



THE CITY OF MIAMI, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Miami, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami, as of June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-18 and 69-70 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, of 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 response 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 and opinion or provide any assurance.

TURNER & Associates, PLLC

Vinita, Oklahoma
April 1, 2014

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

Our discussion and analysis of the City of Miami's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2013, the City's total net position decreased by \$2,498,870 or 5.7% from the prior year.
- During the year, the City's expenses for governmental activities were \$14.9 million and were funded by program revenues of \$2.0 million and further funded with taxes and other general revenues that totaled \$7.2 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$3.2 million.
- At June 30, 2013, the General Fund reported an unassigned fund balance of \$55,826.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$510,003 or 7.0%, while expenditures were under the final appropriations by \$539,600 or 5.6%.
- During fiscal year 2013, the city transferred the assets of its' single employer pension plan and joined the Oklahoma Municipal Retirement Fund – multiple-agent employer defined benefit plan. Plan provisions for the retirees and fully vested employees remained the same or improved slightly.
- The city implemented several new accounting standards issued by the Governmental Accounting Standards Board. These standards required changes in accounting principles that resulted in the restatement of beginning net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Miami (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39, and 61. Included in this report are governmental-wide statements for each of three categories of activities – governmental, business-type, and discretely presented component units. 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), deferred outflows of resources, as well as all liabilities (including all long-term debt) and deferred inflows of resources.

About the City

The City of Miami is an incorporated municipality with a population of approximately 13,570 located in northeastern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government.

- Legislative – the governing body includes an elected five-member City Council and Mayor
- 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 Council

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council of the City of Miami is fiscally responsible. These activities are operated within several separate legal entities that are reported together to make up the City's financial reporting entity.

The City's financial reporting entity includes the City of Miami, two blended component units, and four discretely presented component units.

Primary Government:

The City of Miami – incorporated municipality that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities as a home rule charter city

Blended Component Units:

Miami Special Utility Authority (SUA) – public trust that operates the electric, water, wastewater, and solid waste/sanitation services of the City.

Miami Development Authority (MDA) – public trust created to promote the development of housing in Miami.

Discretely Presented Component Unit (separate legal entities for which the City Council is fiscally responsible, but appoints a separate governing body):

Miami Education Facilities Authority – public trust that promotes the development of educational facilities within the city. The Authority issues separate financial statements.

Miami Downtown Redevelopment Authority (MDRA) – public trust created to promote the redevelopment of the downtown area. The Authority issues separate financial statements.

Miami Industrial and Public Facilities Authority (MIPFA) – public trust that promotes the use of facilities in the City of Miami area.

Miami Community Facilities Authority (MCFA) – public trust that promotes the development of commerce, housing, recreation, education and public facilities within the city.

Miami Industrial Development Authority (MIDA) – public trust that promotes industry in and around the City of Miami.

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 at two distinct levels:

- **The City as a Whole** (a government-wide presentation)

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

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

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Supplemental Schedules** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information, and capital assets and long-term debt information.

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 and liabilities 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 them 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 three kinds of activities:

- **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, electric, airport, and sanitation activities are reported here.
- **Discretely- presented component units** -- Accounts for various activities related to economic development, facility management, facility construction, and downtown development.

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, the City Council 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 each Governmental und 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.

Fiduciary funds - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or others parties, these activities are reported as fiduciary funds, such as the Employee Retirement Trust Fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

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 City, assets exceeded liabilities by \$41,640,597 at the close of the most recent fiscal year.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

**Table 1
Net Position
(In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2013	Restated, 2012		2013	Restated, 2012		2013	Restated, 2012	
Current and other assets	\$ 12,159	\$ 15,721	-23%	\$ 12,369	\$ 12,445	-1%	\$ 24,528	\$ 28,166	-13%
Capital assets	28,052	28,864	-3%	17,309	18,415	-6%	45,361	47,279	-4%
Total assets	<u>40,211</u>	<u>44,585</u>	-10%	<u>29,678</u>	<u>30,860</u>	-4%	<u>69,889</u>	<u>75,445</u>	-7%
Long-term debt outstanding	13,382	2,700	396%	10,024	22,704	-56%	23,406	25,404	-8%
Other liabilities	3,180	4,193	-24%	1,626	1,710	-5%	4,806	5,903	-19%
Total liabilities	<u>16,562</u>	<u>6,893</u>	140%	<u>11,650</u>	<u>24,414</u>	-52%	<u>28,212</u>	<u>31,307</u>	-10%
Deferred inflows:									
Deferred revenue	<u>37,402</u>	<u>-</u>	100%	<u>-</u>	<u>-</u>	0%	<u>37,402</u>	<u>-</u>	100%
Net position:									
Net investment in capital assets	15,448	27,472	-44%	8,601	8,980	-4%	24,049	36,452	-34%
Restricted	5,679	8,450	-33%	1,166	1,202	-3%	6,845	9,652	-29%
Unrestricted	<u>2,485</u>	<u>1,770</u>	40%	<u>8,261</u>	<u>(3,736)</u>	321%	<u>10,746</u>	<u>(1,966)</u>	-647%
Total net position	<u>\$ 23,612</u>	<u>\$ 37,692</u>	-37%	<u>\$18,028</u>	<u>\$6,446</u>	180%	<u>\$41,640</u>	<u>44,138</u>	-6%

The largest portion of the City's net position reflects its net investment capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2013, the net investment in capital assets amounted to \$24,049,743. 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 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.

A major portion of the City's net position, \$6,845,639 also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$10,745,217, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for the governmental and business-type activities.

Explanations of significant changes displayed in Table 1 are as follows:

Governmental Activities:

Current and other assets – Decrease of \$3.6 million (23%) due to construction proceeds on hand decreasing as projects are being completed. In addition receivables decreased due to a decrease in amounts due from third party for insurance stop loss. Also, the city legally transferred the economic development revolving loans to a third party non-profit. The City is no longer involved in the revolving loan program.

Long-term debt outstanding – Increase of \$10.7 million (396%) due to the city transferring debt from the business-type activities to the governmental activities. The transfer is to record the debt in the activity that is legally responsible for debt service.

Net investment in capital assets – Decrease of \$12.0 (44%) million due to the additional debt netted against the capital assets.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

Net Position, restricted – Decrease of \$2.8 million (33%) due to use of debt proceeds being used on construction projects.

Business-Type Activities:

Long-term debt outstanding – Decrease of \$12.7 million (56%) due to the city transferring debt from the business-type activities to the governmental activities. The transfer is to record the debt in the activity that is legally responsible for debt service.

Unrestricted Net Position – Increase of \$12.0 million (321%) due to all activities reporting net revenues over expenses.

Changes in Net Position

For the year ended June 30, 2013, 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 Primary Government		% Inc. (Dec.)
	Restated,			Restated,			Restated,		
	2013	2012		2013	2012		2013	2012	
Revenues:									
Program revenues:									
Charges for services	\$ 910	\$ 1,121	-19%	\$ 23,005	\$ 24,401	-6%	\$ 23,915	\$ 25,522	-6%
Operating grants and contributions	787	701	12%	-	12	-100%	787	713	10%
Capital grants and contributions	347	415	-16%	93	23	304%	440	438	0%
General revenues:									
Sales and use taxes	6,470	6,681	-3%	-	-	-	6,470	6,681	-3%
Other taxes	503	752	-33%	-	-	-	503	752	-33%
Other general revenue	190	202	-6%	68	-	100%	258	202	28%
Total revenues	9,207	9,872	-7%	23,166	24,436	-5%	32,373	34,308	-6%
Program expenses:									
General government	4,042	2,571	57%	-	-	-	4,042	2,571	57%
Public safety	5,208	4,798	9%	-	-	-	5,208	4,798	9%
Public works and streets	3,251	2,992	9%	-	-	-	3,251	2,992	9%
Cultural, parks and recreation	1,582	1,519	4%	-	-	-	1,582	1,519	4%
Cultural, parks and recreation - to component unit	10	55	-82%	-	-	-	10	55	-82%
Economic development	359	770	-53%	-	-	-	359	770	-53%
Interest on governmental debt	489	90	443%	-	447	-100%	489	537	-9%
Water	-	-	-	1,783	1,620	10%	1,783	1,620	10%
Electric	-	-	-	14,833	16,141	-8%	14,833	16,141	-8%
Sewer	-	-	-	1,499	1,571	-5%	1,499	1,571	-5%
Sanitation	-	-	-	1,463	1,431	2%	1,463	1,431	2%
Airport	-	-	-	353	382	-8%	353	382	-8%
Total expenses	14,941	12,795	17%	19,931	21,592	-8%	34,872	34,387	1%
Excess (deficiency) before transfers	(5,734)	(2,923)	-96%	3,235	2,844	14%	(2,499)	(79)	3063%
Transfers	(8,347)	2,567	-425%	8,347	(2,567)	-425%	-	-	-
Increase (decrease) in net position	(\$ 14,081)	(\$ 356)	3855%	\$ 11,582	\$ 277	-4081%	\$ (2,499)	(\$ 79)	3063%

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

Explanations of significant changes in Table 2 are as follows:

Governmental Activities:

General Government – Increase of \$1.5 million (57%) due to increased operation costs related to the transfer of economic development loans to an outside company totaling \$1.7 million.

Economic Development – Decrease of \$0.4 million (53%) due to decreased operational cost related to the home construction project.

Interest on governmental debt – Increase of \$0.4 million (443%) due to revenues bonds payments transferred and recorded in governmental activities in current year.

Business-Type Activities:

Interest on governmental debt – Decrease of \$0.4 million (100%) due to revenues bonds payments transferred and recorded in governmental activities in current year.

Transfers – the significant increase in transfers was due to the transfer of debt to governmental activities.

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.)
	2013	Restated, 2012		2013	Restated, 2012	
	General government	\$4,042	\$2,571	57%	(\$3,326)	(\$1,651)
Public safety	5,208	4,798	9%	(4,366)	(4,082)	7%
Public works and streets	3,251	2,992	9%	(3,088)	(2,816)	10%
Culture, parks and recreation	1,582	1,519	4%	(1,260)	(1,102)	14%
Culture, parks and recreation - to component unit	10	55	-82%	(10)	(55)	-82%
Economic Development	359	770	-53%	(359)	(770)	-53%
Interest on long-term debt	489	90	443%	(489)	(90)	443%
Total	\$14,941	\$12,795	17%	(\$12,898)	(\$10,566)	22%

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

For the year ended June 30, 2013 total expenses for governmental activities amounted to \$14.9 million which was an increase from the prior year of 17%. See Table 2 above for explanations of changes.

Business-type Activities

**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>2013</u>	Restated, <u>2012</u>		<u>2013</u>	Restated, <u>2012</u>	
Water	\$ 1,783	\$ 1,620	10%	\$ 432	\$ 648	-33%
Wastewater	1,499	1,571	-5%	291	310	6%
Sanitation	1,463	1,431	2%	583	711	-18%
Electric	14,833	16,141	-8%	1,753	1,582	11%
Airport	353	382	-8%	108	41	-163%
Interest on general govt debt	-	447	-100%	-	(447)	-100%
Total	\$ 19,931	\$ 21,592	-8%	\$ 3,167	\$ 2,845	11%

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

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net revenues of \$3,166,623 for the year ended June 30, 2013.
- All utilities saw an increase in net revenues due to the first full year rate increases.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2013 fiscal year, the governmental funds reported a combined fund balance of \$8.8 million or a 22.2% decrease of approximately \$2,506,826 mainly due to bond construction monies being spent, the transfer of economic development revolving loans and increased operation cost. The enterprise funds reported combined net position of \$17.9 million or a 182% increase from 2013 mainly related to transferring revenue bond debt to the governmental funds of \$11.8 million.

		<u>Fund Balance/Net Position</u>	
Governmental Funds		Proprietary Funds	
Restricted	\$ 5,655,710	Net investment in capital assets	\$ 8,601,361
Committed	1,194,840	Restricted for debt service and other	1,166,494
Assigned	1,964,739	Unrestricted	8,180,694
Unassigned (deficit)	<u>(14,604)</u>		
Total Fund Balance	\$ 8,800,685	Total Net Position	\$ 17,948,549

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

General Fund Budgetary Highlights

The General Fund reported revenues over estimates of \$510,003 or 7.0%, while expenditures were under the final appropriations by \$539,600 or 5.6%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2013, the City had \$45.3 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, electrical infrastructure, water lines and sewer lines. (See table below). This represents a net decrease of \$1.9 million or 4.1% over last year.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	Restated <u>2012</u>	<u>2013</u>	Restated <u>2012</u>
Land	\$ 5,487	\$ 5,205	\$ 751	\$ 751	\$ 6,238	\$ 5,956
Buildings and utility infrastructure	5,498	5,636	8,138	8,112	13,636	13,748
Machinery, furniture and equipment	3,186	3,529	4,258	4,762	7,444	8,291
Infrastructure	8,467	10,198	3,874	4,363	12,341	14,561
Construction in progress	5,414	4,296	288	426	5,702	4,722
Totals	\$ 28,052	\$ 28,864	\$ 17,309	\$ 18,414	\$ 45,361	\$ 47,278

This year's more significant capital asset additions included:

Street projects \$1,139,101

See Note 6 to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$22.4 in long-term debt outstanding which represents a \$2.1 million or 8.8% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

**TABLE 6
Primary Government Long-Term Debt**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	Restated, <u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Accrued absences	\$ 529,654	\$ 501,449	\$ 165,919	\$ 175,248	\$ 695,573	\$ 676,697
General Obligation Bonds	-	240,000	-	-	-	240,000
Revenue Bonds	11,200,000	-	1,740,000	13,760,000	12,940,000	13,760,000
Bond Premium (Discount)	(76,827)	1,247	(12,429)	(96,921)	(89,256)	(95,674)
Notes Payable	-	-	7,012,569	7,585,464	7,012,569	7,585,464
Capital Leases	1,480,540	1,729,705	335,134	619,585	1,815,674	2,349,290
Totals	\$ 13,133,367	\$ 2,472,401	\$ 9,241,193	\$ 22,043,376	\$ 22,374,560	\$ 24,515,777

See Note 8 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year

The City of Miami continues to experience level operational revenues. The City will spend the upcoming year completing projects with an emphasis on street and utility improvements, building budget capacity and significantly reducing the number of public trust for which the City is a beneficiary.

The FY 2013-2014 budget will remain level. The City expects to continue to be impacted by a struggling economy but by building financial capacity via a reshaping of budget priorities the City will improve budget stabilization for the future.

During FY 2013-2014 the City plans to continue revenue bond projects on various utility improvements such as East Central Bridge reconstruction and digging a well south of town. Utility rate increase monies will continue to repay the debt.

The primary sources of revenue for the City of Miami are Sales Tax and water and electric revenue. Sales tax requires a vote of the people and cannot be adjusted without the people's consent. The City continues to look for ways to enhance our revenue base that will assist in the completion of major infrastructure and development projects.

During FY 2012-2013, a sales tax election occurred that amended City of Miami Sales Tax Ordinance of 1985 and reads: "...is amended so that the language at the end thereof shall read as follows: "It hereby is declared to be the purpose of the revenues provided by the additional sixty-five hundredths of one percent (0.65%) excise tax levied by this Ordinance to provide revenues for street and road improvements and by paying the principal of and interest on indebtedness incurred on behalf of said City for said purposes. Upon retirement of the aforementioned indebtedness, or call and refinancing of the same, this additional sixty-five hundredths of one percent (0.65%) excise tax levied by this Ordinance shall continue and shall provide revenues for the additional purpose of the improvement and construction of a community event center and stadium complex to be located at the Northeastern Oklahoma A&M College campus in Miami, Oklahoma, and to retire indebtedness thereupon incurred by the City or by a public trust of which the City

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013**

is a beneficiary in a principal amount not to exceed eight million and eight hundred thousand dollars and interest thereupon.” This activity is accounted for in the MCFA Trust.

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:

City of Miami
PO Box 1288
Miami, OK 74355-1288

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Statement of Net Position– June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Discretely Presented
ASSETS:				
Cash and cash equivalents	\$8,446,801	\$4,851,254	\$13,298,055	\$402,840
Investments	620,947	2,836,937	3,457,884	8,338,320
Interest receivable	-	809	809	19,290
Accounts receivable, net	138,967	3,491,325	3,630,292	-
Inventory	102,155	1,083,884	1,186,039	-
Due from other governments	933,558	-	933,558	1,657,306
Other receivable	1,993,418	28,621	2,022,039	2,618
Internal balances	(76,595)	76,595	-	-
Capital assets:				
Land and construction in progress	10,901,218	1,038,985	11,940,203	526,016
Other capital assets, net of depreciation	17,150,877	16,270,233	33,421,110	1,355,312
Total assets	40,211,346	29,678,643	69,889,989	12,301,702
LIABILITIES:				
Accounts payable and accrued liabilities	543,904	1,579,939	2,123,843	35,351
Claims liability	2,598,529	-	2,598,529	-
Accrued interest payable	37,361	45,857	83,218	27,869
Long-term liabilities:				
Due within one year	999,953	922,870	1,922,823	10,713,097
Due in more than one year	12,382,039	9,101,538	21,483,577	642,519
Total liabilities	16,561,786	11,650,204	28,211,990	11,418,836
DEFERRED INFLOWS:				
Deferred gain on capital lease	-	-	-	227,710
Deferred revenue	37,402	-	37,402	-
Total deferred inflows	37,402	-	37,402	227,710
NET POSITION:				
Net investment in capital assets	15,448,382	8,601,361	24,049,743	641,044
Net Position:				
Restricted	5,679,145	1,166,494	6,845,639	-
Unrestricted	2,484,631	8,260,584	10,745,215	14,112
Total net position	\$23,612,158	\$18,028,439	\$41,640,597	\$655,156

See accompanying notes to the basic financial statements.

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Statement of Activities – Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Discretely Presented Component Units
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental activities:								
General government	\$4,042,196	\$270,970	\$99,283	\$346,380	(\$3,325,563)	-	(\$3,325,563)	-
Public safety	5,207,627	351,683	489,678	-	(4,366,266)	-	(\$4,366,266)	-
Public works and streets	3,251,453	-	163,563	-	(3,087,890)	-	(\$3,087,890)	-
Culture and recreation	1,582,186	287,184	34,541	499	(1,259,962)	-	(\$1,259,962)	-
Culture and recreation - to component unit	10,022	-	-	-	(10,022)	-	(\$10,022)	-
Economic development	359,360	-	-	-	(359,360)	-	(\$359,360)	-
Interest on long-term debt	488,568	-	-	-	(488,568)	-	(\$488,568)	-
Total governmental activities	<u>14,941,412</u>	<u>909,837</u>	<u>787,065</u>	<u>346,879</u>	<u>(12,897,631)</u>	<u>-</u>	<u>(12,897,631)</u>	<u>-</u>
Business-type activities:								
Water	1,783,009	2,214,858	-	-	-	431,849	431,849	-
Wastewater	1,498,792	1,789,877	-	-	-	291,085	291,085	-
Sanitation	1,463,482	2,046,670	-	-	-	583,188	583,188	-
Electric	14,833,645	16,586,388	-	-	-	1,752,743	1,752,743	-
Airport	<u>352,711</u>	<u>367,485</u>	<u>-</u>	<u>92,984</u>	<u>-</u>	<u>107,758</u>	<u>107,758</u>	<u>-</u>
Total business-type activities	<u>19,931,639</u>	<u>23,005,278</u>	<u>-</u>	<u>92,984</u>	<u>-</u>	<u>3,166,623</u>	<u>3,166,623</u>	<u>-</u>
Total primary government	<u>\$34,873,051</u>	<u>\$23,915,115</u>	<u>\$787,065</u>	<u>\$439,863</u>	<u>(12,897,631)</u>	<u>3,166,623</u>	<u>(9,731,008)</u>	<u>-</u>
Component Units:								
Culture and recreation	\$492,568	\$143,741	\$188,859	-	-	-	-	(159,968)
Economic development	88,464	187,551	-	-	-	-	-	99,087
Education	103,363	32,080	-	-	-	-	-	(71,283)
Total component unit activities	<u>\$684,395</u>	<u>\$363,372</u>	<u>\$188,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,164)</u>
General revenues:								
Taxes:								
Sales and use taxes					6,470,186	-	6,470,186	-
Property tax					20,723	-	20,723	-
Franchise and public service taxes					309,266	-	309,266	-
Hotel/motel taxes					173,333	-	173,333	-
Investment income					68,086	3,913	71,999	-
Miscellaneous					121,996	64,635	186,631	115,891
Transfers - Internal activity					<u>(8,346,679)</u>	<u>8,346,679</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>(1,183,089)</u>	<u>8,415,227</u>	<u>7,232,138</u>	<u>115,891</u>
Change in net position					(14,080,720)	11,581,850	(2,498,870)	(16,273)
Net position - beginning, restated					37,692,878	6,446,589	44,139,467	671,429
Net position - ending					<u>\$23,612,158</u>	<u>\$18,028,439</u>	<u>\$41,640,597</u>	<u>\$655,156</u>

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Governmental Funds Balance Sheet - June 30, 2013

	General Fund	GO Street Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$455,929	\$4,835,763	\$2,266,449	\$7,558,141
Investments	13,825	-	-	13,825
Receivables:				
Accounts receivable	100,363	-	38,604	138,967
Due from other funds	949,325	-	43,231	992,556
Due from other governments and entities	694,111	133,924	105,523	933,558
Inventory	-	-	102,155	102,155
 Total assets	<u>\$2,213,553</u>	<u>\$4,969,687</u>	<u>\$2,555,962</u>	<u>\$9,739,202</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:				
Liabilities:				
Accounts payable and accrued liabilities	\$206,900	\$41,450	\$71,088	\$319,438
Wages payable	134,034	-	3,276	137,310
Notes payable - short-term	-	-	87,156	87,156
Due to other funds	76,404	-	107,010	183,414
 Total liabilities	<u>417,338</u>	<u>41,450</u>	<u>268,530</u>	<u>727,318</u>
Deferred Inflows:				
Deferred revenue	101,079	-	110,120	211,199
Fund Balances:				
Restricted	92,912	4,928,237	634,561	5,655,710
Committed	-	-	1,194,840	1,194,840
Assigned	1,546,398	-	418,341	1,964,739
Unassigned (deficit)	55,826	-	(70,430)	(14,604)
 Total fund balances	<u>1,695,136</u>	<u>4,928,237</u>	<u>2,177,312</u>	<u>8,800,685</u>
 Total liabilities, deferred inflows and fund balance	<u>\$2,213,553</u>	<u>\$4,969,687</u>	<u>\$2,555,962</u>	<u>\$9,739,202</u>

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2013

	General Fund	G.O. Street Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$5,334,548	\$1,086,715	\$377,987	\$6,799,250
Intergovernmental	846,497	-	414,514	1,261,011
Charges for services	294,652	-	217,812	512,464
Fines and forfeitures	236,227	-	-	236,227
Licenses and permits	89,793	-	-	89,793
Investment income	13,038	468	54,580	68,086
Miscellaneous	173,927	-	66,272	240,199
Total Revenues	6,988,682	1,087,183	1,131,165	9,207,030
Expenditures:				
Current:				
General government	2,029,486	-	1,925,829	3,955,315
Public safety	4,921,220	-	6,057	4,927,277
Public works and streets	1,184,449	85,028	152,071	1,421,548
Culture and recreation	1,067,350	-	53,861	1,121,211
Economic development	291,461	-	-	291,461
Capital outlay	125,376	1,139,101	549,793	1,814,270
Debt service:				
Principal retirement	31,296	645,000	455,799	1,132,095
Interest and fiscal charges	7,287	403,463	77,818	488,568
Total Expenditures	9,657,925	2,272,592	3,221,228	15,151,745
Excess (deficiency) of revenues over expenditures	(2,669,243)	(1,185,409)	(2,090,063)	(5,944,715)
Other Financing Sources (Uses):				
Capital lease and note proceeds	-	-	109,380	109,380
Transfers in	8,649,207	1,521,162	543,243	10,713,612
Transfers out	(6,243,412)	(1,099,137)	(32,532)	(7,375,081)
Transfers out - component unit	(10,022)	-	-	(10,022)
Total Other Financing Sources (Uses)	2,395,773	422,025	620,091	3,437,889
Net change in fund balances	(273,470)	(763,384)	(1,469,972)	(2,506,826)
Fund balances - beginning	1,968,606	5,691,621	3,647,284	11,307,511
Fund balances - ending	\$1,695,136	\$4,928,237	\$2,177,312	\$8,800,685

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Fund balances of governmental funds	\$8,800,685
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$48,233,319	<u>28,052,095</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Receivable from court	70,245
Receivable from other governments	<u>103,552</u>
	<u>173,797</u>
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>4,934</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Unamortized debt discount	76,827
Capital lease payables	(1,480,540)
Sales tax revenue bond payable	(11,200,000)
Accrued compensated absences	(529,654)
Net pension obligation	(105,684)
Unfunded OPEB obligations	(142,941)
Interest payable	<u>(37,361)</u>
	<u>(13,419,353)</u>
Net position of governmental activities	<u><u>\$23,612,158</u></u>

See accompanying notes to the basic financial statements.

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds (\$2,506,826)

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

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

Capital asset purchases capitalized	1,813,972
Capital assets donated	
Loss on sale of assets	(7,516)
Depreciation expense	(2,618,727)
	(812,271)

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

Change in deferred revenue	41,142
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Debt proceeds	(109,380)
Capital lease principal payments	247,095
Sales tax revenue bonds	645,000
General obligation bond principal payments	240,000
Debt transferred to business type activities	111,449
Debt transferred from business type activities	(11,796,659)
	(10,662,495)

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

Change in accrued interest payable	1,172
Change in accrued compensated absences	(28,205)
Change in amortization of bond premium	1,247
Change in amortization of bond discount	(6,188)
Change in net pension obligations	(780)
Change in unfunded OPEB obligation	(20,481)
	(53,235)

Internal service fund activity is reported as a proprietary fund in the fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities

Total change in net position for internal service funds	(87,035)
	(87,035)

Change in net position of governmental activities (\$14,080,720)

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Proprietary Funds Statement of Net Position - June 30, 2013

	<u>Special Utility Authority</u>	<u>Nonmajor Enterprise Airport Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 3,279,151	\$ 121,916	\$ 3,401,067	\$ 888,660
Cash and cash equivalents, restricted	779,434	-	779,434	-
Investments	2,647,994	-	2,647,994	607,122
Accounts receivable, net	3,388,561	102,764	3,491,325	-
Other receivable	-	28,621	28,621	1,993,418
Accrued interest receivable	809	-	809	-
Inventory	1,044,341	39,543	1,083,884	-
Due from other funds	84,153	28,742	112,895	-
Total current assets	<u>11,224,443</u>	<u>321,586</u>	<u>11,546,029</u>	<u>3,489,200</u>
Noncurrent Assets:				
Cash and cash equivalents, restricted	670,753	-	670,753	-
Investments, restricted	188,943	-	188,943	-
Land and construction in progress	911,524	127,461	1,038,985	-
Other capital assets, net	15,257,134	1,013,099	16,270,233	-
Total noncurrent assets	<u>17,028,354</u>	<u>1,140,560</u>	<u>18,168,914</u>	<u>-</u>
Total assets	<u>28,252,797</u>	<u>1,462,146</u>	<u>29,714,943</u>	<u>3,489,200</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	1,500,646	11,073	1,511,719	-
Claims liability	-	-	-	259,853
Wages payable	67,140	1,080	68,220	-
Due to other funds	115,938	252	116,190	805,847
Accrued interest payable	45,857	-	45,857	-
Accrued compensated absences	16,592	-	16,592	-
Refundable deposits	47,264	-	47,264	-
Capital lease payable	153,087	-	153,087	-
Revenue bond payable	180,000	-	180,000	-
Notes payable	525,927	-	525,927	-
Total current liabilities	<u>2,652,451</u>	<u>12,405</u>	<u>2,664,856</u>	<u>1,065,700</u>
Noncurrent liabilities:				
Accrued compensated absences	149,327	-	149,327	-
Claims liability	-	-	-	2,338,676
Net pension obligation	123,555	-	123,555	-
Unfunded OPEB obligation	187,024	-	187,024	-
Refundable deposits	425,372	-	425,372	-
Capital lease payable	182,047	-	182,047	-
Revenue bond payable	1,547,571	-	1,547,571	-
Notes payable, net	6,486,642	-	6,486,642	-
Total noncurrent liabilities	<u>9,101,538</u>	<u>-</u>	<u>9,101,538</u>	<u>2,338,676</u>
Total liabilities	<u>11,753,989</u>	<u>12,405</u>	<u>11,766,394</u>	<u>3,404,376</u>
NET POSITION:				
Net investment in capital assets	7,460,801	1,140,560	8,601,361	-
Restricted for debt service	1,166,494	-	1,166,494	-
Unrestricted	7,871,513	309,181	8,180,694	84,824
Total net position	<u>\$ 16,498,808</u>	<u>\$ 1,449,741</u>	<u>\$ 17,948,549</u>	<u>\$ 84,824</u>

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

Total net position per Government-Wide financial statements	<u>79,890</u>
	<u>\$ 18,028,439</u>

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2013

	Special Utility Authority	Nonmajor Enterprise Airport Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$22,312,891	\$364,837	\$22,677,728	\$1,546,186
Fees, licenses and permits	309,797	-	309,797	-
Miscellaneous	15,105	2,648	17,753	46,595
Total operating revenues	<u>22,637,793</u>	<u>367,485</u>	<u>23,005,278</u>	<u>1,592,781</u>
Operating Expenses:				
Personal services	4,131,858	35,206	4,167,064	-
Materials and supplies	11,633,857	244,213	11,878,070	-
Other services and charges	2,175,002	19,480	2,194,482	-
Insurance claims and expense	-	-	-	1,684,877
Depreciation expense	1,342,336	53,812	1,396,148	-
Total operating expenses	<u>19,283,053</u>	<u>352,711</u>	<u>19,635,764</u>	<u>1,684,877</u>
Operating income (loss)	3,354,740	14,774	3,369,514	(92,096)
Non-Operating Revenues (Expenses):				
Investment income	3,893	20	3,913	1,515
Miscellaneous	64,635	-	64,635	-
Interest expense and fiscal charges	(266,222)	-	(266,222)	-
Total non-operating revenues (expenses)	<u>(197,694)</u>	<u>20</u>	<u>(197,674)</u>	<u>1,515</u>
Net income (loss) before contributions and transfers	3,157,046	14,794	3,171,840	(90,581)
Contributed capital revenue	-	92,984	92,984	-
Transfers to component units	(26,107)	-	(26,107)	-
Transfers in	18,071,583	-	18,071,583	-
Transfers out	<u>(9,724,904)</u>	<u>-</u>	<u>(9,724,904)</u>	<u>-</u>
Change in net position	11,477,618	107,778	11,585,396	(90,581)
Total net position - beginning, restated	5,021,190	1,341,963	6,363,153	175,405
Total net position - ending	<u>\$16,498,808</u>	<u>\$1,449,741</u>	<u>\$17,948,549</u>	<u>\$84,824</u>
Change in net position per above			\$11,585,396	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities			<u>(3,546)</u>	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$11,581,850</u>	

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2013

	<u>Special Utility Authority</u>	<u>Nonmajor Enterprise Funds Airport Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 23,370,158	\$ 338,527	\$ 23,708,685	\$ 2,229,934
Payments to suppliers	(13,901,699)	(268,225)	(14,169,924)	-
Payments to employees	(4,087,134)	(35,160)	(4,122,294)	-
Receipts from other funds	166,185	115	166,300	694,771
Receipt of customer deposits	53,085	-	53,085	-
Claims and benefits paid	-	-	-	(2,714,987)
Net Cash Provided by Operating Activities	<u>5,600,595</u>	<u>35,257</u>	<u>5,635,852</u>	<u>209,718</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	18,071,583	-	18,071,583	-
Transfers to other funds	(9,724,904)	-	(9,724,904)	-
Transfer to discreetly presented component unit	(26,107)	-	(26,107)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>8,320,572</u>	<u>-</u>	<u>8,320,572</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(189,524)	(101,400)	(290,924)	-
Principal paid on capital debt	(12,857,185)	-	(12,857,185)	-
Proceeds of capital grants	-	92,984	92,984	-
Interest and fiscal charges paid on capital debt	(219,156)	-	(219,156)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(13,265,865)</u>	<u>(8,416)</u>	<u>(13,274,281)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	(321,927.00)	-	(321,927)	(1,515)
Interest and dividends	3,891	20	3,911	1,515
Net Cash Provided by (Used in) Investing Activities	<u>(318,036)</u>	<u>20</u>	<u>(318,016)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	337,266	26,861	364,127	209,718
Balances - beginning of the year	<u>4,392,072</u>	<u>95,055</u>	<u>4,487,127</u>	<u>678,942</u>
Balances - end of the year	<u>\$ 4,729,338</u>	<u>\$ 121,916</u>	<u>\$ 4,851,254</u>	<u>\$ 888,660</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 4,058,585	\$ 121,916	4,180,501	\$ 888,660
Restricted cash and cash equivalents	670,753	-	670,753	-
Total cash and cash equivalents	<u>\$ 4,729,338</u>	<u>\$ 121,916</u>	<u>\$ 4,851,254</u>	<u>\$ 888,660</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$3,354,740	\$14,774	\$3,369,514	(92,096)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,342,336	53,812	1,396,148	-
Other nonoperating revenue	64,635	-	64,635	-
Change in assets and liabilities:				
Receivables, net	554,180	(18,443)	535,737	637,153
Other receivable	113,550	(28,621)	84,929	-
Due from other funds	47,818.00	-	47,818	-
Due from other governments	-	18,106	18,106	-
Inventory	(62,171.00)	17,347	(44,824)	-
Accounts payables	(30,669)	(21,879)	(52,548)	-
Claims liability	-	-	-	(1,030,110)
Due to other funds	118,367	115	118,482	694,771
Due to employees	4,983	46	5,029	-
Refundable deposits	53,085	-	53,085	-
Unfunded OPEB obligation	48,131	-	48,131	-
Net pension obligation	939	-	939	-
Accrued compensated absences	(9,329)	-	(9,329)	-
Net Cash Provided by Operating Activities	<u>\$ 5,600,595</u>	<u>\$ 35,257</u>	<u>\$ 5,635,852</u>	<u>\$ 209,718</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

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Pension Trust Fund Statement of Changes in Plan Net Position – Year Ended June 30, 2013

	City Employees Retirement Trust Fund
ADDITIONS:	
Contributions:	
Members	\$ 123,291
Employer	386,222
Total Contributions	509,513
Investment Income:	
Net increase (decrease) in fair value of investments	312,225
Interest, dividends, and other	253,332
Total investment income	565,557
Total Additions	1,075,070
DEDUCTIONS:	
Benefits paid to participants or beneficiaries	648,533
Refunds and transfers to other systems	8,299,815
Administrative expense	61,593
Total Deductions	9,009,941
Change in net position held in trust for employees' pension benefits	(7,934,871)
Net position--beginning	7,934,871
Net position--ending	\$ -

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – DISCRETELY PRESENTED COMPONENT UNITS

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Discretely Presented Component Units Statement of Net Position - June 30, 2013

	<u>MCFA</u>	<u>MDRA</u>	<u>MEFA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>TOTALS</u>
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 19,962	\$ 52,369	\$ 162	\$ 198,426	\$ 131,921	\$ 402,840
Cash and cash equivalents, restricted	8,175,332	-	-	-	-	\$ 8,175,332
Receivables:						
Interest Receivable	-	-	19,290	-	-	19,290
Due from other governments	-	-	1,657,306	-	-	1,657,306
Total current assets	<u>8,195,294</u>	<u>52,369</u>	<u>1,676,758</u>	<u>198,426</u>	<u>131,921</u>	<u>10,254,768</u>
Noncurrent Assets:						
Investments, restricted	-	-	162,988	-	-	162,988
Capital Assets:						
Nondepreciable	381,587	-	-	-	144,429	526,016
Depreciable, net of accumulated depreciation	-	22,731	-	974,239	358,342	1,355,312
Bond Issuance cost	-	-	2,618	-	-	2,618
Total noncurrent assets	<u>381,587</u>	<u>22,731</u>	<u>165,606</u>	<u>974,239</u>	<u>502,771</u>	<u>2,046,934</u>
Total Assets	<u>8,576,881</u>	<u>75,100</u>	<u>1,842,364</u>	<u>1,172,665</u>	<u>634,692</u>	<u>12,301,702</u>
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	\$ 30,478	\$ 3,153	\$ -	\$ 220	\$ 1,500	\$ 35,351
Wages payable	-	-	-	-	-	-
Interest payable	-	258	25,571	2,040	-	27,869
Due to other funds	-	-	-	-	-	-
Total Current Liabilities	<u>30,478</u>	<u>3,411</u>	<u>25,571</u>	<u>2,260</u>	<u>1,500</u>	<u>63,220</u>
Current Liabilities						
Bonds Payable	-	-	1,805,000	-	-	1,805,000
Notes Payable	8,726,529	135,000	-	46,568	-	8,908,097
Total Current Liabilities	<u>8,726,529</u>	<u>135,000</u>	<u>1,805,000</u>	<u>46,568</u>	<u>-</u>	<u>10,713,097</u>
Total Current Liabilities	<u>8,757,007</u>	<u>138,411</u>	<u>1,830,571</u>	<u>48,828</u>	<u>1,500</u>	<u>10,776,317</u>
Noncurrent Liabilities:						
Notes payable	-	-	-	642,519	-	642,519
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>642,519</u>	<u>-</u>	<u>642,519</u>
Total Liabilities	<u>8,757,007</u>	<u>138,411</u>	<u>1,830,571</u>	<u>691,347</u>	<u>1,500</u>	<u>11,418,836</u>
DEFERRED INFLOWS						
Deferred gain on capital lease	-	-	227,710	-	-	227,710
NET POSITION						
Net investment in capital assets	(169,610)	22,731	-	285,152	502,771	641,044
Unrestricted	(10,516)	(86,042)	(215,917)	196,166	130,421	14,112
Total Net Position	<u>\$ (180,126)</u>	<u>\$ (63,311)</u>	<u>\$ (215,917)</u>	<u>\$ 481,318</u>	<u>\$ 633,192</u>	<u>\$ 655,156</u>

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Discretely Presented Component Units Statement of Changes in Net Position - Year Ended June 30, 2013

	<u>MCFA</u>	<u>MDRA</u>	<u>MEFA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>TOTALS</u>
Operating Revenues:						
Charges for services	\$ -	\$ 143,734	\$ 3,000	\$ 73,502	\$ 47,181	\$ 267,417
Total Operating Revenues	<u>-</u>	<u>143,734</u>	<u>3,000</u>	<u>73,502</u>	<u>47,181</u>	<u>267,417</u>
Operating Expenses:						
Personal services	-	77,334	-	-	-	77,334
Materials and supplies	38	52,208	-	-	5,919	58,165
Other services and charges	-	137,357	3,540	843	14,491	156,231
Depreciation	-	2,526	15,708	20,727	21,481	60,442
Total Operating Expenses	<u>38</u>	<u>269,425</u>	<u>19,248</u>	<u>21,570</u>	<u>41,891</u>	<u>352,172</u>
Operating Income (Loss)	(38)	(125,691)	(16,248)	51,932	5,290	(84,755)
Non-Operating Revenues (Expenses):						
Investment income	-	7	29,080	66,695	173	95,955
Miscellaneous income	-	100,730	-	-	-	100,730
Deferred gain recognized on capital lease	-	-	115,891	-	-	115,891
Bond issuance cost	(200,313)	-	-	-	-	(200,313)
Interest and fiscal charges	(15,904)	(6,888)	(84,115)	(24,699)	(304)	(131,910)
Net non-operating revenues (expenses)	<u>(216,217)</u>	<u>93,849</u>	<u>60,856</u>	<u>41,996</u>	<u>(131)</u>	<u>(19,647)</u>
Income (Loss) Before Transfers	(216,255)	(31,842)	44,608	93,928	5,159	(104,402)
Other financing sources (uses):						
Transfers in, from primary government	36,129	52,000	-	-	-	88,129
Total other financing sources (uses)	<u>36,129</u>	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,129</u>
Change in Net Position	(180,126)	20,158	44,608	93,928	5,159	(16,273)
Net Position, beginning of year, restated	<u>-</u>	<u>(83,469)</u>	<u>(260,525)</u>	<u>387,390</u>	<u>628,033</u>	<u>671,429</u>
Net Position, end of year	<u>\$ (180,126)</u>	<u>\$ (63,311)</u>	<u>\$ (215,917)</u>	<u>\$ 481,318</u>	<u>\$ 633,192</u>	<u>\$ 655,156</u>

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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

In determining the financial reporting entity, the City uses the integrated approach as prescribed by Governmental Accounting Standards Board Statements No. 14 “The Financial Reporting Entity”, and Statement No. 61, “*The Financial Reporting Entity: Omnibus*”, and includes all component units for which the City is financially accountable/fiscally responsible. The City’s financial reporting entity primary government presentation includes the City of Miami and the certain component units as follows:

The City of Miami – that operates the public safety, health and welfare, streets and highways, culture and recreation, and administrative activities.

The City of Miami is an incorporated municipality with a population of approximately 13,570 located in northeastern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected five-member City Council and Mayor
- 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 Council

Blended Component Units (separate legal entities for which the City Council is fiscally responsible, and for which the City Council members serve as the trustees/governing body of the entity):

Miami Special Utility Authority – public trust that operates the electric, water, wastewater, and solid waste/sanitation services of the City.

Miami Development Authority (MDA) – public trust created to promote the development of housing in Miami.

Discretely Presented Component Units (separate legal entities for which the City Council is fiscally responsible, but appoints a separate governing body):

Miami Education Facilities Authority (MEFA) – public trust that promotes the development of educational facilities within the city. Complete financial statements of the MEFA component unit can be obtained from: Board of Trustees, Miami Educational Facilities Authority, 2 N. Main, Suite 404, Miami, OK 74354.

Miami Downtown Redevelopment Authority (MDRA) – public trust created to promote the redevelopment of the downtown area. Complete financial statement of the MDRA are on file in the office of the City Clerk.

Miami Industrial and Public Facilities Authority (MIPFA) – public trust that promotes the use of facilities in the City of Miami area. The authority does not issue separate financial statements.

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Miami Community Facilities Authority (MCFA) – public trust that promotes the development of commerce, housing, recreation, education and public facilities within the city. The authority does not issue separate financial statements.

Miami Industrial Development Authority (MIDA) – public trust that promotes industry in and around the City of Miami.

Each of these component units listed above 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. In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. 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

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 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)

Government-Wide Financial Statements:

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and

Business-type activities – Services where the City charges a fee to customers to help it cover all or most of the cost of these services it provides. The City's airport, water, sewer, electric and sanitation systems activities are reported here.

Discretely presented component units -- Accounts for various activities related to economic development, facility management, facility construction, and downtown development.

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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.

Fund Financial Statements:

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. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund includes the activities of the Municipal Court Account, Drug & Safety Account, and Demolition Account. The General Fund's major funding source is a three cent sales tax, franchise fees, hotel/motel tax, and miscellaneous charges for services.
- G.O. Street Project Fund – is a capital project fund that accounts for a .65 cent sales tax restricted for streets and bond proceeds for street construction.

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

Special Revenue Funds include the Economic Development Incentive Fund, Fishing License Fund, Street and Alley, Drug Forfeiture Fund, Summer Recreation Program, CDBG RLF Fund, Flood 2007 Fund, Micro Loan Program Fund, RFC 07-09 Grant, MDA Housing Construction, Housing Rehabilitation, Housing Infrastructure, Coleman Project, Airport T-Hanger Taxiway, Police Grant, State Revolving Loan (SRL Project), OK LEAP/CDBG Fund, EDA Revolving Loan, DARE Fund, and Cemetery Perpetual Care Interest.

Debt Service Funds – accounts for ad-valorem taxes levied by the City for use in retiring court-assessed judgments, general obligation bonds, and their related interest expenses.

Capital Project Funds:

- Pool Improvements Fund accounts for recreation fees used to rehabilitate the municipal pool.
- Parks Department Projects accounts for general obligation bond proceeds used to acquire, construct, and equip city park and recreation facilities.
- Main Street Project accounts for projects related to the revitalization of Main Street.
- Capital Improvement Fund accounts for use tax used for city capital projects for various departments.

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- Cemetery Perpetual Care Fund accounts for cemetery fees that are restricted for capital improvements.

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 normally due 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.

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's proprietary funds include the following:

Enterprise Funds

Major Funds:

- Miami Special Utility Authority that accounts for the activities of the public trust in providing water, sewer, electric, and sanitation/solid waste services to the public.

Non-Major Funds:

- Airport Fund accounts for activities of the municipal airport.

Internal Service Funds (combined for reporting purposes)

- Group Insurance Fund that accounts for the cost of providing various group health and life insurance services to other funds and departments of the City.
- Workers Compensation Fund that accounts for the cost of providing workers compensation insurance to the other funds and departments of the City.
- Unemployment Compensation Reimbursement that accounts for the cost of providing unemployment benefits.

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Fiduciary Funds:

The City's fiduciary funds are used to report net position and changes therein of assets held by the City in a trustee or fiduciary capacity. The net position is not available for operations of the City and are not included in the Government-wide financial statements. The City reported the Pension Trust fund as a fiduciary fund, until it was closed during the year.

The fiduciary funds are reported on the accrual basis of accounting and economic resources measurement focus. The City's fiduciary funds include:

Pension Trust Fund

City Employees Retirement Trust Fund – accounts for assets and changes therein of the City's single employer defined benefit plan. The city transferred the assets of the single employer defined benefit plan to the Oklahoma Municipal Retirement Plan during FY 2013 and became a member of the agent multi-employer defined benefit plan.

3. Cash and Cash Equivalents, Deposits and Investments

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, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments consist of long-term certificates of deposit, U.S. Treasury bonds and notes, U.S. agency securities, government money market funds, and common stock in the employee retirement fund only. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities and common stock are reported at fair value.

Deposits and Investments Risks

The City of Miami primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2013 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2013

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less Than One
Demand deposits	\$ 7,395,073		\$ 7,395,073	\$ -
Time deposits	3,457,884		-	3,457,884
Government Money Market Accounts	5,902,982		5,902,982	-
Sub-Total	\$ 16,755,939		\$ 13,298,055	\$ 3,457,884
 Reconciliation to Financial Statements:				
Cash and cash equivalents	\$ 13,298,055			
Investments	3,457,884			
	\$ 16,755,939			

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Component Unit:

The bank deposit of the MEFA component unit of \$162 at June 30, 2013 and was fully insured by the F.D.I.C.

The bank deposit of the MDRA component unit of \$54,938 at June 30, 2013 and was fully insured by the F.D.I.C.

The bank deposits of the MCFA component unit of \$19,962 at June 30, 2013 and was fully insured by the F.D.I.C.

The bank deposits of the MIPFA component unit of \$131,921 at June 30, 2013 and was fully insured by the F.D.I.C.

The bank deposits of the MIDA component unit of \$198,426 at June 30, 2013 and was fully insured by the F.D.I.C.

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized 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 least at a level of 102% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma.

Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2013, the City was not exposed to custodial credit risk.

Investment Credit Risk – The City's investment policy limits investments, excluding retirement trust fund investments, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and

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- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The MEFA is invested in Federated Treasury Obligations. According to the Federated Treasury Obligation Fund portfolio, 56.7% of the investments are subject to repurchase agreements. The Authority's investments are collateralized by Treasury securities; however, current and future holdings are subject to 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 discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments above, at June 30, 2013, the investments held by the City mature between 2013 through 2014.

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).

Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the SUA Enterprise Fund in accounts for the Oklahoma Water Resources Board promissory notes, 2001 Utility Revenue Bond and other accounts with restricted uses. The restricted assets as of June 30, 2013 are as follows:

Cash and cash equivalents:	
Cash Restrictred for Refundable deposits	\$ 47,264
Money Markets Restricted for Construction	367,417
Money Markets Restricted for Debt Service	364,753
	<u>\$ 779,434</u>
Cash and cash equivalents, noncurrent:	
Money Markets Restricted for Debt Service	\$ 434,324
Cash Restrictred for Refundable deposits	236,429
	<u>\$ 670,753</u>
Investments:	
Refundable deposits	\$ 188,943
	<u>\$ 188,943</u>

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4. Receivables

Material receivables in the governmental fund types and the governmental activities include revenue accruals such as court fines and economic development loans. These are reported as *Due From Other Governments*. Non-exchange transactions collectible but not available are deferred in the fund financial statements. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Business-type activities and the proprietary type fund consist of revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

	Governmental Activities	Business-Type Activities	Total
Accounts Receivable	\$328,918	\$4,535,400	\$4,864,318
Allowance for uncollectible accounts	(189,951)	(1,044,075)	(1,234,026)
Net Accounts Receivable	\$138,967	\$3,491,325	\$3,630,292

The Internal Service Funds \$2.0 million receivable is due from insurance companies for claims that exceeded the stop loss insurance.

5. Inventories

Inventories are valued at average cost. Inventories in the proprietary funds relate to fuel at the airport and material and supplies for the water, wastewater and electric systems. The cost of proprietary funds inventories are recorded as expenses when consumed rather than when purchased.

6. Capital Assets and Depreciation

Capital Assets:

For the primary government and component units, capital assets are reported at actual or estimated historical cost, net of accumulated depreciation where applicable. Donated capital assets are reported at their fair value at date of donation. Estimated historical cost was used to value the majority of the capital assets acquired prior to June 30, 1992. The capitalization threshold is capital assets with a cost of \$5,000 or more.

For the year ended June 30, 2013, capital assets balances changed as follows:

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	Balance at July 1, 2012	Additions	Deductions	Balance at June 30, 2013
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,205,324	\$ 281,945	\$ -	\$ 5,487,269
Construction in progress	4,295,740	1,230,054	111,845	5,413,949
Total capital assets not being depreciated	<u>9,501,064</u>	<u>1,511,999</u>	<u>111,845</u>	<u>10,901,218</u>
Other capital assets:				
Buildings	19,608,959	191,292	-	19,800,251
Infrastructure	35,098,387	-	-	35,098,387
Machinery, furniture and equipment	10,617,554	222,526	354,522	10,485,558
Total other capital assets at historical cost	<u>65,324,900</u>	<u>413,818</u>	<u>354,522</u>	<u>65,384,196</u>
Less accumulated depreciation for:				
Buildings	13,973,551	328,834	-	14,302,385
Infrastructure	24,900,428	1,730,545	-	26,630,973
Machinery, furniture and equipment	7,087,620	559,348	347,007	7,299,961
Total accumulated depreciation	<u>45,961,599</u>	<u>2,618,727</u>	<u>347,007</u>	<u>48,233,319</u>
Other capital assets, net	<u>19,363,301</u>	<u>(2,204,909)</u>	<u>7,515</u>	<u>17,150,877</u>
Governmental activities capital assets, net	<u>\$ 28,864,365</u>	<u>\$ (692,910)</u>	<u>\$ 119,360</u>	<u>\$ 28,052,095</u>

	Balance at July 1, 2012	Additions	Deductions	Balance at June 30, 2013
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 750,530	\$ -	\$ -	\$ 750,530
Construction in progress	426,464	214,367	352,376	288,455
Total capital assets not being depreciated	<u>1,176,994</u>	<u>214,367</u>	<u>352,376</u>	<u>1,038,985</u>
Other capital assets:				
Buildings and utility infrastructure	17,104,041	352,377	-	17,456,418
Machinery, furniture and equipment	12,783,317	-	-	12,783,317
Infrastructure	15,690,100	76,557	200,199	15,566,458
Total other capital assets at historical cost	<u>45,577,458</u>	<u>428,934</u>	<u>200,199</u>	<u>45,806,193</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	8,992,105	325,406	-	9,317,511
Machinery, furniture and equipment	8,020,731	706,065	200,199	8,526,597
Infrastructure	11,327,175	364,677	-	11,691,852
Total accumulated depreciation	<u>28,340,011</u>	<u>1,396,148</u>	<u>200,199</u>	<u>29,535,960</u>
Other capital assets, net	<u>17,237,447</u>	<u>(967,214)</u>	<u>-</u>	<u>16,270,233</u>
Business-type activities capital assets, net	<u>\$ 18,414,441</u>	<u>\$ (752,847)</u>	<u>\$ 352,376</u>	<u>\$ 17,309,218</u>

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings 25-50 years
- Improvements other than buildings 20-50 years
- Utility property and improvements 15-50 years
- Infrastructure 15-50 years
- Machinery, furniture, and equipment 3-10 years

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

Governmental Activities:	
General Government	\$ 74,077
Public Safety	219,185
Streets	1,813,066
Culture and Recreation	453,456
Economic Development	58,943
Total	<u>\$ 2,618,727</u>
Business-Type Activities:	
Airport	\$ 53,812
Electric	469,770
Water	211,635
Wastewater	437,043
Sanitation	223,888
Total	<u>\$ 1,396,148</u>

Capital assets of the MIDA were:

	Balance at August 1, 2012	Additions	Deductions	Balance at July 31, 2013
<i>MIDA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 222,159	\$ 790	\$ 119,432	\$ 103,517
Total capital assets not being depreciated	<u>222,159</u>	<u>790</u>	<u>119,432</u>	<u>103,517</u>
Other capital assets:				
Buildings and utility infrastructure	1,036,353	-	-	1,036,353
Less accumulated depreciation for:				
Buildings and utility infrastructure	144,904	20,727	-	165,631
Other capital assets, net	<u>891,449</u>	<u>(20,727)</u>	<u>-</u>	<u>870,722</u>
MIDA capital assets, net	<u>\$ 1,113,608</u>	<u>\$ (19,937)</u>	<u>\$ 119,432</u>	<u>\$ 974,239</u>

	Balance at August 1, 2012	Additions	Deductions	Balance at July 31, 2013
<i>MDRA - Discreetly Presented Component unit</i>				
Other capital assets:				
Buildings	-	6,500	-	6,500
Machinery, furniture and equipment	-	18,756	-	18,756
Total other capital assets at historical cost	<u>-</u>	<u>25,256</u>	<u>-</u>	<u>25,256</u>
Less accumulated depreciation for:				
Buildings	-	650	-	650
Machinery, furniture and equipment	-	1,876	-	1,876
Total accumulated depreciation	<u>-</u>	<u>2,526</u>	<u>-</u>	<u>2,526</u>
Other capital assets, net	<u>-</u>	<u>22,730</u>	<u>-</u>	<u>22,730</u>
MDRA capital assets, net	<u>\$ -</u>	<u>\$ 22,730</u>	<u>\$ -</u>	<u>\$ 22,730</u>

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7. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

The City's policy is to eliminate interfund receivable and payables between funds in the Statement of Net Position to avoid the grossing up of balances. Only the residual balances due between governmental and business-type activities are reported as internal balances and then offset in the total column.

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	* Pool Improvements	\$ 3,264	To cover negative balance in pooled cash
General Fund	* Insurance Fund	805,847	To cover negative balance in pooled cash
General Fund	* SRL Project	10,839	To cover negative balance in pooled cash
General Fund	* Cemetery Perpetual Care Interest	4,023	To cover negative balance in pooled cash
General Fund	* SUA - Utility Improvement	1,750	To cover negative balance in pooled cash
General Fund	* SUA - Department of Utilities	114,188	To cover negative balance in pooled cash
General Fund	* Flood 07	9,414	To cover negative balance in pooled cash
Street and Alley	Capital Improvement Fund	36,574	Expense reimbursement
Capital Improvement Fund	General Fund	6,657	Reclassification
SUA	* Airport Fund	252	Expense reimbursement
SUA	* General Fund	28,285	Expense reimbursement
SUA	* General Fund	12,720	Reclassification
SUA	* Pool improvements	42,896	Long-term loan for pool improvements
Airport Fund	General Fund	28,742	Reclassification
Total		<u>\$ 1,105,451</u>	

* Denotes major fund.

Reconciliation to Fund Financial Statements:	Due From Other Funds	Due To Other Funds	Net Internal Balances
Governmental Funds	\$ 992,556	\$ 183,414	\$ 809,142
Proprietary Funds	112,895	116,190	(3,295)
Internal Service Funds	-	805,847	(805,847)
Total	<u>\$ 1,105,451</u>	<u>\$ 1,105,451</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:	Amount
Net Internal Balances	\$ (3,295)
Internal Service Fund Activity reported in Business-type Activities	79,890
Net Internal Balance	<u>\$ 76,595</u>

Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2013 were as follows:

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<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
* General Fund	* Special Utility Authority	\$ 1,424,750	Operating subsidy
* General Fund	* Special Utility Authority	5,997,325	Pledged sales tax
* General Fund	* Utility Fund	7,996	Expense Reimbursement
* General Fund	* Street Project	1,099,136	Pledged sales tax
* 2010 Street Project	* Special Utility Authority	410,963	Movement of cash account
* 2010 Street Project	* Special Utility Authority	1,110,199	Debt Service payments
* Special Utility Authority	* General Fund	11,796,659	Transfer of debt
* Special Utility Authority	* General Fund	6,172,077	Pledged sales tax
Street and alley	* Special Utility Authority	500,000 A	Operating subsidy
Cemetery Perpetual Care Principal	Cemetery Perpetual Care Interest	1,020 A/B	Interest transfer
Capital Improvement Fund	* Special Utility Authority	42,223 A	Debt Service payments
* Special Utility Authority	Capital Improvement Fund	31,512 A	Capital purchases
* General Fund	* Special Utility Authority	71,335	Capital purchases
* Special Utility Authority	* General Fund	120,000	Operating subsidy
		<u>\$ 28,785,195</u>	

* Denotes Major Fund	Subtotal non-major Governmental Funds transfers in	574,755 A
	Subtotal non-major Governmental Funds transfers out	1,020 B

<u>Reconciliation to fund financial statements:</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Net Transfers</u>
Governmental Funds	\$ (7,375,081)	\$ 10,713,612	\$ 3,338,531
Enterprise Funds	(9,724,904)	18,071,583	8,346,679
Totals	<u>\$ (17,099,985)</u>	<u>\$ 28,785,195</u>	<u>\$ 11,685,210</u>

<u>Reconciliation to Statement of Activities:</u>	
Net Transfers	\$ 3,338,531
Transfer of debt from Enterprise Fund to Governmental	(11,796,659)
Transfer of debt from Governmental Activities to Business Type Activities	111,449
Transfers - Internal Activity	<u>\$ (8,346,679)</u>

8. Long-Term Debt

The City's long term debt consists of general obligation bonds, revenue bonds and notes, capital lease obligations, accrued compensated absences, contracts payable and long-term deposits subject to refund.

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For the year ended June 30, 2013, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Restated, Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 240,000	\$ -	\$ 240,000	\$ -	\$ -
General Obligation Bond Premium	1,247	-	1,247	-	-
Revenue Bond Discount	(83,015)	-	(6,188)	(76,827)	-
Revenue Bonds	-	11,845,000	645,000	11,200,000	690,000
Capital Lease Obligations	1,618,255	109,380	247,095	1,480,540	257,277
Accrued Compensated Absences	<u>501,449</u>	<u>28,205</u>	<u>-</u>	<u>529,654</u>	<u>52,676</u>
Total Governmental Activities	<u>\$ 2,277,936</u>	<u>\$ 11,982,585</u>	<u>\$ 1,127,154</u>	<u>\$ 13,133,367</u>	<u>\$ 999,953</u>
Plus: OPEB obligation				142,941	-
Net pension obligation				105,684	-
				<u>\$ 13,381,992</u>	<u>\$ 999,953</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 999,953	
Due in more than one year				<u>12,382,039</u>	
				<u>\$ 13,381,992</u>	

<u>Type of Debt</u>	<u>Restated, Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable	\$ 7,565,303	\$ -	\$ 552,734	\$ 7,012,569	\$ 525,927
Unamortized Bond Discount	(13,906)	-	(1,477)	(12,429)	-
Revenue Bonds	1,915,000	-	175,000	1,740,000	180,000
Capital Lease Obligations	619,585	111,449	395,900	335,134	153,087
Accrued Compensated Absences	<u>175,248</u>	<u>-</u>	<u>9,329</u>	<u>165,919</u>	<u>16,592</u>
Total Business-Type Activities	<u>\$ 10,261,230</u>	<u>\$ 111,449</u>	<u>\$ 1,131,486</u>	<u>\$ 9,241,193</u>	<u>\$ 875,606</u>
Plus: OPEB obligation				187,024	-
Net pension obligation				123,555	-
Refundable deposits				472,636	47,264
				<u>\$ 10,024,408</u>	<u>\$ 922,870</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 922,870	
Due in more than one year				<u>9,101,538</u>	
				<u>\$ 10,024,408</u>	

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Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

Revenue Bond Payable –

2010 Sales Tax Revenue Bond for \$12,455,000 with interest from 2.15% to 5.00%	
Debt service payments are due semi-annually through December 2026. Bonds are	
Secured with net revenues of the Special Utility Authority and a pledged sales tax.	<u>\$11,200,000</u>
Current portion	\$690,000
Non-current portion	<u>10,510,000</u>
	<u>\$11,200,000</u>

Capital Lease Obligations:

\$30,432 capital lease obligation for the purchase of a utility tractor, matures August 2013 with a stated interest rate of 2.925%.	\$1,104
\$109,380 capital lease obligation for the purchase of a 2013 loader, matures January 2018 with a stated interest rate of 2.79%.	100,764
\$84,998 capital lease obligation for the purchase of police vehicles, matures November 2013 with a stated interest rate of 3.08%.	28,619
\$100,362 capital lease obligation for the purchase of a dump truck, matures March 2017 with a stated interest rate of 2.79%.	76,552
\$86,689 capital lease obligation for the purchase of a boom mower, matures August 2018 with a stated interest rate of 3.77%.	66,056
\$95,400 capital lease obligation for the purchase of a backhoe/loader, matures November 2016 with a stated interest rate of 3.24%.	66,811
\$42,200 capital lease obligation for the purchase of a caterpillar drum roller, matures September 2016 with a stated interest rate of 3.24%.	28,181
\$90,154 capital lease obligation for the purchase of a crawler/dozer, matures September 2021 with a stated interest rate of 3.81%.	76,695
\$95,005 capital lease obligation for the purchase of a wheel loader, matures January 2014 with a stated interest rate of 2.9%	12,199
\$100,495 capital lease obligation for the purchase of a wheel loader, matures June 2017 with a stated interest rate of 4.45%	61,216
\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020 with a stated interest rate of 5.00%	825,908
\$220,000 capital lease obligation for the purchase of the a gradall excavator, matures January 2017 with a stated interest rate of 4.40%	121,042

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\$43,361 capital lease obligation for the purchase of a mower, matures February 2015 with a stated interest rate of 4.11%	<u>15,393</u>
Total capital lease obligations	<u>\$1,480,540</u>
Current portion	\$257,277
Non-current portion	<u>1,223,263</u>
	<u>\$1,480,540</u>

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Capital Lease Obligation:

\$127,800 capital lease obligation for the purchase of a TV Truck, matures September 2015 with a stated interest rate of 3.59%	\$60,312
\$43,750 capital lease obligation for the purchase of a sanitation truck, matures November 2013 with a stated interest rate of 4.265%	4,027
\$29,097 capital lease obligation for the purchase utility equipment, matures October 2013 with a stated interest rate of 3.87%	2,598
\$169,138 capital lease obligation for the purchase of a bucket truck, matures August 2014 with a stated interest rate of 4.22%	42,633
\$115,100 capital lease obligation for the purchase of a digger derrick truck, matures April 2017 with a stated interest rate of 2.96%.	89,748
\$297,583 capital lease obligation for the purchase of a Jet Vac Truck, matures August 2015 with a stated interest rate of 3.75%	<u>135,816</u>
Total Capital Leases	<u>\$335,134</u>
Current portion	\$153,087
Non-current portion	<u>182,047</u>
	<u>\$335,134</u>

Revenue Bond Payable –

2011 SUA Revenue Bond for \$1,915,000 with interest from 1.45% to 2.90% Debt service payments are due semi-annually through December 2021. Bonds are Secured with net revenues of the Special Utility Authority.	<u>\$1,740,000</u>
Current portion	\$180,000
Non-current portion	<u>1,560,000</u>
	<u>\$1,740,000</u>

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Notes Payable –

Oklahoma Water Resources Board:

Series 2003A for \$1,760,000 with no interest charged; however, there is a .5% annual administrative fee. Debt service payments are due semi-annually through March, 2023. Notes are secured by the revenues of the Miami Special Utility Authority’s (the “Authority”), sanitary and pledged revenue of the Utility Fund for water and sewer.	\$924,000
Series 2003B for \$3,020,000 with interest rate of 1.78% and .5% annual administrative fee. debt service payments are due semi-annually through December 2023. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,967,940
Series 2004A for \$1,595,538 with no interest rate and .5% annual administrative fee. debt service payments are due semi-annually through June 2024. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	877,546
Series 2004B for \$2,740,000 with interest rate of 1.78% and .5% annual administrative fee. debt service payments are due semi-annually through June 2025. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,807,060
Series 2004C for \$1,620,000 with interest rate of 3.0% and .5% annual administrative fee. debt service payments are due semi-annually through October 2024. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,050,643
Series 2005 for \$563,000 with no interest and .5% annual administrative fee. debt service payments are due semi-annually through September 2025. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	<u>385,380</u>
Total Notes Payable – Oklahoma Water Resources Board	<u>\$7,012,569</u>
Current portion	\$525,927
Non-current portion	<u>6,486,642</u>
	<u>\$7,012,569</u>

Long-term debt service requirements to maturity are as follows:

Governmental-Type Activities				
Year Ending June 30,	Revenue Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 690,000	\$ 373,488	\$ 257,277	\$ 60,011
2015	720,000	352,338	221,212	50,467
2016	745,000	333,528	223,924	41,401
2017	770,000	316,665	192,986	32,305
2018	785,000	297,213	125,225	25,575
2019-2023	4,400,000	1,069,174	459,916	36,541
2024-2026	3,090,000	198,283	-	-
Total	\$ 11,200,000	\$ 2,940,689	\$ 1,480,540	\$ 246,300

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Business-Type Activities

Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 525,927	\$ 161,747	\$ 180,000	\$ 36,163	\$ 153,087	\$ 6,957
2015	543,896	151,725	185,000	31,513	120,107	2,525
2016	532,595	141,538	185,000	28,321	41,552	93
2017	582,576	130,861	190,000	25,460	20,388	330
2018	603,496	119,990	190,000	2,230	-	-
2019-2023	3,370,145	439,635	810,000	44,400	-	-
2024-2028	853,934	920,696	-	-	-	-
Total	<u>\$ 7,012,569</u>	<u>\$ 2,066,192</u>	<u>\$ 1,740,000</u>	<u>\$ 168,087</u>	<u>\$ 335,134</u>	<u>\$ 9,905</u>

Component Unit:

The MEFA issued bonds in the amount of \$3,190,000 on May 15, 2008. Interest on the bonds is payable March 1st and September 1st at varying rates. The Authority has a total of three (3) principal payments, beginning September 1, 2012.

<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Component Unit: Revenue Bonds Payable	<u>\$ 2,620,000</u>	<u>\$ -</u>	<u>\$ 815,000</u>	<u>\$ 1,805,000</u>	<u>\$ 1,805,000</u>

Debt service requirements for the 2008 Series Bonds are as follows:

<u>Component Unit - MEFA</u>		
<u>Year Ending June 30,</u>	<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2014	<u>1,805,000</u>	<u>38,356</u>
Total	<u>\$ 1,805,000</u>	<u>\$ 38,356</u>

MDRA Debt:

The MDRA issued the 2005 note payable to First national Bank of Miami, payable in monthly Installments of \$129.10 with interest at 4.75% maturity date of August 5, 2013	<u>\$32,000</u>
The MDRA issued the 2010 note payable to First National Bank of Miami, payable in one Annual installment, with interest of 4.75%, maturity date of December 2013	<u>103,000</u>
Total debt outstanding – MDRA - current	<u>\$135,000</u>

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<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Component Unit:					
MDRA notes payable	\$ 147,500	\$ -	\$ 12,500	\$ 135,000	\$ 135,000

MIPFA Debt:

The MIPFA paid off its note to the local bank for economic development improvements. Original issue amount of \$240,000.

<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Component Unit:					
MIPFA Note payable	\$ 20,161	\$ -	\$ 20,161	\$ -	\$ -

MCFA:

The MCFA issued a bond anticipation note for \$8,798,611 in May 2013. The note will mature on December 1, 2018 with a value of \$9,870,000. During FY 2013 accreted interest added to the value of the note totaled \$15,904. The note carries an accretion rate of 2.10%. The note is to be used to rehabilitate the football complex and Northeastern Oklahoma A&M College Campus and to and community center complex. The note is an unsecured indebtedness.

<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Component Unit:					
MCFA Bond Anticipation Note	\$ -	\$ 8,726,529	\$ -	\$ 8,726,529	\$ -

MIDA Debt:

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc, payable in monthly Installments of \$3,300 with interest at 5.00% maturity date of February 1, 2020 \$359,414

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc, payable in monthly Installments of \$1,918, with interest of 1.25%, maturity date of February 1, 2020 259,704

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc., payable in monthly Installments of \$607, with interest of 4.00%, maturity date of February 1, 2020 69,969

Total debt outstanding – MDRA - current \$689,087

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<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Component Unit: MIDA Note payable	\$ 734,153	-	\$ 45,066	\$ 689,087	\$ 46,568
MIDA					
		<u>Notes Payable</u>			
	<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>		
	2014	\$ 46,568	\$ 23,322		
	2015	48,136	21,754		
	2016	49,717	20,173		
	2017	51,478	18,412		
	2018	53,261	16,629		
	2019-2023	295,921	53,529		
	2024-2025	144,006	5,887		
	Total	<u>\$ 689,087</u>	<u>\$ 159,706</u>		

Pledge of Future Revenues

Utility Net Revenues Pledge - The City and Special Utility Authority have pledged net utility revenues of the water, electric and wastewater systems to repay the OWRB Series 2003 B, 2003 A, 2004 A, 2004 B, 2004C, and 2005 promissory notes payable. Proceeds from the notes provided financing for capital assets. The notes are payable from net utility revenues and are payable through 2025. The total principal and interest payable for the remainder of the life of these notes is \$9,078,761. Net utility revenues received in the current year were \$3,893,025. Debt service payments of \$757,548 for the current fiscal year were 19.5% of pledged net utility revenues.

Pledges Sales Tax – The City has pledged 3.65 cents (or 100%) of future sales tax revenues to repay \$12,455,000 of Series 2010 SUA Sales Tax Revenue Bonds and \$1,915,000 of the Series 2011 Revenue Bonds. Three cents of the sales tax was voted by the citizens for general operations and .65 cent is legally restricted by a vote of the citizens for street purpose. The 2010 Sales Tax Revenue Bonds are for the construction and improvements to streets. The 2011 Revenue bonds are for water improvements. The .65 sales tax is used to pay the debt service on the 2010 bonds and the three cents is sent back to the general fund if not needed for debt service. The bonds are payable from pledged sales tax and net utility revenues and are payable through 2026 and 2021, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$16,048,776. Pledged sales taxes received in the current year were \$6,172,076. Net revenues and sales tax pledged during the year was \$10,065,101. Debt service payments of \$1,262,175 for the current fiscal year were 12.5% of the pledged revenue.

Capital Lease Agreement (Ground Lease)

The MEFA has entered into an agreement to lease the gymnasium/band and choral facility. Such agreements are, in substance, purchase (capital leases) and are reported as capital lease obligations.

The following Schedule presents future minimum lease payments as of June 30, 2013:

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<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>1,657,306</u>	<u>20,444</u>	<u>1,677,750</u>
Total	<u>\$ 1,657,306</u>	<u>\$ 20,444</u>	<u>\$ 1,677,750</u>

The Authority leases the gymnasium/band and choral facility to the Miami Public Schools at an interest rate of 1.2%. The terms of this lease commenced on May 1, 2008 and extends to May 31, 2018 under the terms of the indenture and so long thereafter as long as any Bond shall remain outstanding and unpaid. Upon fulfilling the lease obligation, the Authority agrees to execute and deliver to the Miami Public Schools a deed or bill of sale, as appropriate, to convey legal title to the gymnasium/bank and choral facility.

9. Short-Term Debt

The MDA issues short-term notes payable and mortgages payable to finance community housing construction projects. Short-term debt activity for the year ended June 30, 2013 included notes payable issued by the Oklahoma Housing Finance Authority for housing construction projects. Short-term debt activity for the year ended June 30, 2013, was as follows:

Type of Debt	<u>Balance</u> <u>July 1, 2012</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2013</u>
Mortgages Payable	-	174,312	87,156	87,156
Total Short-Term Debt	<u>\$ -</u>	<u>\$ 174,312</u>	<u>\$ 87,156</u>	<u>87,156</u>

10. Net Position and Fund Balances

Government-wide net position is displayed in three components:

- a. *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.
- b. *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.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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At June 30, 2013 net position restricted by enabling legislation totaled \$107,023.

Fund Balance:

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

- a. Nonspendable – 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 – included 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.
- 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 revenues in other governmental funds are made through 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.

The City’s policy for the use of 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 table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

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	General Fund	Major Capital Project Fund		Other Governmental Fund	Total
		2010 Street Bond Project			
Fund Balance:					
Restricted For:					
Airport improvements	\$ -	\$ -		\$ 520	\$ 520
Police operations - grants	-	-		6,121	6,121
General obligation debt service	-	-		47,034	47,034
Capital improvements	-	-		178,448	178,448
Street improvements	-	4,928,237		55,273	4,983,510
Culture and rec programs	5,137	-		208,056	213,193
Economic development	87,775	-		128,875	216,650
Police - drug programs	-	-		10,234	10,234
Sub-total restricted	92,912	4,928,237		634,561	5,655,710
Committed for:					
Street operations	-	-		1,194,840	1,194,840
Assigned for:					
Capital improvements	-	-		418,341	418,341
Demolition	141,547	-		-	141,547
Police - drug programs	314	-		-	314
Culture and rec programs	13,763	-		-	13,763
Supplement next year's budget	1,390,774	-		-	1,390,774
Sub-total assigned	1,546,398	-		418,341	1,964,739
Unassigned (deficit):	55,826	-		(70,430)	(14,604)
TOTAL FUND BALANCE	\$ 1,695,136	\$ 4,928,237		\$ 2,177,312	\$ 8,800,685

Beginning net position of the governmental activities, business-type activities, proprietary funds, and internal service funds were restated due to changes in accounting principles and the overstatement of accounts receivable:

Statement of Activities:	Governmental Activities:		Business-type Activities:		Internal Service Funds
	Government-wide		Fund Level	Government-wide	
Beginning net position as previously reported	\$38,183,638		\$7,617,195	\$7,700,631	\$662,129
Add:					
Movement of MIPFA to discrete presentation	-		(628,033)	(628,033)	-
Change in account principal - bond issue cost	(4,036)		(626,009)	(626,009)	-
Overstatement of receivable	(486,724)		-	-	(486,724)
Beginning net position, restated	<u>\$37,692,878</u>		<u>\$6,363,153</u>	<u>\$6,446,589</u>	<u>\$175,405</u>

11. Revenues

Program Revenues:

Program revenues within the statement of activities that are derived directly from each activity or from parties outside of the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

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- Public Safety – Fire, Police, Emergency Management, Court, Civil Defense, fire run charges, officer’s training charges for services, police sentinel charges for services, restricted operating grants, 911 revenue, court and restricted capital grants
- Streets – Commercial vehicle and gasoline excise tax shared by the State
- Culture and recreation –pool fees, library fees, fishing permits, softball fees, recreation fees operating and capital grants
- General Government – license and permits, fines and forfeitures, cemetery revenue, impact fees, and operating grants
- Economic Development – rents, operating grants

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

Sales Tax Revenue:

Sales tax revenue represents a 3.65 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City and recorded in the General Fund. The sales tax is deposited 3 cents in the general fund and .65 cents in the 2010 Street Bond Project Fund. The entire sales tax is then transferred to the SUA per the bond indenture pledged then transferred back to the appropriate funds. The .65 cents is legally restricted for street purposes by a vote of the citizens.

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City’s property taxes are billed and collected by the County and remitted to the City. 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. For the year ended June 30, 2013, the City's net assessed valuation of taxable property was \$42,604,186. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2013 was zero.

MEFA Rental Revenue:

The MEFA has a commitment with the Miami Public Schools to lease the gymnasium/bank choral facility. Future minimum rental commitments for operating leases as of a June 30, 2012 total \$4,500 as follows: \$3,000 each year for 2013 and \$1,500 for 2014. The rent is due in equal semi-annual installments on or before the 1st of September and March ending September 1, 2013. The annual lease represents 100% of the Authority’s operating revenues.

12. 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:

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- General Liability – Covered through purchased insurance
- Physical Property – Covered through purchased insurance with a \$35,000 deductible.
- Workers’ Compensation – Workers’ compensation is covered through self-insurance using a third party processor to process claims. The City also has a stop-loss policy which covers individual claims in excess \$400,000 for electric, police and firefighters and \$350,000 for all other classes of employees per occurrence.
- Employee’s Group Medical –Covered through self-insurance using a third party processor to process medical claims. The City uses the third party processor’s estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$70,000.
- Unemployment – the City is self-insured.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

	<u>Worker's Compensation</u>	<u>Health Care</u>	<u>Unemployment Fund</u>	<u>Total</u>
Claim liability, June 30, 2011	\$ 3,600,250	\$ 81,592	\$ 6,086	\$ 3,687,928
Claims and changes in estimates	725,840	1,508,358	2,537	2,236,735
Claims payments	<u>(899,590)</u>	<u>(1,387,857)</u>	<u>(8,577)</u>	<u>(2,296,024)</u>
Claim liability, June 30, 2012	\$ 3,426,500	\$ 202,093	\$ 46	\$ 3,628,639
Claims and changes in estimates	(80,434)	1,764,401	910	1,684,877
Claims payments	<u>(936,585)</u>	<u>(1,777,446)</u>	<u>(956)</u>	<u>(2,714,987)</u>
Claim liability, June 30, 2013	<u>\$ 2,409,481</u>	<u>\$ 189,048</u>	<u>\$ -</u>	<u>\$ 2,598,529</u>

13. Retirement Plan Participation

The City of Miami participates in three pension or retirement plans:

1. Oklahoma Municipal Retirement Plan (OMRF) - agent multiple employer, defined-benefit pension plan
2. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
3. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

Oklahoma Municipal Retirement Plan (OMRF)

Plan Description. The City contributes to the City of Miami Plan and Trust in the form of the Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer-defined benefit plan. The plan provides retirement and disability benefit and death benefits to full-time, non-uniformed employees of the City or Authority upon hire, if less than age 60 and their beneficiaries. Administration of the City’s individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. Bank One of Oklahoma City acts as administrator and securities custodian. OMRF issues separate plan financial statements that includes required supplementary information that may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, OK 73102.

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Funding Policy. OMRF members are required to contribute 3.75 percent of their annual covered payroll. The city is required to contribute at an actuarially determined rate; the current rate is 12.8% percent of covered payroll. The plan does not allow for the employee to contribute more than 3.75 percent. The contribution requirements of plan members and the city are established and may be amended by the OMRF Board with approval of the City Council.

The required contribution was determined as part of the July 1, 2012, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at July 1, 2012 included (a) 7.5 percent investment rate of return, (b) projected salary increases range from 3.0 to 7.42 percent, and (c) no COLA. The actuarial value of the plan assets was determined using actuarial write up method. This method is used to reduce the effect of fluctuations in market value. The actuarial value of assets is equal to the prior year's value adjusted for cash flows and interest at the valuation rate. This amount is adjusted by a percentage of the difference between it and market. The plans unfunded actuarial accrued liability is the difference between the actuarial liability and the actuarial value of plan assets. The amount (redetermined each year) is amortized over 30 years from the valuation date on a closed basis.

Funded Status and Funding Progress. As of July 1, 2012 the most recent actuarial valuation date, the plan was 67.8 percent funded. The actuarial accrued liability for benefits was \$12,534,626, and the actuarial value of assets was \$8,499,123, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,035,502. The covered payroll (annual payroll of active employees covered by the plan) was \$4,786,213 and the ratio of the UAAL to the covered payroll was 8.4 percent. The unfunded actuarial accrued liabilities are being amortized as a level percentage of payroll over a closed period of thirty years.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost. For fiscal year 2012 the city's annual pension cost of \$532,678 was equal to the city's required contributions. The General Fund and SUA are used to lique net pension obligations.

Fiscal Year	Annual Pension Cost (APC)	Actual Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 442,755	\$ 432,710	97.7%	\$ 125,883
2012	644,620	591,481	91.8%	227,520
2013*	532,678	532,678	100.0%	229,239

** beginning in FY 2013 contributions relate to the agent multiple employer defined benefit plan. Contributions prior to the FY 2013 were for the City single employer plan that was converted to the agent-multiple employer plan.*

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Oklahoma Firefighter's and Police Pension and Retirement Systems

The City of Miami, as the employer, participates in two statewide cost sharing multiple employer defined benefit plans on behalf of the firefighters and police officers. The systems are funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements.	Police Pension and Retirement 1001 N.W. 63 rd St., Ste. 305 Oklahoma City, OK 73116-7335	Firefighters Pension and Retirement 4545 N. Lincoln Blvd., Ste. 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers employed by a participating municipality; not less than 21 years of age or more than 45 years of age when hired.	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	8%
City's contribution rate (percent of covered payroll)	13%	13%
State obligation	State appropriation to fund the unfunded actuarial accrued liability.	State appropriation to fund the unfunded actuarial accrued liability.
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service, 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.

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Eligibility and benefits for distribution (volunteer)	-	20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with additional option to participate in the Louisiana Plan.	Yes, 20 years credited service with continued service for a maximum of 30 or more years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, postretirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of Living allowances	Yes	Yes

Retirement Plan Contributions – OFPRS and OPPRS Cost-Sharing Plans

The state made on-behalf payments for the police pension system of \$135,237 and for the fire pension system of \$326,299. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year. City contributions required by State Statute:

<u>Oklahoma Police Pension and Retirement System</u>			<u>Oklahoma Firefighter's Pension and Retirement System</u>		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 154,462	100%	2011	\$ 140,708	100%
2012	137,300	100%	2012	136,410	100%
2013	148,990	100%	2012	141,189	100%

City of Miami 457 Deferred Compensation Plan (DC Plan)

Plan Description – The City of Miami makes available to all full-time employees two Section 457 deferred compensation plans. The DC Plan was created in accordance with Section 457 of the *Internal Revenue Code*, and permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to the employee until retirement, termination, death, or unforeseeable emergency. Employees may choose investments offered by International City/County Management Association (ICMA) or the DC Plan. Separate audited financial statements are not available.

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Funding Policy – DC Plan participants may contribute up to \$15,000 of eligible compensation per year. During the year ended June 30, 2013, employees contributed \$87,517 and the employer contributed \$15,660 to the DC Plan.

ICMA Retirement Deferred Compensation Plan

In addition to the above plans, the City of Miami offers a retirement plan through ICMA which is funded 12% by the employer and by employee contributions. Employee and employer contributions to the plan for the year ended June 30, 2013, were \$0, and \$21,150, respectively. Separate audited financial statements are not available.

14. Postemployment Healthcare Plan

Plan Description. The City sponsors Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter’s Pension and Retirement System, or the City of Miami Retirement Plan. Retirees may continue coverage with the City by paying the carrier premium rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amended benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City.

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013, the actuarially expected City contribution in the form of net age adjustment was \$23,690 to the Plan. Plan members receiving benefits contributed \$25,600 of the total premiums, through their payment of the full determined premium in FY 2013.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan, and changes in the City's net OPEB obligation to for the year ended June 30, 2013:

Normal Cost	\$	106,353
Interest on ARC		9,230
Amortization of Actuarial Accrued Liability (AAL)		(24,861)
Annual OPEB cost (expense)		90,722
Expected net benefits during the year		(23,690)
Increase in net OPEB obligation		67,032
Net OPEB obligation - beginning of year		262,933
Net OPEB obligation - end of year	\$	<u><u>329,965</u></u>

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$105,076	37%	\$66,123
6/30/10	108,217	36%	135,639
6/30/11	84,160	30%	194,323
6/30/12	90,722	24%	262,933
6/30/13	90,722	26%	329,965

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$782,605, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$782,605. The covered payroll (annual payroll of active employees covered by the plan) was \$6.6 million, and the ratio of the UAAL to the covered payroll was 11.8 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2013. The UAAL is being amortized over 30 years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2012, was twenty-eight years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

15. Commitments and Contingencies

Litigation

The City is a 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. 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.

Grant Programs

The City of Miami participates in various federal or state grant/loan programs from year to year. In 2012, the City's involvement in federal and state award programs is relatively material. 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. The City has not been notified of any noncompliance with federal or state award requirements. 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.

16. New Accounting Pronouncements

- The City implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* – GASB 60 addresses issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The Statement is effective for fiscal years ended June 30, 2013.
- The City implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The Statement is effective for periods beginning after June 15, 2012.
- The City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.
- The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

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The City early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. The Statement is effective for fiscal years ended June 30, 2014, however, the City, as mentioned, above, has chosen to early implement Statement No. 65. This early implementation resulted in a prior period restatement for the removal of bond issuance costs from the Statement of Net Position in the Business Type Activities and the Proprietary Fund Statement of Changes in Net Position.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2013

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 1,532,867	\$ 1,532,867	\$ 1,525,947	\$ (6,920)
Resources (Inflows):				
Taxes and assessments	6,485,500	6,485,500	6,648,824	163,324
Fees, licenses and permits	85,000	85,000	87,633	2,633
Charges for services	226,600	226,600	251,166	24,566
Fines and forfeitures	208,200	208,200	242,190	33,990
Interest earned	18,000	18,000	13,004	(4,996)
Miscellaneous	20,000	39,507	128,966	89,459
Intergovernmental	105,699	203,902	404,929	201,027
Total Resources (Inflows)	<u>7,148,999</u>	<u>7,266,709</u>	<u>7,776,712</u>	<u>510,003</u>
Amounts available for appropriation	<u>8,681,866</u>	<u>8,799,576</u>	<u>9,302,659</u>	<u>503,083</u>
Charges to Appropriations (Outflows):				
General Government				
Municipal Court	\$ 150,158	\$ 150,158	\$ 143,308	\$ 6,850
General Government	1,337,117	1,347,865	1,295,647	52,218
MCVB	244,539	324,592	328,945	(4,353)
Community Development	376,556	318,310	246,548	71,762
Human Resources	185,402	203,878	190,517	13,361
Legal	168,834	176,984	179,328	(2,344)
Public Safety				
Police	2,307,369	2,272,466	2,169,177	103,289
Fire	1,701,251	1,663,378	1,610,661	52,717
Emergency Management	142,330	212,341	209,037	3,304
Police Communications	404,435	404,432	309,242	95,190
Code Enforcement	145,514	110,877	100,050	10,827
Risk Management	84,037	84,537	81,159	3,378
Public Works and Streets				
Streets	810,761	779,623	752,696	26,927
Cemetery	274,906	274,786	268,281	6,505
Municipal Building	196,667	196,667	171,734	24,933
Culture and Recreation				
Swimming pool	199,792	199,792	170,899	28,893
Parks	506,038	506,038	477,994	28,044
Library	950,769	455,298	437,199	18,099
Total Charges to Appropriations	<u>\$ 10,186,475</u>	<u>\$ 9,682,022</u>	<u>\$ 9,142,422</u>	<u>\$ 539,600</u>
Other financing sources (uses)				
Transfers from other funds	7,291,704	7,291,704	7,422,075	130,371
Transfers to other funds	<u>(6,000,000)</u>	<u>(6,010,022)</u>	<u>(6,182,099)</u>	<u>(172,077)</u>
Total other financing sources (uses)	<u>1,291,704</u>	<u>1,281,682</u>	<u>1,239,976</u>	<u>(41,706)</u>
Ending Budgetary Fund Balance	<u>\$ (212,905)</u>	<u>\$ 399,236</u>	<u>\$ 1,400,213</u>	<u>\$ 1,000,977</u>

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Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on a non-GAAP basis that report revenues on a cash basis, and expenditures in the period the invoice is received, except for payroll expenditures that are recorded when paid. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unassigned budgetary fund balance. This presentation of unassigned fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

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 legal level of control in MCVB department by 4,353 and the Legal department by \$2,344 and transfers out by \$172,077.

3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedule below:

	Fund Balance July 1, 2012	Net Change in Fund Balance	Fund Balance July 1, 2013
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$1,968,606	(\$273,470)	\$1,695,136
Increases (Decreases):			
Revenues:			
Receivable from other governments and entities	(795,801)	101,690	(694,111)
Accounts receivable	(99,489)	(874)	(100,363)
State on behalf pension payments	(391,680)	(69,855)	(461,535)
Combining accounts	(183,901)	41,845	(142,056)
Expenditures:			
Accrued payroll	122,409	11,625	134,034
Other expenditures	514,123	(6,550)	507,573
State on behalf pension payments	391,680	69,855	461,535
Fund Balance - Budgetary Basis	\$1,525,947	(\$125,734)	\$1,400,213

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Schedule of Funding Progress – City Employee Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
July 1, 2012	\$ 8,499,123	\$ 12,749,187	\$ (4,250,064)	66.7%	\$ 4,840,394	87.8%
July 1, 2011	8,232,594	12,174,724	\$ (3,942,130)	67.6%	4,775,401	82.6%
July 1, 2009	7,709,228	10,922,348	\$ (3,213,120)	70.6%	4,703,643	68.3%

Note: Paragraph 37 of GASB 25 requires that the actuarial cost method used for funding the plan (which is the Entry Age Normal cost method EAN) can be used for this purpose.

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$442,755	97.7%
2012	\$644,620	91.8%
2013*	\$532,678	100%

** Beginning in FY 2013 contributions relate to the agent multiple employer defined benefit plan. Contributions prior to the FY 2013 were for the City single employer plan that was converted to the agent-multiple employer plan*

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Required Supplementary Information – OPEB

The funded status and funding progress of the City’s defined benefit OPEB plan for the most recent actuarial valuations is as follows:

	July 1, 2009	July 1, 2010	July 1, 2012
Actuarial accrued liability - AAL (a)	\$785,142	\$723,628	\$782,605
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$785,142	\$723,628	\$782,605
Funded ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	\$6,900,000	\$6,446,000	\$6,620,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	12%	11%	12%

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts - June 30, 2013

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Drug & Safety Account</u>	<u>Demolition Account</u>	<u>Total</u>
ASSETS:					
Cash and cash equivalents	\$274,014	\$15,227	\$314	\$166,374	\$455,929
Investments	13,825	-	-	-	13,825
Receivables:					
Accounts receivable	100,363	-	-	-	100,363
Due from other funds	949,325	-	-	-	949,325
Due from other accounts	11,509	-	-	-	11,509
Due from other governments and entities	694,111	-	-	-	694,111
 Total assets	<u>\$2,043,147</u>	<u>\$15,227</u>	<u>\$314</u>	<u>\$166,374</u>	<u>\$2,225,062</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued liabilities	\$178,550	\$3,523	-	24,827	\$206,900
Wages payable	134,034	-	-	-	134,034
Due to other funds	76,404	-	-	-	76,404
Due to other accounts	-	11,509	-	-	11,509
Total liabilities	<u>388,988</u>	<u>15,032</u>	<u>-</u>	<u>24,827</u>	<u>428,847</u>
Deferred Inflows:					
Deferred revenue	101,079	-	-	-	101,079
Fund Balances:					
Restricted	92,912	-	-	-	92,912
Assigned	1,404,537	-	314	141,547	1,546,398
Unassigned	55,631	195	-	-	55,826
Total fund balances	<u>1,553,080</u>	<u>195</u>	<u>314</u>	<u>141,547</u>	<u>1,695,136</u>
Total liabilities, deferred inflows and fund balances	<u>\$2,043,147</u>	<u>\$15,227</u>	<u>314.00</u>	<u>\$166,374</u>	<u>\$2,225,062</u>

**CITY OF MIAMI, OKLAHOMA
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Drug & Safety Account</u>	<u>Demolition Account</u>	<u>Total</u>
Revenues:					
Taxes	\$5,334,548	-	-	-	\$5,334,548
Intergovernmental	846,497	-	-	-	846,497
Charges for services	294,652	-	-	-	294,652
Fines and forfeitures	236,227	-	-	-	236,227
Licenses and permits	88,488	-	-	1,305	89,793
Investment income	13,038	-	-	-	13,038
Miscellaneous	173,927	-	-	-	173,927
Total Revenues	<u>6,987,377</u>	<u>-</u>	<u>-</u>	<u>1,305</u>	<u>6,988,682</u>
Expenditures:					
Current:					
General government	1,866,336	-	-	163,150	2,029,486
Public safety	4,921,220	-	-	-	4,921,220
Public works and streets	1,184,449	-	-	-	1,184,449
Culture and recreation	1,067,350	-	-	-	1,067,350
Economic development	291,461	-	-	-	291,461
Capital outlay	125,376	-	-	-	125,376
Debt service:					
Principal retirement	31,296	-	-	-	31,296
Interest and fiscal charges	7,287	-	-	-	7,287
Total Expenditures	<u>9,494,775</u>	<u>-</u>	<u>-</u>	<u>163,150</u>	<u>9,657,925</u>
Excess (deficiency) of revenues over expenditures	(2,507,398)	-	-	(161,845)	(2,669,243)
Other Financing Sources (Uses):					
Transfers in	8,529,207	-	-	120,000	8,649,207
Transfers out	(6,243,412)	-	-	-	(6,243,412)
Transfers out - component unit	(10,022)	-	-	-	(10,022)
Total Other Financing Sources (Uses)	<u>2,275,773</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>2,395,773</u>
Net change in fund balances	(231,625)	-	-	(41,845)	(273,470)
Fund balances - beginning	1,784,705	195	314	183,392	1,968,606
Fund balances - ending	<u>\$1,553,080</u>	<u>\$195</u>	<u>\$314</u>	<u>\$141,547</u>	<u>\$1,695,136</u>

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2013

	SPECIAL REVENUE FUNDS							
	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	CDBG RLF FUND	FLOOD 2007 FUND	
ASSETS								
Cash and cash equivalents	\$ 58,992	\$ -	\$ 1,157,236	\$ 10,213	\$ 128,000	\$ -	\$ 13,354	\$ -
Acocunts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	20,367	-	-	-	-	-
Due from other funds	-	-	36,574	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	\$ 58,992	\$ -	\$ 1,214,177	\$ 10,213	\$ 128,000	\$ -	\$ 13,354	\$ -
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,416	\$ -	\$ 17,701	\$ -	\$ -	\$ -
Notes payable - short term	-	-	-	-	-	-	-	-
Wages payable	-	-	-	-	3,276	-	-	-
Due to other funds	-	-	-	-	-	-	9,414	-
Total Liabilities	\$ -	\$ -	\$ 7,416	\$ -	\$ 20,977	\$ -	\$ 9,414	\$ -
Deferred Inflows:								
Deferred revenue	-	-	11,921	-	-	-	13,349	-
Fund balance:								
Restricted	58,992	-	-	10,213	107,023	-	-	-
Committed	-	-	1,194,840	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(9,409)	-
Total Fund Balance	58,992	-	1,194,840	10,213	107,023	-	(9,409)	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 58,992	\$ -	\$ 1,214,177	\$ 10,213	\$ 128,000	\$ -	\$ 13,354	\$ -

(continued)

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2013, Continued

	SPECIAL REVENUE FUNDS							
	RFC 07-09 GRANT FUND	MDA -HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS	
ASSETS								
Cash and cash equivalents	\$ 19,500	\$ 86,091	\$ -	\$ 8,345	\$ 49,851	\$ 520	\$ 6,121	\$ -
Accounts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Inventory	-	102,155	-	-	-	-	-	-
Total Assets	\$ 19,500	\$ 188,246	\$ -	\$ 8,345	\$ 49,851	\$ 520	\$ 6,121	\$ -
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 60	\$ -	\$ -	\$ 61	\$ -	\$ -	\$ -
Notes payable - short term	-	87,156	-	-	-	-	-	-
Wages payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	10,838
Total Liabilities	\$ -	\$ 87,216	\$ -	\$ -	\$ 61	\$ -	\$ -	\$ 10,838
Deferred Inflows:								
Deferred revenue	-	-	-	-	-	-	-	-
Fund balance:								
Restricted	19,500	101,030	-	8,345	49,790	520	6,121	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(10,838)
Total Fund Balance	19,500	101,030	-	8,345	49,790	520	6,121	(10,838)
Total Liabilities, Deferred Inflows and Fund Balances	\$ 19,500	\$ 188,246	\$ -	\$ 8,345	\$ 49,851	\$ 520	\$ 6,121	\$ -

(continued)

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2013, Continued

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	OK LEAP/CDBG LOAN	EDA REVOLVING LOAN	DARE FUND	CEMETERY PREPETUAL CARE INTEREST	G.O BOND SINKING FUND	CEMETERY PREPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 21	\$ -	\$ 46,728	\$ 128,658	\$ 55,273	\$ 455,505
Accounts receivable	-	-	-	-	-	-	-	38,604
Due from other governments	-	-	-	-	61,102	-	24,054	-
Due from other funds	-	-	-	-	-	-	-	6,657
Inventory	-	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 107,830</u>	<u>\$ 128,658</u>	<u>\$ 79,327</u>	<u>\$ 500,766</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,850
Notes payable - short term	-	-	-	-	-	-	-	-
Wages payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	4,023	-	-	-	36,575
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,425</u>
Deferred Inflows:								
Deferred revenue	-	-	-	-	60,796	-	24,054	-
Fund balance:								
Restricted	-	-	21	-	47,034	128,658	55,273	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	418,341
Unassigned	-	-	-	(4,023)	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>21</u>	<u>(4,023)</u>	<u>47,034</u>	<u>128,658</u>	<u>55,273</u>	<u>418,341</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 107,830</u>	<u>\$ 128,658</u>	<u>\$ 79,327</u>	<u>\$ 500,766</u>

(continued)

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2013, Continued

<u>ASSETS</u>	<u>CAPITAL PROJECT FUNDS</u>		<u>TOTALS</u>
	<u>POOL IMPROVEMENT FUND</u>	<u>PARK DEPARTMENT PROJECTS</u>	
Cash and cash equivalents	\$ -	\$ 42,041	\$ 2,266,449
Accounts receivable	-	-	38,604
Due from other governments	-	-	105,523
Due from other funds	-	-	43,231
Inventory	-	-	102,155
Total Assets	\$ -	\$ 42,041	\$ 2,555,962
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 71,088
Notes payable - short term	-	-	87,156
Wages payable	-	-	3,276
Due to other funds	46,160	-	107,010
Total Liabilities	\$ 46,160	\$ -	\$ 268,530
Deferred Inflows:			
Deferred revenue	-	-	110,120
Fund balance:			
Restricted	-	42,041	634,561
Committed	-	-	1,194,840
Assigned	-	-	418,341
Unassigned	(46,160)	-	(70,430)
Total Fund Balance	(46,160)	42,041	2,177,312
Total Liabilities, Deferred Inflows and Fund Balances	\$ -	\$ 42,041	\$ 2,555,962

CITY OF MIAMI, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2013

	SPECIAL REVENUE FUNDS							
	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	CDBG RLF FUND	FLOOD 2007 FUND	MICRO LOAN PROGRAM
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	-	108,674	-	-	-	-	-
Charges for services	-	-	-	-	56,756	-	-	-
Investment income	-	3,526	-	-	-	18,110	-	82
Miscellaneous	-	-	-	-	-	-	473	-
Total Revenues	<u>5,000</u>	<u>3,526</u>	<u>108,674</u>	<u>-</u>	<u>56,756</u>	<u>18,110</u>	<u>473</u>	<u>82</u>
Expenditures:								
Current:								
General government	-	121,544	-	-	-	646,849	-	37,071
Public safety	-	-	-	655	-	-	-	-
Streets	-	-	110,411	-	-	-	-	-
Culture and recreation	3,354	-	-	-	38,136	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	80,259	-	-	-	-	-
Interest and fiscal charges	-	-	14,284	-	-	-	-	-
Total Expenditures	<u>3,354</u>	<u>121,544</u>	<u>204,954</u>	<u>655</u>	<u>38,136</u>	<u>646,849</u>	<u>-</u>	<u>37,071</u>
Revenues over (under) expenditures	1,646	(118,018)	(96,280)	(655)	18,620	(628,739)	473	(36,989)
Other financing sources (uses):								
Lease proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	500,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,646	(118,018)	403,720	(655)	18,620	(628,739)	473	(36,989)
Fund Balance - beginning of year	57,346	118,018	791,120	10,868	88,403	628,739	(9,882)	36,989
Fund Balance - end of year	<u>\$ 58,992</u>	<u>\$ -</u>	<u>\$ 1,194,840</u>	<u>\$ 10,213</u>	<u>\$ 107,023</u>	<u>\$ -</u>	<u>\$ (9,409)</u>	<u>\$ -</u>

(Continued)

CITY OF MIAMI, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2013,
Continued

	SPECIAL REVENUE FUNDS							
	RFC 07-09 GRANT FUND	MDA - HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS	SRL PROJECT FUND
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	29,998	-	-	-	-	-	270,842
Charges for services	-	87,770	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous	-	14,806	-	-	-	-	-	16,000
Total Revenues	-	132,574	-	-	-	-	-	286,842
Expenditures:								
Current:								
General government	-	108,492	3,721	-	61	-	-	-
Public safety	-	-	-	-	-	-	2,496	1,828
Streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	6,900	-	-	300,445
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	256	-	-	-	-	-	-
Total Expenditures	-	108,748	3,721	-	6,961	-	2,496	302,273
Revenues over (under) expenditures	-	23,826	(3,721)	-	(6,961)	-	(2,496)	(15,431)
Other financing sources (uses):								
Lease proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	23,826	(3,721)	-	(6,961)	-	(2,496)	(15,431)
Fund Balance - beginning of year	19,500	77,204	3,721	8,345	56,751	520	8,617	4,593
Fund Balance - end of year	\$ 19,500	\$ 101,030	\$ -	\$ 8,345	\$ 49,790	\$ 520	\$ 6,121	\$ (10,838)

(Continued)

**CITY OF MIAMI, OKLAHOMA
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2013,
Continued**

	SPECIAL REVENUE FUNDS				DEBT SERVICE	CAPITAL PROJECT FUNDS		
	OK LEAP/CDBG FUND	EDA REVOLVING LOAN	DARE FUND	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 18,880	\$ -	\$ -	\$ 359,107
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	9,285	-	-
Investment income	351	32,154	-	-	-	-	-	357
Miscellaneous	-	-	-	-	17,523	-	-	17,470
Total Revenues	351	32,154	-	-	36,403	9,285	-	376,934
Expenditures:								
Current:								
General government	53,399	954,692	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	1,078
Public works	-	-	-	-	-	-	-	41,660
Culture and recreation	-	-	-	-	-	-	-	12,371
Capital outlay	-	-	-	-	-	-	23,246	219,202
Debt service:								
Principal retirement	-	-	-	-	240,000	-	-	135,540
Interest and fiscal charges	-	-	-	-	11,470	-	-	51,808
Total Expenditures	53,399	954,692	-	-	251,470	-	23,246	461,659
Revenues over (under) expenditures	(53,048)	(922,538)	-	-	(215,067)	9,285	(23,246)	(84,725)
Other financing sources (uses):								
Lease proceeds	-	-	-	-	-	-	-	109,380
Transfers in	-	-	-	-	-	1,020	-	42,223
Transfers out	-	-	-	(1,020)	-	-	-	(31,512)
Total other financing sources (uses)	-	-	-	(1,020)	-	1,020	-	120,091
Net change in fund balances	(53,048)	(922,538)	-	(1,020)	(215,067)	10,305	(23,246)	35,366
Fund Balance - beginning of year	53,048	922,538	21	(3,003)	262,101	118,353	78,519	382,975
Fund Balance - end of year	\$ -	\$ -	\$ 21	\$ (4,023)	\$ 47,034	\$ 128,658	\$ 55,273	\$ 418,341

(Continued)

CITY OF MIAMI, OKLAHOMA
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As of and for the Year Ended June 30, 2012

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2013,
Continued

	CAPITAL PROJECT FUNDS		TOTAL
	POOL IMPROVEMENT FUND	PARK DEPARTMENT PROJECTS	
Revenues:			
Taxes	\$ -	\$ -	\$ 377,987
Intergovernmental	-	-	414,514
Charges for services	64,001	-	217,812
Investment income	-	-	54,580
Miscellaneous	-	-	66,272
Total Revenues	64,001	-	1,131,165
Expenditures:			
Current:			
General government	-	-	1,925,829
Public safety	-	-	6,057
Streets	-	-	152,071
Culture and recreation	-	-	53,861
Capital outlay	-	-	549,793
Debt service:			
Principal retirement	-	-	455,799
Interest and fiscal charges	-	-	77,818
Total Expenditures	-	-	3,221,228
Revenues over (under) expenditures	64,001	-	(2,090,063)
Other financing sources (uses):			
Lease proceeds	-	-	109,380
Transfers in	-	-	543,243
Transfers out	-	-	(32,532)
Total other financing sources (uses)	-	-	620,091
Net change in fund balances	64,001	-	(1,469,972)
Fund Balance - beginning of year	(110,161)	42,041	3,647,284
Fund Balance - end of year	\$ (46,160)	\$ 42,041	\$ 2,177,312

CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Net Position – Special Utility Authority Accounts – June 30, 2013

	<u>SUA</u>	<u>Department Public Utilities</u>	<u>Utility Improvement Fund</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$1,778,659	\$1,500,492	-	\$3,279,151
Cash and cash equivalents, restricted	255,965	47,264	\$476,205	779,434
Investments	-	2,647,994	-	2,647,994
Accounts receivable, net	285,891	3,102,670	-	3,388,561
Accrued interest receivable	680	129	-	809
Inventory	-	1,044,341	-	1,044,341
Due from other accounts	-	215,010	-	215,010
Due from other funds	-	84,153	-	84,153
Total current assets	<u>2,321,195</u>	<u>8,642,053</u>	<u>476,205</u>	<u>11,439,453</u>
Noncurrent Assets:				
Cash and cash equivalents, restricted	434,324	236,429	-	670,753
Investments, restricted	-	188,943	-	188,943
Land, construction in progress, and water rights	3	911,521	-	911,524
Other capital assets, net	1,867,493	13,389,641	-	15,257,134
Total noncurrent assets	<u>2,301,820</u>	<u>14,726,534</u>	<u>-</u>	<u>17,028,354</u>
Total assets	<u>4,623,015</u>	<u>23,368,587</u>	<u>476,205</u>	<u>28,467,807</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	97,221	1,382,561	20,864	1,500,646
Wages payable	10,433	56,707	-	67,140
Due to other accounts	215,010	-	-	215,010
Due to other funds	-	114,188	1,750	115,938
Accrued interest payable	45,857	-	-	45,857
Accrued compensated absences	1,763	14,829	-	16,592
Refundable deposits	-	47,264	-	47,264
Capital lease payable	29,066	124,021	-	153,087
Revenue bond payable	-	-	180,000	180,000
Notes payable	525,927	-	-	525,927
Total current liabilities	<u>925,277</u>	<u>1,739,570</u>	<u>202,614</u>	<u>2,867,461</u>
Noncurrent liabilities:				
Accrued compensated absences	15,864	133,463	-	149,327
Net pension obligation	21,913	101,642	-	123,555
Unfunded OPEB obligation	32,233	154,791	-	187,024
Refundable deposits	-	425,372	-	425,372
Capital lease payable	67,307	114,740	-	182,047
Revenue bond payable	-	-	1,547,571	1,547,571
Notes payable, net	6,486,642	-	-	6,486,642
Total noncurrent liabilities	<u>6,623,959</u>	<u>930,008</u>	<u>1,547,571</u>	<u>9,101,538</u>
Total liabilities	<u>7,549,236</u>	<u>2,669,578</u>	<u>1,750,185</u>	<u>11,968,999</u>
NET POSITION:				
Net investment in capital assets	(5,241,446)	14,062,401	(1,360,154)	7,460,801
Restricted for debt service	690,289	-	476,205	1,166,494
Unrestricted	1,624,936	6,636,608	(390,031)	7,871,513
Total net position	<u>(\$2,926,221)</u>	<u>\$20,699,009</u>	<u>(\$1,273,980)</u>	<u>\$16,498,808</u>

**CITY OF MIAMI, OKLAHOMA
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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Special Utility Authority
Accounts - Year Ended June 30, 2013**

	<u>SUA</u>	<u>Department Public Utilities</u>	<u>Utility Improvement Fund</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$1,721,768	\$20,591,123	-	\$22,312,891
Fees, licenses and permits	309,797.00	-	-	309,797
Grant revenue	-	-	-	-
Miscellaneous	15,105.00	-	-	15,105
Total operating revenues	<u>2,046,670</u>	<u>20,591,123</u>	<u>-</u>	<u>22,637,793</u>
Operating Expenses:				
Personal services	665,734	3,466,124	-	4,131,858
Materials and supplies	141,128	11,492,729	-	11,633,857
Other services and charges	431,982	1,687,635	55,385	2,175,002
Depreciation expense	223,888	1,118,448	-	1,342,336
Total operating expenses	<u>1,462,732</u>	<u>17,764,936</u>	<u>55,385</u>	<u>19,283,053</u>
Operating income (loss)	583,938	2,826,187	(55,385)	3,354,740
Non-Operating Revenues (Expenses):				
Investment income	54	3,775	64	3,893
Miscellaneous	51,724	12,911	-	64,635
Interest expense and fiscal charges	(206,167)	(16,865)	(43,190)	(266,222)
Total non-operating revenues (expenses)	<u>(154,389)</u>	<u>(179)</u>	<u>(43,126)</u>	<u>(197,694)</u>
Net income (loss) before contributions and transf	429,549	2,826,008	(98,511)	3,157,046
Transfers in, interaccount	788,658	245,095	223,511	1,257,264
Transfers out, interaccount	-	(1,012,169)	(245,095)	(1,257,264)
Transfers in	18,071,583	-	-	18,071,583
Transfers out	(7,650,629)	(2,074,275)	-	(9,724,904)
Transfers outdiscreetly presented component unit	-	(26,107)	-	(26,107)
Change in net position	11,639,161	(41,448)	(120,095)	11,477,618
Total net position - beginning, restated	(14,565,382)	20,740,457	(1,153,885)	5,021,190
Total net position - ending	<u>(\$2,926,221)</u>	<u>\$20,699,009</u>	<u>(\$1,273,980)</u>	<u>\$16,498,808</u>

CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Cash Flows – Special Utility Authority Accounts - Year Ended June 30, 2013

	Special Utility Authority	Department Public Utilities	Utility Improvement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,123,505	\$ 21,246,653	\$ -	\$ 23,370,158
Payments to suppliers	(518,579)	(13,345,126)	(37,994)	(13,901,699)
Payments to employees	(657,315)	(3,429,819)	-	(4,087,134)
Receipts from other funds	2,429	162,006	1,750	166,185
Receipt of customer deposits	-	53,085	-	53,085
Net Cash Provided by (used in) Operating Activities	<u>950,040</u>	<u>4,686,799</u>	<u>(36,244)</u>	<u>5,600,595</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	18,071,583	-	-	18,071,583
Transfers to other funds	(7,650,629)	(2,074,275)	-	(9,724,904)
Transfer to discreetly presented component unit	-	(26,107)	-	(26,107)
Transfers from other funds - interaccount	788,658	245,095	223,511	1,257,264
Transfers to other funds - interaccount	-	(1,012,169)	(245,095)	(1,257,264)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>11,209,612</u>	<u>(2,867,456)</u>	<u>(21,584)</u>	<u>8,320,572</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(102,847)	(86,677)	-	(189,524)
Principal paid on capital debt	(12,354,254)	(327,931)	(175,000)	(12,857,185)
Interest and fiscal charges paid on capital debt	(160,578)	(16,865)	(41,713)	(219,156)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(12,617,679)</u>	<u>(431,473)</u>	<u>(216,713)</u>	<u>(13,265,865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	-	(321,927)	-	(321,927)
Interest and dividends	53	3,774	64	3,891
Net Cash Provided by (Used in) Investing Activities	<u>53</u>	<u>(318,153)</u>	<u>64</u>	<u>(318,036)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(457,974)	1,069,717	(274,477)	337,266
Balances - beginning of the year	<u>2,926,922</u>	<u>714,468</u>	<u>750,682</u>	<u>4,392,072</u>
Balances - end of the year	<u>\$ 2,468,948</u>	<u>\$ 1,784,185</u>	<u>\$ 476,205</u>	<u>\$ 4,729,338</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 2,034,624	\$ 1,547,756	\$ 476,205	4,058,585
Restricted cash and cash equivalents	434,324	236,429	-	670,753
Total cash and cash equivalents	<u>\$ 2,468,948</u>	<u>\$ 1,784,185</u>	<u>\$ 476,205</u>	<u>\$ 4,729,338</u>
Reconciliation of operating income (loss) to net cash provided by (Used in) operating activities:				
Operating income (loss)	\$583,938	\$2,826,187	(\$55,385)	\$3,354,740
Adjustments to reconcile operating income to net cash provided by (Used in) operating activities:				
Depreciation expense	223,888	1,118,448	-	1,342,336
Other nonoperating revenue	51,724	12,911	-	64,635
Change in assets and liabilities:				
Receivables, net	(88,439)	642,619	-	554,180
Other receivable	113,550	0	-	113,550
Due from other funds	-	47,818	-	47,818
Inventory	-	(62,171)	-	(62,171)
Accounts payables	54,531	(102,591)	17,391	(30,669)
Due to other funds	2,429	114,188	1,750	118,367
Due to employees	909	4,074	-	4,983
Refundable deposits	-	53,085	-	53,085
Unfunded OPEB obligation	7,629	40,502	-	48,131
Net pension obligation	158	781	-	939
Accrued compensated absences	(277)	(9,052)	-	(9,329)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 950,040</u>	<u>\$ 4,686,799</u>	<u>\$ (36,244)</u>	<u>\$ 5,600,595</u>

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Combining Statement of Net Position – Internal Service Funds – June 30, 2013

	<u>WORKER'S COMPENSATION FUND</u>	<u>UNEMPLOYMENT FUND</u>	<u>HEALTH INSURANCE FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 779,930	\$ 97,460	\$ 11,270	\$ 888,660
Investments	607,122	-	-	607,122
Receivables:				
Other receivable	1,993,418	-	-	1,993,418
Total current assets	<u>3,380,470</u>	<u>97,460</u>	<u>11,270</u>	<u>3,489,200</u>
Total Assets	<u>3,380,470</u>	<u>97,460</u>	<u>11,270</u>	<u>3,489,200</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Claims liability	\$ 2,409,481	\$ -	\$ 189,048	\$ 2,598,529
Due to other funds	-	-	805,847	805,847
Total Liabilities	<u>2,409,481</u>	<u>-</u>	<u>994,895</u>	<u>3,404,376</u>
<u>NET POSITION</u>				
Unrestricted	<u>970,989</u>	<u>97,460</u>	<u>(983,625)</u>	<u>84,824</u>
Total Net Position	<u>\$ 970,989</u>	<u>\$ 97,460</u>	<u>\$ (983,625)</u>	<u>\$ 84,824</u>

**CITY OF MIAMI, OKLAHOMA
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**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds -
Year Ended June 30, 2013**

	WORKER'S COMPENSATION FUND	UNEMPLOYMENT FUND	HEALTH INSURANCE FUND	TOTALS
Operating Revenues:				
Charges for services	\$ 482,154	\$ 24,633	\$ 1,039,399	\$ 1,546,186
Miscellaneous	3,110	-	43,485	46,595
Total Operating Revenues	485,264	24,633	1,082,884	1,592,781
Operating Expenses:				
Insurance claims and expenses	(80,434)	910	1,764,401	1,684,877
Total Operating Expenses	(80,434)	910	1,764,401	1,684,877
Net Operating Income	565,698	23,723	(681,517)	(92,096)
Non-Operating Revenues (Expenses):				
Investment income	1,515	-	-	1,515
Net non-operating revenues (expenses)	1,515	-	-	1,515
Transfers from other funds	-	-	-	-
Net transfers	-	-	-	-
Change in Net Position	567,213	23,723	(681,517)	(90,581)
Net Position, beginning of year	403,776	73,737	(302,108)	175,405
Net Position, end of year	\$ 970,989	\$ 97,460	\$ (983,625)	\$ 84,824

CITY OF MIAMI, OKLAHOMA
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Combining Statement of Cash Flows – Internal Service Funds - Year Ended June 30, 2013

	WORKER'S COMPENSATION FUND	UNEMPLOYMENT FUND	HEALTH INSURANCE FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,122,417	\$ 24,633	\$ 1,082,884	\$ 2,229,934
Payments from other funds	-	-	694,771	694,771
Claims and benefits paid	(936,585)	(956)	(1,777,446)	(2,714,987)
Net Cash Provided by Operating Activities	<u>185,832</u>	<u>23,677</u>	<u>209</u>	<u>209,718</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	1,515	-	-	1,515
Purchase of investments	(1,515)	-	-	(1,515)
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	185,832	23,677	209	209,718
Balances - beginning of the year	<u>594,098</u>	<u>73,783</u>	<u>11,061</u>	<u>678,942</u>
Balances - end of the year	<u>\$ 779,930</u>	<u>\$ 97,460</u>	<u>\$ 11,270</u>	<u>\$ 888,660</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 779,930	\$ 97,460	\$ 11,270	\$ 888,660
Total cash and cash equivalents	<u>\$ 779,930</u>	<u>\$ 97,460</u>	<u>\$ 11,270</u>	<u>\$ 888,660</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income	\$ 565,698	\$ 23,723	\$ (681,517)	\$ (92,096)
Change in assets and liabilities:				
Receivables, net	637,153	-	-	637,153
Due to other funds	-	-	694,771	694,771
Claims liability	(1,017,019)	(46)	(13,045)	(1,030,110)
Net Cash Provided by Operating Activities	<u>\$ 185,832</u>	<u>\$ 23,677</u>	<u>\$ 209</u>	<u>\$ 209,718</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Cash Flows – Discretely Presented Component Units - Year Ended June 30, 2013

	<u>MCFA</u>	<u>MIPFA</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 47,182	\$ 47,182
Payments to suppliers	30,439	(20,410)	10,029
Net Cash Provided by Operating Activities	<u>30,439</u>	<u>26,772</u>	<u>57,211</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from primary government	36,129	-	36,129
Net Cash Provided by Non-Capital Financing Activities	<u>36,129</u>	<u>-</u>	<u>36,129</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(381,587)	-	(381,587)
Principal paid on capital debt	-	(20,161)	(20,161)
Proceeds from issuance of long term debt	8,710,626	-	8,710,626
Issurance cost of debt	(200,313)	-	(200,313)
Interest and fiscal charges paid on capital debt	-	(304)	(304)
Net Cash Provided by Capital and Related Financing Activities	<u>8,128,726</u>	<u>(20,465)</u>	<u>8,108,261</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	173	173
Net Cash Provided by Investing Activities	<u>-</u>	<u>173</u>	<u>173</u>
Net Increase in Cash and Cash Equivalents	8,195,294	6,480	8,201,774
Balances - beginning of the year	<u>-</u>	<u>125,441</u>	<u>125,441</u>
Balances - end of the year	<u>\$ 8,195,294</u>	<u>\$ 131,921</u>	<u>\$ 8,327,215</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 19,962	\$ 131,921	151,883
Restricted cash and cash equivalents	8,175,332	-	8,175,332
Total cash and cash equivalents	<u>\$ 8,195,294</u>	<u>\$ 131,921</u>	<u>\$ 8,327,215</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	(\$38)	\$5,290	\$5,252
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	21,481	21,481
Change in assets and liabilities:			
Accounts payables	30,477	-	30,477
Net Cash Provided by Operating Activities	<u>\$ 30,439</u>	<u>\$ 26,771</u>	<u>\$ 57,210</u>

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Debt Service Coverage Schedule - Year Ended June 30, 2013

DEBT SERVICE COVERAGE:	OWRB Series 2001A, 2003A, 2004A, 2005 & 2006A Promissory Notes	2010 Sales Tax and 2011 Revenue Bonds
GROSS REVENUE AVAILABLE:		
Charges for services (water, electric and wastewater)	\$20,591,123	\$20,591,123
Investment income	3,775	3,775
Pledged sales tax	-	6,172,076
	<u>20,594,898</u>	<u>26,766,974</u>
OPERATING EXPENSES:		
Total Operating Expenses (excludes depreciation and amortization)	<u>16,701,873</u>	<u>16,701,873</u>
Net Revenue Available for Debt Service	<u>\$3,893,025</u>	<u>\$10,065,101</u>
Maximum Annual Debt Service on all OWRB Obligations Payable From Revenues of the System	\$753,606	\$753,606
Average Annual Debt Service on 2010 Sales Tax Revenue Bonds	-	1,130,278
Average Annual Debt Service on 2011 Sales Tax Revenue Bonds	-	214,080
	<u>\$753,606</u>	<u>\$2,097,964</u>
Computed Coverage	<u>517%</u>	<u>480%</u>
Coverage Requirement	<u>125%</u>	<u>125%</u>

**CITY OF MIAMI, OKLAHOMA
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SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the City Council
City of Miami, 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, each major fund and the aggregate remaining fund information of the City of Miami, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Miami's basic financial statements and have issued our report thereon dated April 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Miami's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Miami's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Miami's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and responses that we consider to be material weaknesses in internal control over financial reporting.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Miami's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

TURNER & ASSOCIATES, PLLC

Vinita, Oklahoma
April 1, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the City Council
City of Miami, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Miami, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Miami, Oklahoma's major federal programs for the year ended June 30, 2013. The City of Miami's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Miami's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Miami's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Miami complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Miami is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Miami's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of City of Miami's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements. We issued our report thereon dated April 1, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TURNER & Associates, PLLC

Vinita, Oklahoma
April 1, 2014

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

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**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

**City of Miami, Oklahoma
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant I.D. Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>				
Pass through Oklahoma Department of Libraries Grants to States	45.310	F-13-051	\$3,000	\$3,000
Pass through Oklahoma Humanities Council Promotion of the Humanities	45.168	Y-11.065	967	967
			<u>3,967</u>	<u>3,967</u>
<u>Department of Energy</u>				
Pass through Oklahoma Department of Commerce Stimulus Energy Efficiency Comm. Block Grant - ARRA	81.128	13971 SEEBG 09	500,000	101,865
<u>Department of Homeland Security</u>				
Pass through Oklahoma Emergency Management				
Emergency Management Performance Grant	97.042	EMPG 13	26,699	13,349
Emergency Management Performance Grant	97.042	EMPG 12	26,699	13,349
Hazaard Mitigation Grant	97.039	HMPG 1883	42,352	9,500
Hazaard Mitigation Grant	97.039	HMPG 1985	110,264	59,785
Repetitive Flood Claim Grant	97.039	SRL-PJ-2012	301,372	253,800
			<u>507,386</u>	<u>349,783</u>
Total Department of Homeland Security				
<u>Department of Housing an Urban Development</u>				
Pass through Oklahoma Department of Commerce HOME Investment Partnership Program	14.239	1194 HOME 07	119,992	29,988
Community Development Block Grant	14.228	12989 CD 96	400,000	10,889
Community Development Block Grant	14.228	13335 CDBG 08	58,254	7,185
			<u>578,246</u>	<u>48,062</u>
Total Department of Housing and Urban Development				
<u>US Department of Transportation</u>				
Airport Improvement Program	20.106	3-40-0059-015-2011	59,470	54,720
Airport Improvement Program	20.106	3-40-0059-016-2012	46,800	46,800
Pass through Oklahoma Highway Safety Office Discretionary Safety Grants	20.614	CE-12-03-17-01	3,000	1,444
Pass through Oklahoma Department of Transportation Highway Planning and Construction	20.205	SB-OL970(017)DC	120,000	42,968
			<u>229,270</u>	<u>145,932</u>
Total Federal Awards			<u>\$1,818,869</u>	<u>\$649,609</u>

Notes to Schedule of Expenditures of Federal Awards

Note A - Significant Accounting Policies - The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in paragraph 205 of OMB Circular A-133.

City of Miami, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of City of Miami.
2. No material deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of City of Miami, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No deficiencies in internal control over major federal award programs during the audit is reported in the 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*.
5. The auditor's report on compliance for the major federal award programs for City of Miami expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included: CFDA 20.106 – Airport Improvement Program Cluster; CFDA 97.110 – Repetitive Flood Claim; CFDA 81.128 – Stimulus Energy Efficiency and Conservation Block Grant ARRA; and CFDA 97.039 – Hazard Mitigation Grant.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. City of Miami is a not a low-risk auditee.

**City of Miami, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No current year findings.

City of Miami, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

There are no prior year findings.