll payable	(39,326)	(19,746)	(4,009)	(63,081)
Total OPEB liability	(966)	(2,167)	20	(3,113)
Pension deferred inflow of resources	(257,363)	(120,987)	(5,209)	(383,559)
Pension deferred outflow of resources	(52,281)	(53,554)	34	(105,801)
OPEB deferred outflow of resources	1,113	1,168	-	2,281
Deposits subject to refund	11,598	-	-	11,598
Accrued compensated absences	(17,921)	(848)	1,238	(17,531)
Net cash provided by operating activities	<u>\$ 4,088,886</u>	<u>\$ 555,212</u>	<u>\$ 74,486</u>	<u>\$ 4,718,584</u>
Noncash activities:				
Contributed capital assets	<u>\$ 310,401</u>	<u>\$ 382,874</u>	<u>\$ -</u>	<u>\$ 693,275</u>
Total noncash activities	<u>\$ 310,401</u>	<u>\$ 382,874</u>	<u>\$ -</u>	<u>\$ 693,275</u>

See accompanying notes to the financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

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

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

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

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

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

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

Blended Component Units:

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

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

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

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

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

The funds of the financial reporting entity are described below.

Governmental Funds:

The City's governmental funds include:

Major Funds:

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

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

Special Revenue Funds:

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

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

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, 2023, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 38,880,241
Cash on hand			1,000
Time Deposits			6,582,014
OMAG Escrow			74,367
			<u>45,537,622</u>
Investments:			
Trustee money market accounts		AAAm	4,729,398
			<u>4,729,398</u>
Total deposits and investments			<u>\$ 50,267,020</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 33,447,857
Restricted cash and cash equivalents, current			10,237,140
Restricted cash and cash equivalents, noncurrent			9
Investments			123,393
Restricted investments, current			6,163,956
Restricted investments, noncurrent			294,665
			<u>\$ 50,267,020</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, 2023, 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, 2023:

- Money Market Mutual Funds of \$4,729,398 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, 2023 are as follows:

	ENTERPRISE FUNDS				GOVERNMENTAL FUNDS		
	Current	Current	Noncurrent	Noncurrent	Current	Current	Noncurrent
	Cash and cash Equivalents		Cash and cash Equivalents		Cash and cash Equivalents		Cash and cash Equivalents
2012 Revenue Bond Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4
2013 Revenue Bond Reserve Fund	-	-	-	-	-	-	5
2015A Revenue Bond Interest Fund	2	-	-	-	-	-	-
2015A Revenue Bond Principal Fund	17	-	-	-	-	-	-
2017 Series Construction Account	-	-	-	-	80	-	-
2017 Series Principal Trust Account	-	-	-	-	488,293	-	-
2017 Series Interest Trust Account	-	-	-	-	120,108	-	-
2017B Interest Trust Account	-	-	-	-	113,478	-	-
2017B Principal Account	-	-	-	-	266,799	-	-
2018 Construction Trust Account	-	-	-	-	292,608	-	-
2018 Principal Trust Account	-	-	-	-	251,937	-	-
2018 Interest Trust Account	-	-	-	-	81,788	-	-
2019 Construction Trust Account	-	-	-	-	84,135	-	-
2019 Interest Trust Account	-	-	-	-	111,645	-	-
2019 Principal Trust Account	-	-	-	-	408,138	-	-
2020 Construction Trust Account	-	-	-	-	1,722,767	-	-
2020 Principal Trust Account	-	-	-	-	402,352	-	-
2020 Interest Trust Account	-	-	-	-	102,566	-	-
Sinking Fund	-	-	-	-	282,676	-	-
10th St. Improvements Escrow	-	-	-	-	250,000	-	-
Hotel/Motel Tax	-	-	-	-	395,073	-	-
Municipal Court	-	-	-	-	227,055	-	-
Police Reserve	-	-	-	-	1,536,214	-	-
Fire Reserve	-	-	-	-	927,146	-	-
General Employees Reserve	-	-	-	-	724,685	-	-
General Fund Reserves	-	-	-	-	645,949	-	-
Opioid Settlement Fund	-	-	-	-	65,695	-	-
Capital Projects Fund	-	-	-	-	150,171	-	-
Escrow Account	-	-	-	-	583,935	-	-
96 Sales Tax Capital Improvement	-	-	-	-	-	458,310	-
CDARS Program-Reserves	-	-	-	-	-	5,639,278	-
Utility Deposits	1,828	66,368	-	294,665	-	-	-
Total	\$ 1,847	\$ 66,368	\$ -	\$ 294,665	\$ 10,235,293	\$ 6,097,588	\$ 9

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	Lease Receivable	Other Receivable
Accounts receivable	1,975,983	1,708,688	1,680,493	411,107
Less: allowance for uncollectible accounts	(1,679,585)	(3,735)	-	-
Accounts receivable, net of allowance	\$ 296,398	\$ 1,704,953	\$ 1,680,493	\$ 411,107

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In addition, the City as a lessor, has entered into lease agreements involving land, buildings, and infrastructure. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$175,389.

Opioid Settlement Funds

In June 2022, drug manufacturer distributors reached a \$308 billion-dollar nationwide settlement related to opioid lawsuit(s). These funds will be disbursed to each litigating party over an 18-year period according to an allocation agreement reached with all participating states.

Oklahoma's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 25% of Net Opioid Funds to Litigating Political Subdivisions
 - 10% of allocation to establish an appeal fund
- 75% to the State of Oklahoma

The City as a litigating party received \$65,695 as part of this settlement in fiscal year 2023. Per the terms of the MOA, the City created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2023.

Additional settlement amounts are not listed that the City could be a litigating party; these amounts could not be estimated at this time.

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. Proprietary fund capital assets are also reported in their respective funds.

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

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

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

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For the year ended June 30, 2023, capital assets balances changed as follows:

	Restated Balance at July 01, 2022	Additions	Disposals	Balance at June 30, 2023
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,623,795	\$ -	\$ -	\$ 7,623,795
Construction in progress	2,528,441	1,023,819	501,077	3,051,183
Total capital assets not being depreciated	10,152,236	1,023,819	501,077	10,674,978
Other capital assets:				
Buildings	25,127,240	-	-	25,127,240
Machinery and equipment	12,421,305	794,861	206,392	13,009,774
Vehicles	5,746,948	1,258,760	333,063	6,672,645
Infrastructure	106,898,108	397,333	-	107,295,441
Total other capital assets at historical cost	150,193,601	2,450,954	539,455	152,105,100
Less accumulated depreciation for:				
Buildings	11,244,545	866,345	-	12,110,890
Machinery and equipment	10,633,507	471,399	189,945	10,914,961
Vehicles	4,858,627	584,063	333,063	5,109,627
Infrastructure	58,079,458	3,056,817	-	61,136,275
Total accumulated depreciation	84,816,137	4,978,624	523,008	89,271,753
Lease assets:				
Buildings	130,002	-	-	130,002
Less accumulated amortization for:				
Buildings	23,469	23,469	-	46,938
SBITA assets:				
SBITA - intangibles	58,159	75,570	-	133,729
Less accumulated amortization for:				
SBITA - intangibles	-	27,952	-	27,952
Other capital assets and lease assets, net	65,542,156	(2,503,521)	16,447	63,022,188
Governmental activities capital assets, net	\$ 75,694,392	\$ (1,479,702)	\$ 517,524	\$ 73,697,166
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 91,005	\$ -	\$ -	\$ 91,005
Total capital assets not being depreciated	91,005	-	-	91,005
Other capital assets:				
Buildings	2,028,138	-	-	2,028,138
Machinery and equipment	2,662,797	382,874	504,372	2,541,299
Vehicles	2,878,568	160,406	252,186	2,786,788
Infrastructure	45,848,205	239,402	-	46,087,607
Total other capital assets at historical cost	53,417,708	782,682	756,558	53,443,832
Less accumulated depreciation for:				
Buildings	1,202,597	92,242	-	1,294,839
Machinery and equipment	2,547,627	57,363	504,372	2,100,618
Vehicles	1,851,371	338,809	252,186	1,937,994
Infrastructure	31,775,854	961,176	-	32,737,030
Total accumulated depreciation	37,377,449	1,449,590	756,558	38,070,481
Other capital assets, net	16,040,259	(666,908)	-	15,373,351
Business-type activities capital assets, net	\$ 16,131,264	\$ (666,908)	\$ -	\$ 15,464,356

Governmental activities infrastructure was restated due to the city receiving a refund in FY23 for overpayment of project costs that were capitalized in the prior year. Governmental activities SBITA – intangibles were restated due to the implementation of the GASB 94 accounting standard.

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Depreciation and Amortization:

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

Governmental Activities:		Business-Type Activities:	
Depreciation:		Depreciation:	
General Government	\$ 269,206	Water & Wastewater	\$ 1,099,000
Public Safety	1,311,268	Stormwater	33,818
Transportation	2,853,250	Sanitation	316,772
Culture & Recreation	544,900		
	<u>\$ 4,978,624</u>		<u>\$ 1,449,590</u>
Amortization:			
Amortization on leased assets:			
Buildings	23,469		
Amortization on SBITA assets:			
SBITA - intangibles	27,952		
	<u>\$ 5,030,045</u>		

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

Type of Debt	Restated Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 2,075,000	\$ -	\$ 660,000	\$ 1,415,000	\$ 700,000
Notes payable from direct borrowings and direct placements	39,464,407	629,058	2,144,585	37,948,880	3,854,987
Lease obligations payable	106,896	-	23,205	83,691	23,394
SBITA obligations payable	58,159	75,570	28,777	104,952	54,745
Accrued compensated absences	2,536,671	802,609	746,797	2,592,483	399,631
Total Governmental Activities	<u>\$ 44,241,133</u>	<u>\$ 1,507,237</u>	<u>\$ 3,603,364</u>	<u>\$ 42,145,006</u>	<u>\$ 5,032,757</u>
Add: Unamortized bond premium				172,250	
				<u>\$ 42,317,256</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year				5,032,757	
Due in more than one year				37,284,499	
				<u>\$ 42,317,256</u>	
Business-Type Activities:					
Notes payable from direct borrowings and direct placements	81,479	-	81,479	-	-
Deposits subject to refund	582,257	167,828	156,230	593,855	118,771
Accrued compensated absences	125,367	124,514	142,045	107,836	11,283
Total Business-Type Activities	<u>\$ 789,103</u>	<u>\$ 292,342</u>	<u>\$ 379,754</u>	<u>\$ 701,691</u>	<u>\$ 130,054</u>
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year				130,054	
Due in more than one year				571,637	
				<u>\$ 701,691</u>	

Governmental activities SBITA obligations payable was restated due to the implementation of the GASB 94 accounting standard.

Governmental activities long-term debt:

General Obligation Bonds Payable:

Series 2015 General Obligation Bonds. Original amount of \$6,885,000 used for current capital projects and to refund the Series 2004, 2005, and 2006 General Obligation Bonds. These prior bonds were used for the following purposes:
 2004 GO Bonds - 60% Street, 22% Sewer, 11% Water, and 7% Bridge - Original Issue of \$4,500,000
 2005 GO Bonds - 67% Street, 15% Water, and 18% Bridge - Original Issue of \$3,900,000
 2006 GO Bonds - 83% Street, 6% Water, and 11% Bridge - Original Issue of \$4,600,000
 These bonds are due in annual principal installments ranging from \$785,000 to \$275,000 and semi-annual interest payments at rates ranging from 1% to 5%. They were issued in June 2015 and mature in March 2026.

	<u>\$ 1,415,000</u>
Current portion	\$ 700,000
Non-current portion	715,000
Total	<u>\$ 1,415,000</u>

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Notes Payable from Direct Borrowings and Direct Placements

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

\$ 5,380,000

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.

9,320,000

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.

5,270,000

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.

8,655,000

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.

8,900,000

\$629,058 Note Payable to PNC Equipment Finance for the purchase of a 2022 Pierce Fire Truck, payable in 3 annual installments of \$217,871 with an annual interest rate of 1.861%, beginning July 18, 2022, final payment due July 18, 2024. The collateral for this note is the 2022 Pierce Fire Truck. In the event of default, the lender may seek remedies as a secured creditor under the provisions of the UCC.

423,880

Total Notes Payable from Direct Borrowings and Direct Placements \$ 37,948,880

Current portion	\$ 3,854,987
Non-current portion	34,093,893
Total	<u>\$ 37,948,880</u>

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Lease Obligations Payable

The City of Yukon as a lessee, has entered into multiple lease agreements involving buildings for operations.

	\$ 83,691
Current portion	\$ 23,394
Non-current portion	60,297
Total	<u>\$ 83,691</u>

SBITA Obligations Payable

The City of Yukon has entered into multiple subscription-based information technology arrangements (SBITA) involving software for operations.

	<u>\$ 104,952</u>
Current portion	\$ 54,745
Non-current portion	50,207
Total	<u>\$ 104,952</u>

Debt Service Requirements to Maturity:

Year Ending June 30,	GOVERNMENTAL ACTIVITY DEBT						GOVERNMENTAL ACTIVITY - DIRECT BORROWINGS	
	General Obligation Bonds		Lease Obligation Payable		SBITA Obligation Payable		Revenue Bonds/Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	700,000	70,750	23,394	606	54,745	1,003	3,854,987	1,246,644
2025	440,000	35,750	23,586	414	24,573	1,462	3,978,893	922,801
2026	275,000	13,750	23,779	221	25,634	703	3,890,000	815,830
2027	-	-	11,933	67	-	-	4,025,000	705,218
2028-2032	-	-	999	1	-	-	21,220,000	1,726,548
2033-2034	-	-	-	-	-	-	980,000	16,831
Totals	<u>\$ 1,415,000</u>	<u>\$ 120,250</u>	<u>\$ 83,691</u>	<u>\$ 1,309</u>	<u>\$ 104,952</u>	<u>\$ 3,168</u>	<u>\$ 37,948,880</u>	<u>\$ 5,433,872</u>

Pledge of Future Revenues

Sales Tax Pledge - The City has also pledged an additional 2 cents (or 50%) of future sales tax revenues to repay \$40,055,000 of Series 2017B, 2017, 2018, 2019, and 2020 Sales Tax Revenue Notes. Proceeds from the bonds provided for the refinancing of the Series 2005A, 2005B, 2007, 2010, and 2011 Sales Tax and Utility System Revenue Bonds which were used for utility and governmental capital assets and new governmental and utility assets. The bonds are payable through 2031, 2031, 2032, 2032, and 2033 respectively. The total principal and interest payable for the remainder of the life of these notes are \$42,738,562. Total pledged sales taxes received in the current fiscal year was \$14,067,090. Debt service payments for the current fiscal year of \$2,969,210 were 21.1% of the pledged sales taxes.

7. Net Position and Fund Balances

Fund Statements:

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

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

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	General Fund	Major Capital Project Funds 96 Sales Tax Capital Project	Other Governmental Funds	TOTAL
Restricted for:				
Forestry Grant	\$ -	\$ -	\$ 120	\$ 120
Park Grant	-	-	122,375	122,375
Park Events	-	-	98	98
Mabel Fry R & L	-	-	3,536	3,536
Mabel Fry Books	-	-	76,504	76,504
Library State Aid Grant	-	-	27,562	27,562
DRC Grants	-	-	315	315
Fire Rescue Grants	-	-	30,757	30,757
Federal Seizures	-	-	18,976	18,976
RAC Grant	-	-	33,126	33,126
State Seizures	-	-	13,815	13,815
Jail Fund	-	-	447	447
Drug and Alcohol Fee	-	-	15,527	15,527
E911	-	-	365,452	365,452
Dare Grant	-	-	2,280	2,280
Shop with a Cop	-	-	198	198
Police Academy	-	-	4,427	4,427
Other grants	-	-	128,630	128,630
Economic Development	-	-	1,803,365	1,803,365
TIF #1 District project costs	-	-	399,890	399,890
Opioid Settlement revenue	-	-	65,695	65,695
Municipal Court	3,102	-	-	3,102
Escrow Fund	8,180	-	-	8,180
PEST Account	3,885,046	-	-	3,885,046
General Reserve Account	6,517,560	-	-	6,517,560
Capital outlay	2,099,590	10,105,990	-	12,205,580
Debt service	2,347,113	-	282,676	2,629,789
Sub-total Restricted	14,860,591	10,105,990	3,395,771	28,362,352
Assigned to:				
Youth Sports	-	-	131,182	131,182
Spirit League	-	-	2,309	2,309
Main Street	-	-	8,210	8,210
Pennies for Parks	-	-	2,873	2,873
Bricks	-	-	4,685	4,685
LC Taylor Park	-	-	2,420	2,420
Insurance Reimbursements	-	-	1,091,628	1,091,628
Fire Rescue 651	-	-	1,293	1,293
FEMA Reimbursements	-	-	163,360	163,360
Veolia Rebate	-	-	43,635	43,635
Police Training	-	-	4,214	4,214
Police Community Relations	-	-	17,441	17,441
CI Account	-	-	44,358	44,358
Triad	-	-	142	142
McNatt Rebate	-	-	3,018	3,018
Pool Startup Cash	-	-	860	860
Other	-	-	202,907	202,907
Capital projects	-	-	150,171	150,171
Sub-total Assigned	-	-	1,874,706	1,874,706
Unassigned:	14,209,746	-	-	14,209,746
TOTAL FUND BALANCES	\$ 29,070,337	\$ 10,105,990	\$ 5,270,477	\$ 44,446,804

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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, 2023, there was \$6,245,949 on deposit in the General Reserve Account for that purpose, equivalent to 29.6% 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, 2023 were as follows:

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Transfer From	Transfer To	Amount	Purpose of Transfer
YMA Water/Sewer Operating Account	General Fund	\$ 4,021,998	Operating subsidy
YMA Sanitation Fund	General Fund	458,723	Operating subsidy
Hotel/Motel Tax Fund	General Fund	95,990	Operating subsidy for Main Street director
96 Sales Tax Capital Improvement Fund	General Fund	1,424,279	Debt service and bond proceeds
Special Revenue Fund	General Fund	6,395	Library state aid grant revenue
Special Revenue Fund	General Fund	11,053	Federal seizure revenue
Grant Fund	General Fund	78,526	Safer grant revenue
General Fund	96 Sales Tax Capital Improvement Fund	652,449	Use of bond proceeds for capital projects
General Fund PEST Account	96 Sales Tax Capital Improvement Fund	470,174	Capital outlay
96 Sales Tax Capital Improvement Fund	YMA Bond Fund	82,620	Debt service
YMA Water/Sewer Operating Account	Yukon Municipal Authority	89,407	Capital outlay
General Reserve Fund	96 Sales Tax Capital Improvement Fund	1,000,000	General reserve
YMA Water/Sewer Operating Account	96 Sales Tax Capital Improvement Fund	221,600	Debt service
Total		<u>\$ 8,613,214</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 8,441,187	\$ (3,821,486)	\$ 4,619,701
Proprietary Funds	172,027	(4,795,379)	(4,623,352)
	<u>\$ 8,613,214</u>	<u>\$ (8,616,865)</u>	<u>\$ (3,651)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (4,619,701)
Transfer of business-type activity expenses to governmental:	(3,651)
Transfer of capital outlay to business-type activities	693,275
Transfers - internal activity	<u>\$ (3,930,077)</u>

Balances:

Interfund receivable and payables at June 30, 2023 were comprised of the following:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
Municipal Court Fund	General Fund	\$ 186,956	Municipal Court Fees
Municipal Court Fund	General Fund	11,778	Negative cash
General Fund	Special Revenue Fund	29,418	Incorrect bank account used
		<u>\$ 228,152</u>	

Reconciliation to Fund Financial Statements:

	Due to	Due From	Net Interfund Balances
Governmental Funds	\$ (228,152)	\$ 228,152	\$ -
Proprietary Funds	-	-	-
	<u>\$ (228,152)</u>	<u>\$ 228,152</u>	<u>\$ -</u>

9. Revenues

Sales Tax:

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

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

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

Property Tax:

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

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

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

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

For the year ended June 30, 2023, the City's net assessed valuation of taxable property was \$221,450,863. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023 was \$3.13.

10. Other Post-Employment Benefits

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

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

Employees covered by benefit terms: At June 30, 2023 the following employees were covered by the benefit terms:

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

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Total OPEB Liability – The City’s total OPEB liability of \$299,735 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2023 using the following actuarial assumptions:

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

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

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

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

	Total OPEB Liability (a)
Balances Beginning of Year	<u>\$ 372,722</u>
Changes for the Year:	
Service cost	15,302
Interest expense	13,052
Benefits paid	(38,658)
Net Changes	<u>(10,304)</u>
Balances End of Year	<u>\$ 362,418</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB – For the year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,426	\$ -
Changes of assumptions	82,544	26,564
Changes in proportion and differences between City contributions and proportionate share of contributions	2,687	41,555
Changes in City's proportionate share of contributions	-	-
Total	<u>\$ 89,657</u>	<u>\$ 68,119</u>

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

Year ended June 30:

2024	6,656
2025	6,656
2026	6,656
2027	6,656
2028	6,656
Thereafter	(11,742)
Total	<u>\$ 21,538</u>

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Employers' total OPEB liability	\$ 389,865	\$ 362,418	\$ 337,428

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	\$ 331,089	\$ 362,418	\$ 399,179

OPEB Expense- For the year ended June 30, 2023, the City recognized OPEB expense of \$29,857.

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

11. Risk Management

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

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

12. Commitments and Contingencies

Litigation:

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

Federal and State Award Programs:

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

13. Pension Plan Participation

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

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

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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 (Asset):			
OkMRF	\$ 5,415,061	\$ 489,210	\$ 5,904,271
Police	(873,591)	-	(873,591)
Firefighters	15,111,503	-	15,111,503
Total	<u>\$ 19,652,973</u>	<u>\$ 489,210</u>	<u>\$ 20,142,183</u>
Deferred Outflows of Resources:			
OkMRF	\$ 3,262,258	\$ 282,982	\$ 3,545,240
Police	1,960,063	-	1,960,063
Firefighters	4,922,223	-	4,922,223
Total	<u>\$ 10,144,544</u>	<u>\$ 282,982</u>	<u>\$ 10,427,526</u>
Deferred Inflows of Resources:			
OkMRF	\$ 1,045,382	\$ 220,200	\$ 1,265,582
Police	100,663	-	100,663
Firefighters	196,500	-	196,500
Total	<u>\$ 1,342,545</u>	<u>\$ 220,200</u>	<u>\$ 1,562,745</u>
Pension Expense:			
OkMRF	\$ 461,228	\$ 41,668	\$ 502,896
Police	227,379	-	227,379
Firefighters	2,413,069	-	2,413,069
Total	<u>\$ 3,101,676</u>	<u>\$ 41,668</u>	<u>\$ 3,143,344</u>

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 \$568,397. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$840,203 (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 \$1,183,767.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$15,111,503 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 1.155548% percent.

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For the year ended June 30, 2023, the City recognized pension expense of \$2,413,069. At June 30, 2023, 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	\$ 1,939,910	\$ 76,287
Changes of assumptions	-	96,348
Net difference between projected and actual earnings on pension plan investments	1,756,118	-
Changes in proportion and differences between City contributions and proportionate share of contributions	653,020	21,268
City contributions during measurement date	4,778	2,597
City contributions subsequent to the measurement date	568,397	-
Total	<u>\$ 4,922,223</u>	<u>\$ 196,500</u>

The \$568,397 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, 2024. 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:

2024	\$ 1,234,786
2025	1,006,470
2026	296,929
2027	<u>1,619,141</u>
Total	<u>4,157,326</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

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

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

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employer's net pension liability	\$ 19,472,329	\$ 15,111,503	\$ 11,463,873

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 \$563,205. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$511,899 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 \$434,094. 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, 2023, the City reported an asset of \$873,591 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset 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, 2022. Based upon this information, the City's proportion was 1.089374%.

For the year ended June 30, 2023, the City recognized pension expense of \$227,379. At June 30, 2023, 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	\$ 428,507	\$ 95,157
Changes of assumptions	30,414	-
Net difference between projected and actual earnings on pension plan investments	852,447	-
Changes in proportion and differences between City contributions and proportionate share of contributions	75,911	4,909
City contributions during measurement date	9,579	597
City contributions subsequent to the measurement date	563,205	-
Total	<u>\$ 1,960,063</u>	<u>\$ 100,663</u>

The \$563,205 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, 2024. 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:

2024	\$ 293,835
2025	91,600
2026	(216,976)
2027	1,062,602
2028	65,134
	<u>\$ 1,296,195</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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 $\frac{1}{3}$ to $\frac{1}{2}$ 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, 2022, 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private Equity	9.66%
Commodities	0.00%

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

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

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 2,531,052	\$ (873,591)	\$ (3,751,348)

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

Employee Defined Benefit Plan:

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

Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>As of 07/01/22</u> <u>OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters, employees hired after June 30, 2014, city managers hired after January 17, 2011 covered under an approved system.
b. Period Required to Vest	10 year Cliff vesting schedule – hired on or after 7/1/05 5 year Cliff vesting schedule – hired before 7/1/05
c. Eligibility for Distribution	-Normal retirement: the earlier of 1) age 65 – vested; or 2) the later of age 62 and the age at which participant completed 30 years of service. -Early retirement at age 55 with vesting -Disability retirement upon disability with vesting -Death benefit with vesting for married employees and others with vesting-5 years certain

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

Employees Covered by Benefit Terms

Active Employees	20
Deferred Vested Former Employees	41
Disabled	5
Retirees or Retiree Beneficiaries	<u>65</u>
Total	<u>131</u>

Contribution Requirements-The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 16.66% of covered payroll as of 7-1-22. For the year ended June 30, 2023 the City recognized \$700,690 of employer contributions to the plan based on covered payroll of \$4,204,649. Employees' contribution is 3% of covered payroll effective as of 7-1-22.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2022
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: <div style="margin-left: 400px;"> Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40 </div>
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, 2022 are summarized in the following table:

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

Changes in Net Pension Liability—The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 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, 2022 and the City's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	<u>SCHEDULE OF CHANGES IN NET PENSION LIABILITY</u>		
	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning of Year	<u>\$ 36,322,927</u>	<u>\$ 35,047,232</u>	<u>\$ 1,275,695</u>
Changes for the Year:			
Service cost	535,445	-	535,445
Interest expense	2,662,448	-	2,662,448
differences between expected and actual experience	(1,331,537)	-	(1,331,537)
Changes of assumptions	(599,832)	-	(599,832)
Contributions--City	-	859,190	(859,190)
Contributions--members	-	144,242	(144,242)
Net investment income	-	(4,305,588)	4,305,588
Benefits paid	(1,677,574)	(1,677,574)	-
Plan administrative expenses	-	(59,896)	59,896
Net Changes	<u>(411,050)</u>	<u>(5,039,626)</u>	<u>4,628,576</u>
Balances End of Year	<u>\$ 35,911,877</u>	<u>\$ 30,007,606</u>	<u>\$ 5,904,271</u>

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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	\$ 10,261,670	\$ 5,904,271	\$ 2,255,028

The City reported \$502,896 in pension expense for the year ended June 30, 2023. At June 30, 2023, 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	\$ 142,311	\$ 785,825
Net difference between projected and actual earnings on pension plan investments	-	353,999
Differences between expected and actual experience	2,572,294	-
Changes in proportion and differences between contributions and proportionate share of contributions	129,945	125,758
City contributions subsequent to the measurement date	700,690	-
Total	<u>\$ 3,545,240</u>	<u>\$ 1,265,582</u>

Amortization of Pension Deferrals- The \$700,690 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, 2024. 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:	
2024	\$ (169,465)
2025	100,588
2026	266,424
2027	1,381,421
	<u>\$ 1,578,968</u>

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Employee Defined Contribution Plan:

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

For the year ended June 30, 2023, the following amounts related to the defined contribution plan:

Employee contributions made	\$ 216,123
Employer contributions made	\$ 634,408

City Manager Defined Contribution Plan:

The City also has a defined contribution plan and trust known as the City of Yukon City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The city manager is eligible to participate upon employment and must contribute 5% to the plan, based upon contributions under the pick-up option. These picked-up contributions are made by the employer and paid in lieu of contributions by the city manager. Additionally, the employer intends to make contributions to the plan in varying amounts each year. The current City Manager is not participating in the plan; therefore, no contributions were made during the year ended June 30, 2023.

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

Use of Restricted Reserves

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

Beginning Cash and Investment Balance - General Fund Reserve	\$ 6,351,003
Add: .25 cent sales tax collections during fiscal year 2023	1,758,386
Interest earned during fiscal year 2023	136,560
Deduct: Transfers to Sales Tax Fund	(1,000,000)
Deduct: Transfer to General Fund Pooled Cash	(1,000,000)
Ending Cash and Investments Balance - General Fund Reserve	<u>\$ 6,245,949</u>
 General Fund Prior Year Revenues	 <u>\$ 21,080,052</u>
Required Reserve Balance (25%)	5,270,013
Ending Reserve Balance (29.6%)	(6,245,949)
Amount in excess of minimum balance	<u>\$ (975,936)</u>
 CDARS	 \$ 600,000
Cash	5,645,949
Total Cash and Investments	<u>\$ 6,245,949</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2023

	GENERAL FUND			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
REVENUES				
Taxes	\$ 16,883,419	\$ 16,883,419	\$ 18,008,014	\$ 1,124,595
Fees and fines	768,433	768,433	777,539	9,106
Licenses and permits	384,628	384,628	350,799	(33,829)
Intergovernmental	467,701	467,701	433,658	(34,043)
Charges for services	245,513	245,513	381,736	136,223
Investment earnings	1,806	1,806	215,637	213,831
Miscellaneous	446,911	446,911	684,740	237,829
Transfers from Other Funds	10,107,167	10,112,667	10,049,870	(62,797)
Total revenues	29,305,578	29,311,078	30,901,993	1,590,915
EXPENDITURES				
Legislative	1,130,407	1,130,407	1,021,177	109,230
Administration	571,154	583,654	581,239	2,415
Insurance	1,259,375	1,203,375	1,116,863	86,512
Finance	530,179	535,179	535,032	147
Fire	5,864,606	5,979,606	5,990,755	(11,149)
Police	8,096,586	8,046,086	7,919,494	126,592
Streets	1,150,835	1,160,835	1,156,569	4,266
Municipal Court	341,033	341,033	320,005	21,028
Emergency Management	19,690	19,690	2,935	16,755
Technology	1,530,088	1,530,088	1,480,591	49,497
Development Services	1,272,304	1,272,304	1,086,492	185,812
Library	637,114	637,114	615,832	21,282
Property Maintenance	1,357,433	1,582,433	1,510,262	72,171
Human Resources	467,207	487,207	481,027	6,180
Park Maintenance	1,213,779	1,268,779	1,257,088	11,691
Recreation Facilities	2,065,808	2,117,808	2,106,487	11,321
Fleet Maintenance	959,452	994,452	986,321	8,131
Animal Control	395,032	395,032	353,043	41,989
Public Works Administration	443,496	443,496	353,262	90,234
Total Expenditures	29,305,578	29,728,578	28,874,474	854,104
Excess (deficiency) of revenues over expenditures	-	(417,500)	2,027,519	2,445,019
Net change in fund balances	-	(417,500)	2,027,519	2,445,019
Fund balances - beginning	-	15,221,287	15,221,287	-
Fund balances - ending	\$ -	\$ 14,803,787	\$ 17,248,806	\$ 2,445,019

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.

The City exceeded the approved budget in these areas:

Fire	\$11,149
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3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
	<hr/>
Total revenue- budgetary basis	\$ 30,901,993
Total expense- budgetary basis	(28,874,474)
Change in fund balance-budgetary basis	<hr/> 2,027,519
Revenue accruals	199,197
Expenditures accruals	(226,886)
Debt service transfers in	1,424,279
Other transfers	11,053
Change in fund balance-GAAP basis	<hr/> <hr/> \$ 3,435,162

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Proportionate Share of the Net Pension Liability

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.866292%	0.961924%	1.022960%	1.033477%	1.011471%	1.041431%	1.097896%	1.139324%	1.155548%
City's proportionate share of the net pension liability	\$ 8,908,499	\$10,209,958	\$12,497,650	\$12,998,280	\$11,385,587	\$11,004,444	\$13,525,118	\$ 7,503,203	\$15,111,503
City's covered payroll	\$ 2,312,686	\$ 2,722,207	\$ 2,866,828	\$ 2,834,850	\$ 2,993,757	\$ 3,220,529	\$ 3,492,421	\$ 3,701,164	\$ 3,824,829
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	375%	436%	459%	380%	342%	387%	203%	395%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

Notes to Schedule:

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

Schedule of City Contributions

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 381,109	\$ 401,355	\$ 396,879	\$ 419,126	\$ 450,874	\$ 488,939	\$ 518,163	\$ 535,476	\$ 568,397
Contributions in relation to the statutorily required contribution	381,109	401,355	396,879	419,126	450,874	488,939	518,163	535,476	568,397
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,722,207	\$ 2,866,828	\$ 2,834,850	\$ 2,993,757	\$ 3,220,529	\$ 3,492,421	\$ 3,701,164	\$ 3,824,829	\$ 4,059,979
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

*Only nine 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	2022	2023
City's proportion of the net pension liability (asset)	1.0818%	1.0681%	1.063063%	1.055151%	1.129001%	1.066713%	1.076002%	1.153726%	1.089374%
City's proportionate share of the net pension liability (asset)	\$ (364,234)	\$ 43,549	\$ 1,628,017	\$ 81,162	\$ (537,800)	\$ (68,099)	\$ 1,235,735	\$ (5,534,606)	\$ (873,591)
City's covered payroll	\$ 3,026,462	\$ 3,024,623	\$ 3,023,747	\$ 3,146,485	\$ 3,443,792	\$ 3,467,585	\$ 3,674,185	\$ 3,992,469	\$ 3,902,062
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.03%	1.44%	53.84%	2.58%	15.62%	1.96%	-33.63%	138.63%	22.39%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

Notes to Schedule:

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

Schedule of City Contributions

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorially required contribution	\$ 393,201	\$ 393,087	\$ 409,043	\$ 447,693	\$ 450,786	\$ 477,644	\$ 519,021	\$ 507,268	\$ 563,205
Contributions in relation to the statutorially required contribution	393,201	393,087	409,043	447,693	450,786	477,644	519,021	507,268	563,205
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,024,623	\$ 3,023,747	\$ 3,146,485	\$ 3,443,792	\$ 3,467,585	\$ 3,674,185	\$ 3,992,469	\$ 3,902,062	\$ 4,332,346
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Oklahoma Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 728,208	\$ 768,257	\$ 721,423	\$ 642,852	\$ 589,347	\$ 590,626	\$ 503,603	\$ 531,744	\$ 535,445
Interest	1,792,596	1,842,244	1,969,186	2,030,443	2,140,575	2,275,136	2,351,776	2,525,461	2,662,448
Differences between expected and actual experience	-	251,460	(584,036)	226,840	434,600	(1,104,300)	829,130	294,086	(1,331,537)
Changes of assumptions	-	-	-	801,879	-	628,314	-	-	(599,832)
Benefit payments, including refunds of member contributions	(1,133,944)	(1,170,678)	(1,279,360)	(1,354,360)	(1,365,624)	(1,375,280)	(1,360,287)	(1,377,444)	(1,677,574)
Net change in total pension liability	1,386,860	1,691,283	827,213	2,347,654	1,798,898	1,014,496	2,324,222	1,973,847	(411,050)
Total pension liability - beginning	22,958,454	24,345,314	26,036,597	26,863,810	29,211,464	31,010,362	32,024,858	34,349,080	36,322,927
Total pension liability - ending (a)	<u>\$ 24,345,314</u>	<u>\$ 26,036,597</u>	<u>\$ 26,863,810</u>	<u>\$ 29,211,464</u>	<u>\$ 31,010,362</u>	<u>\$ 32,024,858</u>	<u>\$ 34,349,080</u>	<u>\$ 36,322,927</u>	<u>\$ 35,911,877</u>
Plan fiduciary net position									
Contributions - employer	\$ 1,743,018	\$ 1,694,508	\$ 1,569,940	\$ 1,032,268	\$ 876,735	\$ 884,550	\$ 916,886	\$ 903,450	\$ 859,190
Contributions - member	70,118	136,381	189,531	172,045	170,904	165,233	163,671	165,358	144,242
Net investment income	2,751,704	571,511	207,657	2,674,956	1,780,571	1,752,799	1,110,608	7,644,198	(4,305,588)
Benefit payments, including refunds of member contributions	(1,133,945)	(1,170,678)	(1,279,360)	(1,354,360)	(1,365,624)	(1,375,280)	(1,360,287)	(1,377,444)	(1,677,574)
Administrative expense	(40,786)	(42,045)	(42,069)	(47,065)	(49,929)	(53,109)	(56,005)	(57,698)	(59,897)
Net change in plan fiduciary net position	3,390,109	1,189,677	645,699	2,477,844	1,412,657	1,374,193	774,873	7,277,864	(5,039,627)
Plan fiduciary net position - beginning	16,504,317	19,894,426	21,084,103	21,729,802	24,207,646	25,620,303	26,994,496	27,769,369	35,047,233
Plan fiduciary net position - ending (b)	<u>\$ 19,894,426</u>	<u>\$ 21,084,103</u>	<u>\$ 21,729,802</u>	<u>\$ 24,207,646</u>	<u>\$ 25,620,303</u>	<u>\$ 26,994,496</u>	<u>\$ 27,769,369</u>	<u>\$ 35,047,233</u>	<u>\$ 30,007,606</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,450,888</u>	<u>\$ 4,952,494</u>	<u>\$ 5,134,008</u>	<u>\$ 5,003,818</u>	<u>\$ 5,390,059</u>	<u>\$ 5,030,362</u>	<u>\$ 6,579,711</u>	<u>\$ 1,275,694</u>	<u>\$ 5,904,271</u>
Plan fiduciary net position as a percentage of the total pension liability	81.72%	80.98%	80.89%	82.87%	82.62%	84.29%	80.84%	96.49%	83.50%
Covered payroll	\$ 6,862,798	\$ 6,818,960	\$ 6,147,225	\$ 5,488,209	\$ 5,347,497	\$ 5,702,366	\$ 5,588,995	\$ 5,488,821	\$ 4,860,286
Net pension liability as a percentage of covered-payroll	64.86%	72.63%	83.52%	91.17%	100.80%	88.22%	117.73%	23.24%	121.48%

Notes to Schedule:

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

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Oklahoma Municipal Retirement System

Schedule of Employer Contributions	Last 10 Fiscal Years								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 1,260,144	\$ 986,630	\$ 880,858	\$ 858,811	\$ 915,800	\$ 942,305	\$ 895,775	\$ 870,963	\$ 700,495
Contributions in relation to the actuarially determined contribution	1,699,800	1,569,940	987,878	858,811	915,800	912,124	895,775	870,963	700,690
Contribution deficiency (excess)	<u>\$ (439,656)</u>	<u>\$ (583,310)</u>	<u>\$ (107,020)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (195)</u>
Covered employee payroll	\$ 6,818,960	\$ 6,147,225	\$ 5,488,209	\$ 5,347,497	\$ 5,702,366	\$ 5,588,995	\$ 5,488,821	\$ 4,860,286	\$ 4,204,649
Contributions as a percentage of covered-employee payroll	24.93%	25.54%	18.00%	16.06%	16.06%	16.32%	16.32%	17.92%	16.66%

Notes to Schedule:

1. Only nine fiscal years is presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2022
3. Actuarially determined contribution rate is calculated as of July 1, 2022
July 2022 through June 2023 the actuary determined contributions were at a rate of 16.66%.
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 - 28 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.50% to 7.50% (varies by attained age)
 - Investment rate of return - 7.25%

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Other Post-Employment Benefits

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 9,959	\$ 9,959	\$ 9,959	\$ 9,959	\$ 13,751	\$ 15,302
Interest	9,414	9,414	9,721	8,953	8,943	13,052
Change in assumptions	-	-	173,461	(3,846)	(37,759)	-
Differences between expected and actual experience	-	-	-	-	6,852	-
Benefit payments, including refunds of member contributions	(14,067)	(14,067)	(19,471)	(19,471)	(38,658)	(38,658)
Net change in total OPEB liability	<u>5,306</u>	<u>5,306</u>	<u>173,670</u>	<u>(4,405)</u>	<u>(46,871)</u>	<u>(10,304)</u>
Total OPEB liability - beginning	<u>239,716</u>	<u>245,022</u>	<u>250,328</u>	<u>423,998</u>	<u>419,593</u>	<u>372,722</u>
Total OPEB liability - ending (a)	<u>\$ 245,022</u>	<u>\$ 250,328</u>	<u>\$ 423,998</u>	<u>\$ 419,593</u>	<u>\$ 372,722</u>	<u>\$ 362,418</u>
 Covered employee payroll	 \$ 11,785,046	 \$ 11,785,046	 \$ 13,384,882	 \$ 13,384,882	 \$ 14,808,372	 \$ 14,808,372
Total OPEB liability as a percentage of covered-employee payroll	2.08%	2.12%	3.17%	3.13%	2.52%	2.45%
 Notes to Schedule:						
Only six years are presented because 10-year data is not yet available.						
 Discount rates used:	3.88%	3.88%	2.21%	2.16%	3.54%	3.54%

CITY OF YUKON, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION
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CITY OF YUKON, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023

	Special Revenue	CDBG Fund	Yukon Economic Development Authority	Hotel Motel Tax Fund	Opioid Settlement Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 2,421,628	\$ 128,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,550,134
Due from other funds	29,418	-	-	-	-	-	-	29,418
Due from other governments	-	164,521	-	-	-	-	-	164,521
Restricted cash	-	-	1,764,573	395,073	65,695	150,171	282,676	2,658,188
Leases receivable	1,672,672	-	-	-	-	-	-	1,672,672
Other receivables	-	-	38,792	37,845	239,892	-	-	316,529
Total assets	\$ 4,123,718	\$ 293,027	\$ 1,803,365	\$ 432,918	\$ 305,587	\$ 150,171	\$ 282,676	\$ 7,391,462
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 58,656	\$ -	\$ -	\$ 21,250	\$ -	\$ -	\$ -	\$ 79,906
Due to other funds	-	-	-	11,778	-	-	-	11,778
Total liabilities	58,656	-	-	33,028	-	-	-	91,684
Deferred Inflows of resources:								
Unavailable revenue	-	164,521	-	-	239,892	-	-	404,413
Leases	1,624,888	-	-	-	-	-	-	1,624,888
Total deferred inflows of resources	1,624,888	164,521	-	-	239,892	-	-	2,029,301
Fund balances:								
Restricted	715,639	128,506	1,803,365	399,890	65,695	-	282,676	3,395,771
Assigned	1,724,535	-	-	-	-	150,171	-	1,874,706
Total fund balance	2,440,174	128,506	1,803,365	399,890	65,695	150,171	282,676	5,270,477
Total liabilities, deferred inflows, and fund balance	\$ 4,123,718	\$ 293,027	\$ 1,803,365	\$ 432,918	\$ 305,587	\$ 150,171	\$ 282,676	\$ 7,391,462

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2023

	Special Revenue	CDBG Fund	Yukon Economic Development Authority	Hotel Motel Tax Fund	Opioid Settlement Fund	Capital Projects Fund	Debt Service Fund	Total-Other Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ 288,718	\$ 371,200	\$ -	\$ -	\$ 692,328	\$ 1,352,246
Intergovernmental	37,244	95,559	-	-	23,020	-	-	155,823
Charges for services	7,176	-	-	-	-	-	-	7,176
Investment income	22,075	-	162	49	-	15	12,018	34,319
Miscellaneous	1,305,121	-	-	2,500	42,675	4,587	-	1,354,883
Total revenues	1,371,616	95,559	288,880	373,749	65,695	4,602	704,346	2,904,447
EXPENDITURES								
Current:								
General government	292,354	-	-	-	-	-	-	292,354
Public Safety	41,673	-	-	-	-	-	-	41,673
Culture, parks, and recreation	312,828	-	-	-	-	-	-	312,828
Economic development	-	-	-	329,120	-	-	-	329,120
Capital Outlay	13,493	15,990	-	208	-	-	-	29,691
Debt Service:								
Principal	-	-	-	-	-	-	660,000	660,000
Interest	-	-	-	-	-	-	105,066	105,066
Total Expenditures	660,348	15,990	-	329,328	-	-	765,066	1,770,732
Excess (deficiency) of revenues over expenditures	711,268	79,569	288,880	44,421	65,695	4,602	(60,720)	1,133,715
OTHER FINANCING SOURCES (USES)								
Transfers out	(17,448)	(78,526)	-	(95,990)	-	-	-	(191,964)
Total other financing sources and uses	(17,448)	(78,526)	-	(95,990)	-	-	-	(191,964)
Net change in fund balance	693,820	1,043	288,880	(51,569)	65,695	4,602	(60,720)	941,751
Fund balance - beginning	1,746,354	127,463	1,514,485	451,459	-	145,569	343,396	4,328,726
Fund balance - ending	\$ 2,440,174	\$ 128,506	\$ 1,803,365	\$ 399,890	\$ 65,695	\$ 150,171	\$ 282,676	\$ 5,270,477

CITY OF YUKON, OKLAHOMA
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Combining Balance Sheet – General Fund Accounts – June 30, 2023

	<u>General Fund</u>	<u>PEST Account</u>	<u>General Reserve Account</u>	<u>Municipal Court</u>	<u>Escrow Account</u>	<u>Total General Fund Accounts</u>
ASSETS						
Cash and cash equivalents	\$ 12,702,258	\$ -	\$ -	\$ -	\$ -	\$ 12,702,258
Investments	123,393	-	-	-	-	123,393
Restricted cash	4,446,703	3,188,045	645,949	227,055	583,935	9,091,687
Restricted investments	-	-	5,639,278	-	-	5,639,278
Due from other funds	198,734	-	-	-	-	198,734
Due from other governments	2,336,972	697,001	232,333	-	-	3,266,306
Court fine receivable, net	296,398	-	-	-	-	296,398
Other receivables	94,578	-	-	-	-	94,578
Total assets	<u>\$ 20,199,036</u>	<u>\$ 3,885,046</u>	<u>\$ 6,517,560</u>	<u>\$ 227,055</u>	<u>\$ 583,935</u>	<u>\$ 31,412,632</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 224,936	\$ -	\$ -	\$ -	\$ -	\$ 224,936
Accrued payroll payable	465,963	-	-	-	-	465,963
Due to other funds	29,418	-	-	186,956	-	216,374
Accrued interest payable	521,274	-	-	-	-	521,274
Escrow liabilities	-	-	-	36,997	575,755	612,752
Total liabilities	<u>1,241,591</u>	<u>-</u>	<u>-</u>	<u>223,953</u>	<u>575,755</u>	<u>2,041,299</u>
Deferred inflows of resources:						
Unavailable revenue	<u>300,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,996</u>
Fund Balance:						
Restricted	4,446,703	3,885,046	6,517,560	3,102	8,180	14,860,591
Unassigned	<u>14,209,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,209,746</u>
Total fund balance	<u>18,656,449</u>	<u>3,885,046</u>	<u>6,517,560</u>	<u>3,102</u>	<u>8,180</u>	<u>29,070,337</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 20,199,036</u>	<u>\$ 3,885,046</u>	<u>\$ 6,517,560</u>	<u>\$ 227,055</u>	<u>\$ 583,935</u>	<u>\$ 31,412,632</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>PEST Account</u>	<u>General Reserve Account</u>	<u>Municipal Court</u>	<u>Escrow Account</u>	<u>Total General Fund Accounts</u>
REVENUES						
Taxes	\$ 18,082,816	\$ 5,302,176	\$ 1,767,392	\$ -	\$ -	\$ 25,152,384
Intergovernmental	1,788,828	-	-	-	-	1,788,828
Licenses and permits	350,799	-	-	-	-	350,799
Charges for services	313,044	-	-	-	-	313,044
Fines and forfeitures	798,021	-	-	-	-	798,021
Investment income	227,841	318	175,838	-	55	404,052
Miscellaneous	766,503	-	-	-	-	766,503
Total revenues	<u>22,327,852</u>	<u>5,302,494</u>	<u>1,943,230</u>	<u>-</u>	<u>55</u>	<u>29,573,631</u>
EXPENDITURES						
Current:						
General government	6,944,128	-	-	-	-	6,944,128
Insurance	1,108,020	-	-	-	-	1,108,020
Fire	6,694,827	-	-	-	-	6,694,827
Police	8,253,948	-	-	-	-	8,253,948
Animal control	342,842	-	-	-	-	342,842
Fleet maintenance	979,953	-	-	-	-	979,953
Municipal court	312,601	-	-	-	-	312,601
Transportation	1,155,548	-	-	-	-	1,155,548
Culture, parks, and recreation	3,866,848	-	-	-	-	3,866,848
Capital outlay	88,298	-	-	-	-	88,298
Debt Service:						
Principal	51,982	-	-	-	-	51,982
Interest	2,018	-	-	-	-	2,018
Total Expenditures	<u>29,801,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,801,013</u>
Excess (deficiency) of revenues over expenditures	<u>(7,473,161)</u>	<u>5,302,494</u>	<u>1,943,230</u>	<u>-</u>	<u>55</u>	<u>(227,382)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,096,964	-	-	-	-	6,096,964
Transfers out	(652,449)	(470,174)	(1,000,000)	-	-	(2,122,623)
Intra-account transfers in	5,388,238	-	-	-	-	5,388,238
Intra-account transfers out	-	(4,388,238)	(1,000,000)	-	-	(5,388,238)
Total other financing sources and uses	<u>10,908,323</u>	<u>(4,858,412)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>4,049,911</u>
Net change in fund balances	3,435,162	444,082	(56,770)	-	55	3,822,529
Fund balances - beginning	15,221,287	3,440,964	6,574,330	3,102	8,125	25,247,808
Fund balances - ending	<u>\$ 18,656,449</u>	<u>\$ 3,885,046</u>	<u>\$ 6,517,560</u>	<u>\$ 3,102</u>	<u>\$ 8,180</u>	<u>\$ 29,070,337</u>

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Net Position – Yukon Municipal Authority Water and Sewer Fund (YMA)
– June 30, 2023

	Enterprise Fund Accounts				
	Yukon Municipal Authority	Water and Sewer Account	ARPA Account	YMA Bond Account	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 691,173	\$ 1,510,791	\$ 4,599,326	\$ -	\$ 6,801,290
Restricted cash and cash equivalents	-	1,828	-	19	1,847
Restricted Investments	-	66,368	-	-	66,368
Accounts Receivable, net	1,328,610	-	-	-	1,328,610
Total current assets	2,019,783	1,578,987	4,599,326	19	8,198,115
Non-current assets:					
Restricted investments	-	294,665	-	-	294,665
Capital Assets:					
Land and construction in progress	75,000	-	-	-	75,000
Other capital assets, net of accumulated depreciation	13,634,686	-	-	-	13,634,686
Total non-current assets	13,709,686	294,665	-	-	14,004,351
Total assets	15,729,469	1,873,652	4,599,326	19	22,202,466
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts related to pensions	-	174,633	-	-	174,633
Deferred amounts related to OPEB	-	5,291	-	-	5,291
Total deferred outflow of resources	-	179,924	-	-	179,924
LIABILITIES					
Current Liabilities:					
Accounts payable	63,998	442,287	138,276	-	644,561
Accrued payroll payable	-	22,253	-	-	22,253
Unearned revenue	-	-	4,460,261	-	4,460,261
Current portion of:					
Deposits subject to refund	-	118,771	-	-	118,771
Accrued compensated absences	-	4,195	-	-	4,195
Total current liabilities	63,998	587,506	4,598,537	-	5,250,041
Non-current liabilities:					
Deposits subject to refund	-	475,084	-	-	475,084
Accrued compensated absences	-	30,290	-	-	30,290
Total OPEB liability	-	18,235	-	-	18,235
Net pension liability	-	301,900	-	-	301,900
Total non-current liabilities	-	825,509	-	-	825,509
Total liabilities	63,998	1,413,015	4,598,537	-	6,075,550
DEFERRED INFLOW OF RESOURCES					
Deferred amounts related to pension	-	159,303	-	-	159,303
Deferred amounts related to OPEB	-	7,093	-	-	7,093
Total deferred inflow of resources	-	166,396	-	-	166,396
NET POSITION					
Net investment in capital assets	13,709,686	-	-	-	13,709,686
Restricted for debt service	-	-	-	19	19
Unrestricted	1,955,785	474,165	789	-	2,430,739
Total net position	\$ 15,665,471	\$ 474,165	\$ 789	\$ 19	\$ 16,140,444

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Yukon Municipal Authority Water and Sewer (YMA) - Year Ended June 30, 2023

	Enterprise Fund Accounts				
	Yukon Municipal Authority	Water and Sewer Account	ARPA Account	YMA Bond Account	Total
OPERATING REVENUES					
Water charges	\$ 6,475,820	\$ -	\$ -	\$ -	\$ 6,475,820
Sewer charges	2,823,182	165,622	-	-	2,988,804
Penalties	218,294	-	-	-	218,294
Miscellaneous	5,568	2,117	-	-	7,685
Total operating revenues	9,522,864	167,739	-	-	9,690,603
OPERATING EXPENSES					
Billing	-	826,341	-	-	826,341
Water Plant	-	631,293	-	-	631,293
Water Supply and Wastewater Treatment	-	3,910,559	320,241	-	4,230,800
Depreciation expense	1,099,000	-	-	-	1,099,000
Total Operating Expenses	1,099,000	5,368,193	320,241	-	6,787,434
Operating income (loss)	8,423,864	(5,200,454)	(320,241)	-	2,903,169
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	183	418	230	831
Operating grant revenue	-	-	323,892	-	323,892
Interest expense and fiscal charges	-	-	-	(1,141)	(1,141)
Total non-operating revenue (expenses)	-	183	324,310	(911)	323,582
Income (loss) before contributions and transfers	8,423,864	(5,200,271)	4,069	(911)	3,226,751
Capital contributions	310,401	-	89,407	-	399,808
Transfers in	89,407	-	-	82,620	172,027
Transfers out	-	(4,021,998)	(93,058)	(221,600)	(4,336,656)
Intra-account Transfers in	-	9,621,928	-	-	9,621,928
Intra-account Transfers out	(9,621,928)	-	-	-	(9,621,928)
Change in net position	(798,256)	399,659	418	(139,891)	(538,070)
Total net position - beginning	16,463,727	74,506	371	139,910	16,678,514
Total net position - ending	\$ 15,665,471	\$ 474,165	\$ 789	\$ 19	\$ 16,140,444

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

INTERNAL CONTROL AND COMPLIANCE INFORMATION

CITY OF YUKON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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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, 2023, 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 June 5, 2024.

Report on 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.

Report on 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 statements. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings under items 2023-001.

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.

A handwritten signature in black ink that reads "HBC CPA & Advisors". The signature is stylized and appears to be written with a marker or thick pen.

Oklahoma City, Oklahoma
June 5, 2024

**CITY OF YUKON, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES FOR THE
FINANCIAL STATEMENT AUDIT
YEAR ENDED JUNE 30, 2023**

Finding No.	2023-001
Criteria:	The City prepares its budget in accordance with the Oklahoma Municipal Budget Act of 1979. As part of compliance with that budget act, the City prepares and administers its budget at the department level. This is the City's legal level of control.
Condition:	As reported in the notes to financial statements, the amount of expenditures of the Fire department within the City exceeded its appropriations.
Cause:	The City expended more than the amounts appropriated to this specific department during the budget year 2022-2023.
Effect or Potential Effect:	The City appears to have violated state budget laws.
Response:	The City performs internal monitoring of expenses and the budget on a regular basis multiple times per month. Fire Department expenditures in excess of appropriations were attributable to payroll and overtime payroll. The City intends to perform a budget review on these and all payroll accounts prior to fiscal year-end, to insure this does not occur again.