



**THE CITY OF MIAMI, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

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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, the business-type activities, and each major fund of the City of Miami, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Miami, Oklahoma's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each fund of the City of Miami, Oklahoma as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2012, on our consideration of the City of Miami, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information of pages 7 through 18 and 61 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Miami's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Miami, Oklahoma. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

TURNER & ASSOCIATES, PLLC

Vinita, OK  
October 8, 2012

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2011**

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**MANAGEMENT DISCUSSION AND ANALYSIS**

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2011**

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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, 2011. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2011, the City's total net assets increased by \$0.8 million or 1.9% from the prior year.
- During the year, the City's expenses for governmental activities were \$11.7 million and were funded by program revenues of \$3.1 million and further funded with taxes and other general revenues that totaled \$7.1 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$2.3 million.
- At June 30, 2011, the General Fund reported an unassigned fund balance of \$189,249.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$646,233 or 8.5%, while expenditures were under the final appropriations by \$1,137,457 or 12.6%.
- The citizens approved a .65 cent sales tax increase restricted for street improvements.
- The City implemented GASB Statement 54-Fund Balance Reporting and Governmental fund Type Definitions which resulted in the reclassification of some fund types and presentation of fund balance in the new categories of nonspendable, restricted, committed, assigned and unassigned.

***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, and 39. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

**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, four blended component units, and one discretely presented component unit.

**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 solid waste/sanitation services of the City.
- **Miami Industrial and Public Facilities Authority (MIPFA)** – public trust that promotes the use of facilities in the City of Miami area.
- **Miami Downtown Redevelopment Authority (MDRA)** – public trust created to promote the redevelopment of the downtown area.
- **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.

**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)
- **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 Assets 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 Assets 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 assets and changes in them from the prior year. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net assets 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 Assets and the Statement of Activities, we divide the City into two 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, and sanitation activities are reported here.

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, 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

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2011**

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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 Fund financial statement.

*Proprietary funds* - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets 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 assets and a statement of changes in fiduciary net assets. 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 Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$45,868,251 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, 2011**

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

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2011	2010		2011	2010		2011	2010	
Current and other assets	\$ 20,923	\$ 7,017	198%	\$ 11,628	\$ 11,502	1%	\$ 32,551	\$ 18,519	76%
Capital assets	24,844	23,185	7%	19,465	19,548	0%	44,309	42,733	4%
Total assets	45,767	30,202	52%	31,093	31,050	0%	76,860	61,252	25%
Long-term debt outstanding	2,732	2,452	11%	21,910	9,063	142%	24,642	11,515	114%
Other liabilities	4,627	2,256	105%	1,723	2,460	-30%	6,350	4,716	35%
Total liabilities	7,359	4,708	56%	23,633	11,523	105%	30,992	16,231	91%
Net assets:									
Invested in capital assets, net of debt	22,885	21,015	9%	11,292	10,338	9%	31,141	31,353	-1%
Restricted	13,217	1,464	803%	1,075	689	56%	14,292	2,153	564%
Unrestricted	2,306	3,015	-24%	(4,907)	8,500	-158%	435	11,515	-96%
Total net assets	\$ 38,408	\$ 25,494	51%	\$7,460	\$19,527	-62%	\$45,868	45,021	2%

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2011, the investment in capital assets, net of related debts amounted to \$31,140,888. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net assets, \$14,292,499 also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$434,864, 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 assets 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 – Increase of \$13.9 million (198%) due to construction proceeds on hand.

Other liabilities – Increase of \$2.4 million (105%) due to claims payable of the worker's compensation activity.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2011**

*Business-Type Activities:*

Long-term debt outstanding – Increase of \$12.8 million (142%) mainly due to an increase in debt outstanding related to the issuance of revenue bonds.

Restricted Net Assets – Increase of \$0.4 million (56%) due mainly to an increase in amounts held for debt payments.

**Changes in Net Assets**

For the year ended June 30, 2011, net assets of the primary government changed as follows:

**Table 2  
Changes in Net Assets  
(In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2011	2010		2011	2010		2011	2010	
<b>Revenues:</b>									
<b>Program revenues:</b>									
Charges for services	\$ 1,273	\$ 1,306	-3%	\$ 22,050	\$ 20,691	7%	\$ 23,323	\$ 21,997	6%
Operating grants and contributions	888	910	-2%	-	-	-	888	910	-2%
Capital grants and contributions	966	890	9%	80	-	100%	1,046	890	18%
<b>General revenues:</b>									
Sales and use taxes	6,065	5,162	17%	-	-	-	6,065	5,162	17%
Other taxes	717	713	1%	-	-	-	717	713	1%
Other general revenue	331	411	-19%	28	90	-69%	359	501	-28%
<b>Total revenues</b>	<b>10,240</b>	<b>9,392</b>	<b>9%</b>	<b>22,158</b>	<b>20,781</b>	<b>7%</b>	<b>32,398</b>	<b>30,173</b>	<b>7%</b>
<b>Program expenses:</b>									
General government	1,789	2,771	-35%	-	-	-	1,789	2,771	-35%
Public safety	4,658	4,611	1%	-	-	-	4,658	4,611	1%
Public works and streets	2,886	2,417	19%	-	-	-	2,886	2,417	19%
Cultural, parks and recreation	1,831	2,010	-9%	-	-	-	1,831	2,010	-9%
Economic development	393	236	67%	-	-	-	393	236	67%
Airport	1	36	-97%	-	-	-	1	36	-97%
Interest on governmental debt	128	41	212%	279	-	-	407	41	893%
Water	-	-	-	1,684	1,454	16%	1,684	1,454	16%
Electric	-	-	-	14,380	13,420	7%	14,380	13,420	7%
Sewer	-	-	-	1,610	1,581	2%	1,610	1,581	2%
Sanitation	-	-	-	1,559	1,641	-5%	1,559	1,641	-5%
Airport	-	-	-	312	195	60%	312	195	60%
Industrial	-	-	-	41	72	-43%	41	72	-43%
<b>Total expenses</b>	<b>11,686</b>	<b>12,122</b>	<b>-4%</b>	<b>19,865</b>	<b>18,363</b>	<b>8%</b>	<b>31,551</b>	<b>30,485</b>	<b>3%</b>
Excess (deficiency) before transfers	(1,446)	(2,730)	47%	2,293	2,418	-5%	847	(312)	-371%
Transfers	14,360	1,434	901%	(14,360)	(1,434)	901%	-	-	-
<b>Increase (decrease) in net assets</b>	<b>\$ 12,914</b>	<b>(\$ 1,296)</b>	<b>-1096%</b>	<b>\$ (12,067)</b>	<b>\$ 984</b>	<b>1326%</b>	<b>\$ 847</b>	<b>(\$ 312)</b>	<b>-371%</b>

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2011**

Explanations of significant changes in Table 2 are as follows:

*Governmental Activities:*

Sale and use tax – Increase of \$.9 million (17%) due to a voter approved increase in sales tax of .65 cents.

Airport – Decrease of \$0.35 million (97%) due to movement of activity to the airport fund.

*Business-Type Activities:*

Airport expenses – Increase of \$0.1 million (60%) due to moving airport salaries from the general fund.

**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.)
	2011	2010		2011	2010	
General government	\$1,789	\$2,771	-35%	(\$1,032)	(\$1,799)	-43%
Public safety	4,658	4,611	1%	(3,931)	(3,897)	1%
Public works and streets	2,886	2,417	19%	(2,360)	(2,292)	3%
Culture, parks and recreation	1,831	2,010	-9%	(1,047)	(756)	38%
Airport	1	36	-97%	332	6	5433%
Economic Development	393	236	67%	(393)	(236)	67%
Interest on long-term debt	128	41	212%	(128)	(41)	212%
<b>Total</b>	<b>\$11,686</b>	<b>\$12,122</b>	<b>-4%</b>	<b>(\$8,559)</b>	<b>(\$9,015)</b>	<b>-5%</b>

For the year ended June 30, 2011 total expenses for governmental activities amounted to \$11.7 million which was a decrease from the prior year of 4%. See Table 2 above for explanations of changes.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2011**

**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.
	2011	2010		2011	2010	
Water	\$ 1,684	\$ 1,454	16%	\$ 233	\$ 186	25%
Wastewater	1,610	1,581	2%	(70)	(213)	-67%
Sanitation	1,559	1,641	-5%	442	302	46%
Electric	14,380	13,420	7%	1,947	2,034	-4%
Airport	312	195	60%	(15)	35	-143%
Industrial	41	72	-43%	7	(16)	-144%
Interest on general govt debt	279	-	100%	(279)	(16)	1644%
<b>Total</b>	<b>\$ 19,865</b>	<b>\$ 18,363</b>	<b>8%</b>	<b>\$ 2,265</b>	<b>\$ 2,312</b>	<b>-2%</b>

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 \$2,264,874 for the year ended June 30, 2011.
- Sanitation activities reported an increase in net revenues for the year ended June 30, 2011, related to a rate increase.

***A FINANCIAL ANALYSIS OF THE CITY'S FUNDS***

As the City completed its 2011 fiscal year, the governmental funds reported a combined fund balance of \$15.2 million or a 248% increase of approximately \$10,799,000 mainly due to bond construction funds of approximately \$10,644,000. The enterprise funds reported combined net assets of \$6.9 million or a 64% decrease from 2010.

<b><u>Fund Balance/Net Assets</u></b>			
Governmental Funds		Proprietary Funds	
Restricted	\$ 13,163,343	Invested in capital assets, net of related debt	\$ 11,291,984
Committed	403,441	Restricted for debt service and other	1,075,180
Assigned	1,584,247	Unrestricted	(4,906,835)
Unassigned	<u>3,080</u>		<u>-</u>
<b>Total Fund Balance</b>	<b>\$ 15,154,111</b>	<b>Total Net Assets</b>	<b>\$ 7,460,329</b>

**General Fund Budgetary Highlights**

General Fund reported revenues below estimates of \$646,233 or 8.5%, while expenditures were under the final appropriations by \$1,137,457 or 12.6%.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2011**

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2011, the City had \$44.3 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 increase of \$1.5 million or 3.7% over last year.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	Restated					
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 5,205	\$ 5,205	\$ 895	\$ 836	\$ 6,100	\$ 6,041
Buildings and utility infrastructure	5,907	4,088	8,825	8,737	14,732	12,825
Machinery, furniture and equipment	3,825	4,330	4,649	4,697	8,474	9,027
Infrastructure	7,012	8,113	4,632	5,001	11,644	13,114
Construction in progress	2,905	1,449	464	277	3,369	1,726
<b>Totals</b>	<b>\$ 24,854</b>	<b>\$ 23,185</b>	<b>\$ 19,465</b>	<b>\$ 19,548</b>	<b>\$ 44,319</b>	<b>\$ 42,733</b>

This year's more significant capital asset additions included:

Coleman banquet and conference room	\$1,948,195
Horse barn construction	154,000
Airport T-hanger	428,680
2011 International Jet Vac Truck	297,583

See Note 5 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 \$23.8 million in long-term debt outstanding which represents a \$11.7 million or 96% increase from the prior year. The SUA issued \$12.5 million of Sales Tax Revenues Bonds for improvements to the city's streets. 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, 2011**

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Accrued absences	\$ 513,543	\$ 552,637	\$ 192,856	\$ 212,063	\$ 706,399	\$ 764,700
General Obligation Bonds	455,000	670,000	-	-	455,000	670,000
Revenue Bonds	-	-	12,455,000	-	12,455,000	-
Bond Premium (Discount)	3,117	4,988	(89,203)	-	(86,086)	4,988
Notes Payable	184,500	55,137	8,156,120	8,717,986	8,340,620	8,773,123
Capital Leases	<u>1,326,311</u>	<u>1,445,158</u>	<u>619,108</u>	<u>491,509</u>	<u>1,945,419</u>	<u>1,936,667</u>
<b>Totals</b>	<u>\$ 2,482,471</u>	<u>\$ 2,727,920</u>	<u>\$ 21,333,881</u>	<u>\$ 9,421,558</u>	<u>\$ 23,816,352</u>	<u>\$ 12,149,478</u>

See Note 7 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.

The FY 2011-2012 budget will remain level. This is the result of a series of economic changes and labor costs. Examples include the continuing rising cost of fuel, natural gas, electricity, chemicals needed for water treatment, construction materials, etc. In addition, the City expects to continue to be impacted by a struggling economy.

During FY 2011-2012 the City issued revenue bonds to complete various utility improvements such as East Central Bridge reconstruction and digging a well south of town. These improvements began this fiscal year. Utility rate increase monies will repay the debt.

The City of Miami continues to be impacted by many "Unfunded Mandates" from both State and Federal agencies. OK Department of Environmental Quality fees and permits rose significantly. As a result many economic factors are "unforeseen" and adjustments have to be made in future budgets to meet these requirements. 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 through grants that will assist in the completion of major infrastructure and development projects.

**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:

Director of Management and Budget  
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, 2011**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Statement of Net Assets– June 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Miami Educational Facilities Authority
<b>ASSETS:</b>				
Cash and cash equivalents	\$13,898,242	\$2,873,326	\$16,771,568	\$1,923
Investments	786,746	3,321,418	4,108,164	260,497
Interest receivable	-	808	808	27,383
Accounts receivable, net	1,898,988	3,234,755	5,133,743	-
Inventory	98,557	946,640	1,045,197	-
Due from other governments	1,085,973	-	1,085,973	2,500,776
Other receivable	3,766,226	18,282	3,784,508	1,000
Internal balances	(630,693)	630,693	-	-
Capital assets:				
Land and construction in progress	8,110,292	1,359,129	9,469,421	-
Other capital assets, net of depreciation	16,743,532	18,106,074	34,849,606	-
Unamortized bond issuance costs	9,309	602,008	611,317	34,034
<b>Total assets</b>	<b>45,767,172</b>	<b>31,093,133</b>	<b>76,860,305</b>	<b>2,825,613</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	864,706	1,619,393	2,484,099	-
Claims liability	3,687,928	-	3,687,928	-
Accrued interest payable	6,176	101,170	107,346	36,709
Deferred revenue	68,021	1,765	69,786	343,601
Long-term liabilities:				
Due within one year	561,219	1,431,255	1,992,474	-
Due in more than one year	2,171,200	20,479,221	22,650,421	2,620,000
<b>Total liabilities</b>	<b>7,359,250</b>	<b>23,632,804</b>	<b>30,992,054</b>	<b>3,000,310</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt (see note 9 concerning total column)	22,884,896	11,291,984	31,140,888	-
Net Assets:				
Restricted	13,217,319	1,075,180	14,292,499	-
Unrestricted (see note 9 concerning total column)	2,305,707	(4,906,835)	434,864	(174,697)
<b>Total net assets</b>	<b>\$38,407,922</b>	<b>\$7,460,329</b>	<b>\$45,868,251</b>	<b>(\$174,697)</b>

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Statement of Activities – Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Miami Educational Facilities Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>								
<b>Governmental activities:</b>								
General government	\$1,788,633	\$464,790	\$157,826	\$134,319	(\$1,031,698)	-	(\$1,031,698)	-
Public safety	4,657,894	342,426	384,107	-	(3,931,351)	-	(5,193,351)	-
Public works and streets	2,886,794	-	113,637	393,095	(2,359,662)	-	(\$2,359,662)	-
Culture and recreation	1,870,992	466,126	212,370	105,553	(1,046,943)	-	(\$1,046,943)	-
Airport	744	-	-	332,938	332,194	-	\$332,194	-
Economic development	393,645	-	-	-	(393,645)	-	(\$393,645)	-
Interest on long-term debt	127,978	-	-	-	(127,978)	-	(\$127,978)	-
<b>Total governmental activities</b>	<b>11,686,270</b>	<b>1,273,342</b>	<b>887,940</b>	<b>965,905</b>	<b>(8,559,083)</b>	<b>-</b>	<b>(8,559,083)</b>	<b>-</b>
<b>Business-type activities:</b>								
Water	1,684,482	1,838,101	-	79,365	-	232,984	232,984	-
Wastewater	1,609,731	1,539,601	-	-	-	(70,130)	(70,130)	-
Sanitation	1,559,654	2,000,927	-	-	-	442,273	442,273	-
Electric	14,379,943	16,326,862	-	-	-	1,946,919	1,946,919	-
Airport	311,993	297,060	-	-	-	(14,933)	(14,933)	-
Industrial	40,783	47,320	-	-	-	6,537	6,537	-
Interest on general government debt	278,776	-	-	-	-	(278,776)	(278,776)	-
<b>Total business-type activities</b>	<b>19,864,362</b>	<b>22,049,871</b>	<b>-</b>	<b>79,365</b>	<b>-</b>	<b>2,264,874</b>	<b>2,264,874</b>	<b>-</b>
<b>Total primary government</b>	<b>\$31,550,632</b>	<b>\$23,323,213</b>	<b>\$887,940</b>	<b>\$1,045,270</b>	<b>(8,559,083)</b>	<b>2,264,874</b>	<b>(6,294,209)</b>	<b>-</b>
<b>Component Unit:</b>								
Education	\$138,433	\$100,575	-	-	-	-	-	(37,858)
<b>General revenues:</b>								
<b>Taxes:</b>								
Sales and use taxes					6,065,084	-	6,065,084	-
Property tax					238,914	-	238,914	-
Franchise and public service taxes					321,758	-	321,758	-
Hotel/motel taxes					156,175	-	156,175	-
Investment income					88,744	28,085	116,829	40,340
Miscellaneous					241,949	-	241,949	-
Transfers - Internal activity					14,360,172	(14,360,172)	-	-
<b>Total general revenues and transfers</b>					<b>21,472,796</b>	<b>(14,332,087)</b>	<b>7,140,709</b>	<b>40,340</b>
<b>Change in net assets</b>								
					12,913,713	(12,067,213)	846,500	2,492
<b>Net assets - beginning, restated</b>					<b>25,494,209</b>	<b>19,527,542</b>	<b>45,021,751</b>	<b>(177,179)</b>
<b>Net assets - ending</b>					<b>\$38,407,922</b>	<b>\$7,460,329</b>	<b>\$45,868,251</b>	<b>(\$174,697)</b>

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Governmental Funds Balance Sheet - June 30, 2011**

	<u>General Fund</u>	<u>GO Street Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$699,522	\$10,644,270	\$1,800,489	\$13,144,281
Investments	-	-	182,509	182,509
Receivables:				
Accounts receivable	102,633	-	1,796,355	1,898,988
Due from other funds	153,008	-	43,231	196,239
Due from other governments and entities	847,949	140,924	97,100	1,085,973
Inventory	-	-	98,557	98,557
 Total assets	 <u>\$1,803,112</u>	 <u>\$10,785,194</u>	 <u>\$4,018,241</u>	 <u>\$16,606,547</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$117,971	\$584,776	\$71,241	\$773,988
Wages payable	87,970	648	2,099	90,717
Notes payable - short-term	-	-	98,557	98,557
Due to other funds	61,407	-	235,452	296,859
Deferred revenue	106,629	-	85,686	192,315
 Total liabilities	 <u>373,977</u>	 <u>585,424</u>	 <u>493,035</u>	 <u>1,452,436</u>
Fund Balances:				
Restricted	142,831	10,199,770	2,820,742	13,163,343
Committed	-	-	403,441	403,441
Assigned	1,097,055	-	487,192	1,584,247
Unassigned	189,249	-	(186,169)	3,080
 Total fund balances	 <u>1,429,135</u>	 <u>10,199,770</u>	 <u>3,525,206</u>	 <u>15,154,111</u>
 Total liabilities and fund balances	 <u>\$1,803,112</u>	 <u>\$10,785,194</u>	 <u>\$4,018,241</u>	 <u>\$16,606,547</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, 2011**

**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2011**

	<u>General Fund</u>	<u>G.O. Street Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$5,250,799	780,763	\$618,002	\$6,649,564
Intergovernmental	758,211	-	785,621	1,543,832
Charges for services	296,130	-	572,418	868,548
Fines and forfeitures	196,397	-	-	196,397
Licenses and permits	78,667	-	-	78,667
Investment income	23,094	988	64,663	88,745
Miscellaneous	166,569	279,723	305,411	751,703
<b>Total Revenues</b>	<u>6,769,867</u>	<u>1,061,474</u>	<u>2,346,115</u>	<u>10,177,456</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,384,124	-	388,495	1,772,619
Public safety	4,391,426	-	17,445	4,408,871
Public works and streets	1,251,979	-	90,914	1,342,893
Culture and recreation	1,108,936	-	326,503	1,435,439
Economic development	341,124	-	-	341,124
Capital outlay	119,565	1,958,953	2,023,153	4,101,671
<b>Debt service:</b>				
Principal retirement	6,061	-	660,256	666,317
Interest and fiscal charges	596	1,750	128,928	131,274
<b>Total Expenditures</b>	<u>8,603,811</u>	<u>1,960,703</u>	<u>3,635,694</u>	<u>14,200,208</u>
Excess (deficiency) of revenues over expenditures	(1,833,944)	(899,229)	(1,289,579)	(4,022,752)
<b>Other Financing Sources (Uses):</b>				
Capital lease and note proceeds	-	-	461,834	461,834
Transfers in	5,170,124	12,634,904	2,250,144	20,055,172
Transfers out	(2,898,441)	(1,535,905)	(1,260,654)	(5,695,000)
<b>Total Other Financing Sources (Uses)</b>	<u>2,271,683</u>	<u>11,098,999</u>	<u>1,451,324</u>	<u>14,822,006</u>
Net change in fund balances	437,739	10,199,770	161,745	10,799,254
<b>Fund balances - beginning, restated</b>	991,396	-	3,363,461	4,354,857
<b>Fund balances - ending</b>	<u>\$1,429,135</u>	<u>\$10,199,770</u>	<u>\$3,525,206</u>	<u>\$15,154,111</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, 2011**

**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund Balance – Net Assets Reconciliation:**

<b>Fund balances of governmental funds</b>	<b>\$15,154,111</b>
Amounts reported for governmental activities in the Statement of Net Assets 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 \$43,320,311	<u>24,853,824</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unamortized bond issuance costs	9,309
Receivable from court	64,141
Receivable from other governments	60,152
	<u>133,602</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 assets.	<u>906,423</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
General obligation bonds payable	(455,000)
Unamortized debt premium	(3,117)
Capital lease payables	(1,326,311)
Accrued compensated absences	(513,543)
Notes payable	(184,500)
Net pension obligation	(59,308)
Unfunded OPEB obligations	(92,083)
Interest payable	(6,176)
	<u>(2,640,038)</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$38,407,922</u></u></b>

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Changes in Fund Balances – Changes in Net Assets Reconciliation:**

**Net change in fund balances - total governmental funds** \$10,799,254

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	4,101,671
Depreciation expense	(2,432,957)
	1,668,714

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

Deferred revenue	62,354
------------------	--------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Debt proceeds	(461,834)
Capital lease principal payments	118,846
Note payable principal payments, long-term	55,637
Note payable principal payments, short-term	276,834
General obligation bond principal payments	215,000
	204,483

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	1,426
Change in accrued compensated absences	39,094
Change in amortization of bond premium	1,870
Change in amortization of bond issue costs	(5,273)
Change in net pension obligations	(23,450)
Change in unfunded OPEB obligation	(9,467)
	4,200

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 assets for internal service funds	174,707
	174,707

**Change in net assets of governmental activities** \$12,913,712

See accompanying notes to the basic financial statements.

**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Proprietary Funds Statement of Net Assets - June 30, 2011**

	<u>Special Utility Authority</u>	<u>Department Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$1,023,321	\$345,038	\$219,985	\$1,588,344	\$753,961
Cash and cash equivalents, restricted	1,075,180	40,780	-	1,115,960	-
Investments	-	3,123,440	-	3,123,440	604,237
Accounts receivable, net	235,422	2,946,604	52,729	3,234,755	-
Other receivable	172	18,110	-	18,282	3,766,226
Accrued interest receivable	680	128	-	808	-
Inventory	-	873,633	73,007	946,640	-
Due from other funds	-	420,123	28,742	448,865	-
Total current assets	<u>2,334,775</u>	<u>7,767,856</u>	<u>374,463</u>	<u>10,477,094</u>	<u>5,124,424</u>
<b>Noncurrent Assets:</b>					
Cash and cash equivalents, restricted	-	169,022	-	169,022	-
Investments, restricted	-	197,978	-	197,978	-
Unamortized bond and note issue costs	602,008	-	-	602,008	-
Land, construction in progress, and water rights	3	928,906	430,220	1,359,129	-
Other capital assets, net	2,048,020	14,825,032	1,233,022	18,106,074	-
Total noncurrent assets	<u>2,650,031</u>	<u>16,120,938</u>	<u>1,663,242</u>	<u>20,434,211</u>	<u>-</u>
Total assets	<u>4,984,806</u>	<u>23,888,794</u>	<u>2,037,705</u>	<u>30,911,305</u>	<u>5,124,424</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued liabilities	47,072	1,458,130	70,246	1,575,448	-
Claims liability	-	-	-	-	368,793
Wages payable	5,865	37,263	817	43,945	-
Due to other funds	211,731	122,906	120	334,757	13,488
Accrued interest payable	101,170	-	-	101,170	-
Accrued compensated absences	2,070	17,216	-	19,286	-
Deferred revenue	1,765	-	-	1,765	-
Refundable deposits	-	40,780	-	40,780	-
Capital lease payable	68,476	126,863	-	195,339	-
Revenue bond payable	610,000	-	-	610,000	-
Notes payable	536,602	-	29,248	565,850	-
Total current liabilities	<u>1,584,751</u>	<u>1,803,158</u>	<u>100,431</u>	<u>3,488,340</u>	<u>382,281</u>
<b>Noncurrent liabilities:</b>					
Accrued compensated absences	18,625	154,945	-	173,570	-
Claims liability	-	-	-	-	3,319,135
Net pension obligation	12,349	54,226	-	66,575	-
Unfunded OPEB obligation	18,699	83,541	-	102,240	-
Refundable deposits	-	367,000	-	367,000	-
Capital lease payable	53,071	370,697	-	423,768	-
Revenue bond payable	11,755,798	-	-	11,755,798	-
Notes payable, net	7,570,109	-	20,161	7,590,270	-
Total noncurrent liabilities	<u>19,428,651</u>	<u>1,030,409</u>	<u>20,161</u>	<u>20,479,221</u>	<u>3,319,135</u>
Total liabilities	<u>21,013,402</u>	<u>2,833,567</u>	<u>120,592</u>	<u>23,967,561</u>	<u>3,701,416</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	(5,578,227)	15,256,378	1,613,833	11,291,984	-
Restricted for debt service	1,075,180	-	-	1,075,180	-
Unrestricted	(11,525,549)	5,798,849	303,280	(5,423,420)	1,423,008
Total net assets	<u>(\$16,028,596)</u>	<u>\$21,055,227</u>	<u>\$1,917,113</u>	<u>\$6,943,744</u>	<u>\$1,423,008</u>

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

516,585

Total net assets per Government-Wide financial statements

\$7,460,329

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Proprietary Funds Statement of Changes in Net Assets - Year Ended June 30, 2011**

	Special Utility Authority	Department Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating Revenues:</b>					
Charges for services	\$1,572,634	\$19,669,335	\$343,380	\$21,585,349	\$1,312,800
Fees, licenses and permits	406,408	-	-	406,408	-
Grant revenue	-	-	-	-	-
Miscellaneous	21,885	35,228	-	57,113	3,287,556
<b>Total operating revenues</b>	<u>2,000,927</u>	<u>19,704,563</u>	<u>343,380</u>	<u>22,048,870</u>	<u>4,600,356</u>
<b>Operating Expenses:</b>					
Personal services	708,903	2,923,446	33,623	3,665,972	-
Materials and supplies	146,249	12,498,380	212,343	12,856,972	-
Other services and charges	465,898	1,077,697	32,577	1,576,172	-
Insurance claims and expense	-	-	-	-	4,280,554
Depreciation expense	196,349	1,084,080	71,642	1,352,071	-
<b>Total operating expenses</b>	<u>1,517,399</u>	<u>17,583,603</u>	<u>350,185</u>	<u>19,451,187</u>	<u>4,280,554</u>
<b>Operating income (loss)</b>	483,528	2,120,960	(6,805)	2,597,683	319,802
<b>Non-Operating Revenues (Expenses):</b>					
Investment income	702	26,808	575	28,085	3,807
Miscellaneous	-	79,366	1,000	80,366	-
Amortization expense	(33,862)	-	-	(33,862)	-
Interest expense and fiscal charges	(505,145)	(20,479)	(2,591)	(528,215)	-
<b>Total non-operating revenues (expenses)</b>	<u>(538,305)</u>	<u>85,695</u>	<u>(1,016)</u>	<u>(453,626)</u>	<u>3,807</u>
<b>Net income (loss) before contributions and transf</b>	(54,777)	2,206,655	(7,821)	2,144,057	323,609
Contributed capital revenue	-	-	-	-	-
Transfers in	4,833,292	-	432,266	5,265,558	-
Transfers out	(15,551,488)	(3,939,313)	(134,929)	(19,625,730)	-
<b>Change in net assets</b>	(10,772,973)	(1,732,658)	289,516	(12,216,115)	323,609
<b>Total net assets - beginning</b>	(5,255,623)	22,787,885	1,627,597	19,159,859	1,099,399
<b>Total net assets - ending</b>	<u>(\$16,028,596)</u>	<u>\$21,055,227</u>	<u>\$1,917,113</u>	<u>\$6,943,744</u>	<u>\$1,423,008</u>
Change in net assets per above				(12,216,115)	
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>148,902</u>	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements				<u>(12,067,213)</u>	

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2011**

	Special Utility Authoriti	Department Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,976,749	\$ 19,641,389	\$ 346,599	\$ 21,964,737	\$ 1,678,702
Payments to suppliers	(617,320)	(13,528,363)	(231,388)	(14,377,071)	-
Payments to employees	(710,848)	(2,902,758)	(32,806)	(3,646,412)	-
Receipts from other funds	-	48,566	82,246	130,812	55,174
Payments to other funds	(398,562)	35,708	(30,385)	(393,239)	(26,513)
Receipt of customer deposits	-	165,436	-	165,436	-
Return of customer deposits	-	(167,363)	-	(167,363)	-
Claims and benefits paid	-	-	-	-	(1,680,321)
Net Cash Provided by Operating Activities	<u>250,019</u>	<u>3,292,615</u>	<u>134,266</u>	<u>3,676,900</u>	<u>27,042</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	4,833,292	-	-	4,833,292	-
Transfers to other funds	(15,551,488)	(3,939,313)	(134,929)	(19,625,730)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(10,718,196)</u>	<u>(3,939,313)</u>	<u>(134,929)</u>	<u>(14,792,438)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets purchased	(79,188)	(688,572)	(69,428)	(837,188)	-
Principal paid on capital debt	(641,431)	(190,116)	(28,106)	(859,653)	-
Premium paid on issuance of long term debt	(92,812)	-	-	(92,812)	-
Proceeds from issuance of long term debt	12,455,000	425,383	-	12,880,383	-
Insurance cost of debt	(367,124)	-	-	(367,124)	-
Interest and fiscal charges paid on capital debt	(451,067)	(20,479)	(2,591)	(474,137)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>10,823,378</u>	<u>(473,784)</u>	<u>(100,125)</u>	<u>10,249,469</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(19,861)	-	(19,861)	(3,624)
Interest and dividends	702	26,808	575	28,085	3,807
Net Cash Provided by Investing Activities	<u>702</u>	<u>6,947</u>	<u>575</u>	<u>8,224</u>	<u>183</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>355,903</u>	<u>(1,113,535)</u>	<u>(100,213)</u>	<u>(857,845)</u>	<u>27,225</u>
<b>Balances - beginning of the year</b>	<u>1,742,598</u>	<u>1,668,375</u>	<u>320,198</u>	<u>3,731,171</u>	<u>726,736</u>
<b>Balances - end of the year</b>	<u>\$ 2,098,501</u>	<u>\$ 554,840</u>	<u>\$ 219,985</u>	<u>\$ 2,873,326</u>	<u>\$ 753,961</u>
<b>Reconciliation to Statement of Net Assets:</b>					
Cash and cash equivalents	\$ 1,023,321	\$ 345,038	\$ 219,985	1,588,344	\$ 753,961
Restricted cash and cash equivalents	1,075,180	209,802	-	1,284,982	-
Total cash and cash equivalents	<u>\$ 2,098,501</u>	<u>\$ 554,840</u>	<u>\$ 219,985</u>	<u>\$ 2,873,326</u>	<u>\$ 753,961</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$483,528	\$2,120,960	(\$6,805)	\$2,597,683	319,802
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	196,349	1,084,080	71,642	1,352,071	-
Other nonoperating revenue	-	79,366	1,000	80,366	-
Change in assets and liabilities:					
Receivables, net	(24,178)	(190,125)	2,219	(212,084)	(2,921,654)
Other receivable	-	47,585	-	47,585	-
Due from other funds	-	48,566	82,246	130,812	55,174
Inventory	-	(20,841)	(33,530)	(54,371)	-
Accounts payables	(5,173)	68,555	47,062	110,444	-
Claims liability	-	-	-	-	2,600,233
Due to other funds	(398,562)	35,708	(30,385)	(393,239)	(26,513)
Due to employees	(11,020)	(29,677)	817	(39,880)	-
Refundable deposits	-	(1,927)	-	(1,927)	-
Unfunded OPEB obligation	9,448	43,162	-	52,610	-
Net pension obligation	4,762	21,275	-	26,037	-
Accrued compensated absences	(5,135)	(14,072)	-	(19,207)	-
Net Cash Provided by Operating Activities	<u>\$ 250,019</u>	<u>\$ 3,292,615</u>	<u>\$ 134,266</u>	<u>\$ 3,676,900</u>	<u>\$ 27,042</u>
<b>Non-cash activity:</b>					
Capital assets donated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,266</u>	<u>\$ 432,266</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS**

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**Fiduciary Funds Statement of Net Assets - June 30, 2011**

	<b>City Employees Retirement Trust Fund</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$716,503
Investments, at market value:	
Mutual funds	849,380
Common stock	2,491,610
Corporate bonds and notes	3,594,862
Certificates of deposit	195,371
Interest receivable	45,494
Total assets	<u>\$7,893,220</u>
<b>LIABILITIES:</b>	
Total liabilities	<u>-</u>
<b>NET ASSETS:</b>	
Held in trust for pension benefits	<u>\$7,893,220</u>

See accompanying notes to the basic financial statements.

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**Pension Trust Fund Statement of Changes in Plan Net Assets – Year Ended June 30, 2011**

	<b>City Employees Retirement Trust Fund</b>
<b>ADDITIONS:</b>	
Contributions:	
Members	\$ 432,735
Employer	140,112
Total Contributions	572,847
Investment Income:	
Net increase in fair value of investments	430,241
Interest, dividends, and other	271,703
Total investment income	701,944
Total Additions	1,274,791
<b>DEDUCTIONS:</b>	
Benefits paid to participants or beneficiaries	583,621
Refunds and transfers to other systems	48,970
Administrative expense	54,323
Total Deductions	686,914
<b>Change in net assets held in trust for employees' pension benefits</b>	587,877
<b>Net assets--beginning</b>	<b>7,305,343</b>
<b>Net assets--ending</b>	<b>\$ 7,893,220</b>

See accompanying notes to the basic financial statements.

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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", 34, and 39, 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 solid waste/sanitation services of the City.
- **Miami Industrial and Public Facilities Authority (MIPFA)** – public trust that promotes the use of facilities in the City of Miami area.
- **Miami Downtown Redevelopment Authority (MDRA)** – public trust created to promote the redevelopment of the downtown area.
- **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.

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 Assets and the Statement of Activities, we divide the City into two 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 water, sewer, electric and sanitation systems activities are reported here.

The statements of net assets 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.

For business-type activities, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

### 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

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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 Fund, Drug & Safety Fund, and Demolition Fund. 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 special revenue 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, Economic Development Fund, CDBG RLF Fund, Flood 2007 Fund, Micro Loan Program Fund, RFC 07-09 Grant, MDA Housing Construction, Housing Rehabilitation, Housing Infrastructure, Coleman Project, Airport Taxiway, Airport T-Hanger Taxiway, Police Grant, State Revolving Loan (SRL Project), OK LEAP/CDBG Fund, EDA Revolving Loan, DARE Fund, MDRA, 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.
- 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. For the enterprise funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The City's proprietary funds include the following:

**Enterprise Funds**

- Department of Public Utilities Fund that accounts for the activities of providing water, sewer, and electric services to the public.
- Miami Special Utility Authority that accounts for the activities of the public trust in providing sanitation/solid waste services to the public.
- Airport Fund accounts for activities of the municipal airport.
- Miami Industrial and Public Facilities Authority (MIPFA) that accounts for the activities related to the promotion and use of facilities in the area of the City of Miami.

**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.

***Fiduciary Funds:***

The City's fiduciary funds are used to report net assets and changes therein of assets held by the City in a trustee or fiduciary capacity. These net assets are not available for operations of the City. The City reports the Pension Trust fund as a fiduciary fund.

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.

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**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, 2011 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2011

Type	Fair Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 5,258,336		\$ 5,258,336	\$ -	\$ -	\$ -	\$ -
Time deposits	4,317,297		-	4,121,916	195,371	-	-
Government Money Market Accounts	11,708,828		11,708,828	-	-	-	-
Corporate bonds and notes	3,594,862	A-BBB-	-	100,672	2,801,226	692,964	-
Sub-Total	\$ 24,879,323		\$ 16,967,164	\$ 4,222,588	\$ 2,996,597	\$ 692,964	\$ -
Mutual Funds	1,356,525						
Common Stock	2,491,610						
Total Deposits and Investments	\$ 28,727,458						
<b>Reconciliation to Financial Statements:</b>							
Cash and cash equivalents	\$ 16,771,568						
Investments	4,108,164						
Retirement fund investment:							
Certificates of deposit	195,371						
Common stock	2,491,610						
Corporate bonds and notes	3,594,862						
Retirement fund cash and cash equivalents	1,565,883						
	\$ 28,727,458						

*Component Unit:*

The bank deposit of the MEFA component unit of \$1,923 at June 30, 2011 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

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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, 2011, neither the City or the MEFA 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
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

The Retirement Plan documents allows investments of the retirement fund to be invested in bonds, notes, debentures, mortgages, investment trust certificates, preferred or common stock, interests in realties, leaseholds, fee titles, equipment, trust certificates, insurance and other annuity contracts, royalties and other forms of securities, key-man life insurance payable to the trust, or any common or mutual trust funds, as the Committee may deem proper and advisable without being limited by a state statute or rule of court regarding investments by trustees, and may hold any portion of the fund in cash pending investment or payment of expense or benefits without liability for interest.

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, 86.9% 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, 2011, the investments held by the City mature between 2011 through 2021.

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*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). At June 30, 2011 the retirement fund had 48.72% of its investments in corporate bonds and notes. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

**Restricted Cash and Investments**

The amounts reported as restricted assets of the Enterprise Funds on the statement of net assets are comprised of amounts held by the SUA Enterprise Fund in accounts for the Oklahoma Water Resources Board promissory notes, the 2010 Sales Tax Revenue Bond, and other accounts with restricted uses. The restricted assets as of June 30, 2011 are as follows:

Cash and cash equivalents:	
Cash Restricted for Refundable deposits	\$ 40,780
Money Markets Restricted for Debt Service	1,075,180
	<u>\$ 1,115,960</u>
Cash and cash equivalents, noncurrent:	
Cash Restricted for Refundable deposits	\$ 169,022
	<u>\$ 169,022</u>
Investments:	
Refundable deposits	\$ 197,978
	<u>\$ 197,978</u>

**4. Receivables**

Material receivable 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	\$2,061,521	\$3,954,864	\$6,016,385
Allowance for uncollectible accounts	(162,533)	(720,109)	(882,642)
Net Accounts Receivable	\$1,898,988	\$3,234,755	\$5,133,743

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**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, 2011, capital assets balances changed as follows:

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,205,324	\$ -	\$ -	\$ 5,205,324
Construction in progress	1,449,006	3,404,157	1,948,195	2,904,968
Total capital assets not being depreciated	<u>6,654,330</u>	<u>3,404,157</u>	<u>1,948,195</u>	<u>8,110,292</u>
Other capital assets:				
Buildings	17,452,045	2,102,195	-	19,554,240
Infrastructure	29,858,655	372,899	-	30,231,554
Machinery, furniture and equipment	10,107,433	170,615	-	10,278,048
Total other capital assets at historical cost	<u>57,418,133</u>	<u>2,645,709</u>	<u>-</u>	<u>60,063,842</u>
Less accumulated depreciation for:				
Buildings	13,364,429	282,874	-	13,647,303
Infrastructure	21,745,758	1,474,369	-	23,220,127
Machinery, furniture and equipment	5,777,166	675,714	-	6,452,880
Total accumulated depreciation	<u>40,887,353</u>	<u>2,432,957</u>	<u>-</u>	<u>43,320,310</u>
Other capital assets, net	16,530,780	212,752	-	16,743,532
Governmental activities capital assets, net	<u>\$ 23,185,110</u>	<u>\$ 3,616,909</u>	<u>\$ 1,948,195</u>	<u>\$ 24,853,824</u>

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	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 835,531	\$ 59,428	\$ -	\$ 894,959
Construction in progress	276,943	615,906	428,679	464,170
Total capital assets not being depreciated	<u>1,112,474</u>	<u>675,334</u>	<u>428,679</u>	<u>1,359,129</u>
Other capital assets:				
Buildings and utility infrastructure	17,238,835	428,680	-	17,667,515
Machinery, furniture and equipment	11,475,322	594,121	-	12,069,443
Infrastructure	15,586,550	-	-	15,586,550
Total other capital assets at historical cost	<u>44,300,707</u>	<u>1,022,801</u>	<u>-</u>	<u>45,323,508</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	8,501,902	339,983	-	8,841,885
Machinery, furniture and equipment	6,777,789	642,333	-	7,420,122
Infrastructure	10,585,672	369,755	-	10,955,427
Total accumulated depreciation	<u>25,865,363</u>	<u>1,352,071</u>	<u>-</u>	<u>27,217,434</u>
Other capital assets, net	<u>18,435,344</u>	<u>(329,270)</u>	<u>-</u>	<u>18,106,074</u>
Business-type activities capital assets, net	<u>\$ 19,547,818</u>	<u>\$ 346,064</u>	<u>\$ 428,679</u>	<u>\$ 19,465,203</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

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:

<b>Governmental Activities:</b>	
General Government	\$ 55,605
Public Safety	320,742
Streets	1,580,053
Culture and Recreation	417,313
Economic Development	59,244
Total	<u>\$ 2,432,957</u>
<b>Business-Type Activities:</b>	
Airport	\$ 46,411
Electric	460,055
Water	176,705
Wastewater	447,320
Sanitation	196,349
Industrial development	25,231
Total	<u>\$ 1,352,071</u>

**7. Internal and Interfund Balances and Transfers**

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**Internal and Interfund Balances:**

The City's policy is to eliminate interfund receivable and payables between funds in the statement of net assets 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	* Department of Public Utilities	\$ 122,906	To cover negative balance in pooled cash
General Fund	* Pool Improvements	3,264	To cover negative balance in pooled cash
General Fund	* Insurance Fund	13,488	To cover negative balance in pooled cash
General Fund	* SLR	3,745	To cover negative balance in pooled cash
General Fund	* Cemetery Perpetual Care Interest	191	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	Street and Alley	6,657	To correct misposting
Department of Public Utilities	* General Fund	26,008	Expense reimbursement
Department of Public Utilities	* Special Utility Authority	211,731	Sanitation payable
Department of Public Utilities	* Airport Fund	120	To correct misposting
Department of Public Utilities	* Pool improvements	170,954	Long-term loan for pool improvements
Department of Public Utilities	* Main Street	11,310	Expense reimbursement
Airport Fund	* General Fund	28,742	To correct misposting
<b>Total</b>		<b>\$ 645,104</b>	

\* Denotes major fund.

	Due From Other Funds	Due To Other Funds	Net Internal Balances
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 196,239	\$ 296,859	\$ (100,620)
Proprietary Funds	448,865	334,757	114,108
Internal Service Funds	-	13,488	(13,488)
<b>Total</b>	<b>\$ 645,104</b>	<b>\$ 645,104</b>	<b>\$ -</b>
Reconciliation to Statement of Net Assets:			
Net Internal Balances	\$ 114,108		
Internal Service Fund Activity reported in Business-type Activities	516,585		
<b>Net Internal Balance</b>	<b>\$ 630,693</b>		

**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, 2011 were as follows:

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Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
* General Fund	* Utility Fund	\$ 1,814,025	Operating subsidy
* General Fund	* Special Utility Authority	\$ 2,932,088	Pledged sales tax
* General Fund	Flood 07	6,416 B	Expense Reimbursement
* General Fund	Police Grants	8,438 B	Expense Reimbursement
* General Fund	MDRA	3,991 B	Expense Reimbursement
* General Fund	Capital Improvement	176,515 B	Expense Reimbursement
* General Fund	* Utility Fund	68,500	Expense Reimbursement
* General Fund	* 2010 Street Project	159	Expense Reimbursement
* General Fund	EDA Revolving loan	39,992 B	Administration fees
* 2010 Street Project	* General fund	15,504	Sales tax
* 2010 Street Project	* Special Utility Authority	624,336	Pledged sales tax
* 2010 Street Project	* Special Utility Authority	11,995,065	Bond proceeds
* Special Utility Authority	* 2010 Street Project	639,839	Pledged sales tax
* Special Utility Authority	* 2010 Street Project	616,343	Expense Reimbursement
Street and alley	* 2010 Street Project	279,566 A	Expense Reimbursement
Street and alley	Summer Rec	100,000 A/B	Expense Reimbursement
Street and alley	* Utility Fund	183,642 A	Expense Reimbursement
Airport	Airport T-Hanger	432,266 B	Capital purchases
Street and alley	Housing Infrastructure	85,059 A/B	Expense Reimbursement
Airport T-hanger	Airport	134,929 A	Expense Reimbursement
Main Street Project	* Utility Fund	285,000 A	Expense Reimbursement
Economic Development Incentive	* General Fund	6,951 A	Expense Reimbursement
Street and alley	Flood 07	43,500 A/B	Expense Reimbursement
Airport T-hanger	Airport Taxiway	16,981 A/B	Closing of fund
Coleman Project	* Utility Fund	722,022 A	Grant match
Coleman Project	MDRA	347,495 A/B	Capital purchases
* Utility Fund	* General Fund	2,830,986	Sales tax
* Special Utility Authority	* Utility Fund	746,124	Debt service
MDRA	General Fund	45,000 A	Operating subsidy
		<u>\$ 25,200,732</u>	
* Denotes Major Fund	Subtotal non-major Governmental Funds transfers in	2,250,145 A	
	Subtotal non-major Governmental Funds transfers out	1,260,653 B	
		Transfers to	Transfers from
		Other Funds	Other Funds
<u>Reconciliation to fund financial statements:</u>			Net
Governmental Funds		\$ (5,695,000)	\$ 20,055,172
Enterprise Funds		(19,625,730)	5,265,558
Totals		<u>\$ (25,320,730)</u>	<u>\$ 25,320,730</u>
			<u>\$ 14,360,172</u>
			<u>\$ (14,360,172)</u>
			<u>\$ -</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, 2011, the City's long-term debt balances changed as follows:

**Primary Government:**

<u>Type of Debt</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 670,000	\$ -	\$ 215,000	\$ 455,000	\$ 215,000
General Obligation Bond Premium	4,988	-	1,871	3,117	-
Notes payable	55,137	185,000	55,637	184,500	55,000
Capital Lease Obligations	1,445,158	-	118,847	1,326,311	141,976
Accrued Compensated Absences	552,637	-	39,094	513,543	50,686
<b>Total Governmental Activities</b>	<u>\$ 2,727,920</u>	<u>\$ 185,000</u>	<u>\$ 430,449</u>	<u>\$ 2,482,471</u>	<u>\$ 462,662</u>
Plus: OPEB obligation				92,083	-
Net pension obligation				59,308	-
Short-term debt				98,557	98,557
				<u>\$ 2,732,419</u>	<u>\$ 561,219</u>
Reconciliation to Statement of Net Assets:					
Due within one year				\$ 561,219	
Due in more than one year				2,171,200	
				<u>\$ 2,732,419</u>	

<u>Type of Debt</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 8,717,986	\$ -	\$ 561,866	\$ 8,156,120	\$ 565,850
Unamortized Bond Discount	-	(92,812)	(3,609)	(89,203)	-
Revenue Bonds	-	12,455,000	-	12,455,000	610,000
Capital Lease Obligations	491,509	425,383	297,784	619,108	195,339
Accrued Compensated Absences	212,063	-	19,207	192,856	19,286
<b>Total Business-Type Activities</b>	<u>\$ 9,421,558</u>	<u>\$ 12,787,571</u>	<u>\$ 875,248</u>	<u>\$ 21,333,881</u>	<u>\$ 1,390,475</u>
Plus: OPEB obligation				102,240	-
Net pension obligation				66,575	-
Refundable deposits				407,780	40,780
				<u>\$ 21,910,476</u>	<u>\$ 1,431,255</u>
Reconciliation to Statement of Net Assets:					
Due within one year				\$ 1,431,255	
Due in more than one year				20,479,221	
				<u>\$ 21,910,476</u>	

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

**General Obligation Bonds:**

\$1,960,000 general obligation bonds dated March 1, 2003, payable in annual installments of \$215,000, with interest rates of 2.5% to 5.125%, repaid by property tax levies	\$455,000
Unamortized General Obligation Bond Premium	<u>3,117</u>
<b>Total general obligation bonds</b>	<u>\$458,117</u>

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	Current portion	\$215,000
	Non-current portion	<u>243,117</u>
		<u>\$458,117</u>
<b>Capital Lease Obligations:</b>		
\$30,432 capital lease obligation for the purchase of a utility tractor, matures May 2013 with a stated interest rate of 2.925%.		\$13,344
\$95,005 capital lease obligation for the purchase of a wheel loader, matures January 2014 with a stated interest rate of 2.9%		51,708
\$100,495 capital lease obligation for the purchase of a wheel loader, matures June 2017 with a stated interest rate of 4.45%		87,979
\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020 with a stated interest rate of 5.00%		960,606
\$220,000 capital lease obligation for the purchase of the a gradall excavator, matures January 2017 with a stated interest rate of 4.40%		180,762
\$43,361 capital lease obligation for the purchase of a mower, matures February 2015 with a stated interest rate of 4.11%		<u>31,912</u>
Total capital lease obligations		<u>\$1,326,311</u>
	Current portion	\$141,976
	Non-current portion	<u>1,184,335</u>
		<u>\$1,326,311</u>
<b>Note Payable:</b>		
Note payable to local bank for \$84,000 with interest at 4.75%. Debt service interest payments due semi-annually, final payment due April 2016. Secured by real estate of the Coleman Theatre		\$74,500
Note payable to local bank for \$150,000 with interest at 4.75%. Debt service interest payments due semi-annually, final payment due June 2015. Secured by real estate of the Coleman Theatre		<u>110,000</u>
Total notes payable		<u>\$184,500</u>
	Current portion	\$55,000
	Non-current portion	<u>129,500</u>
		<u>\$184,500</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%	\$110,071
\$102,421 capital lease obligation for the purchase of a sanitation truck, matures October 2011 with a stated interest rate of 4.13%	7,403

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\$104,202 capital lease obligation for the purchase of a sanitation truck, matures October 2012 with a stated interest rate of 4.89%	28,568
\$108,163 capital lease obligation for the purchase of a rubber tire loader, matures June 2015 with a stated interest rate of 4.265%	45,709
\$43,750 capital lease obligation for the purchase of a sanitation truck, matures November 2013 with a stated interest rate of 4.265%	22,357
\$29,097 capital lease obligation for the purchase utility equipment, matures October 2013 with a stated interest rate of 3.87%	17,511
\$169,138 capital lease obligation for the purchase of a bucket truck, matures August 2014 with a stated interest rate of 4.22%	111,129
\$36,171 capital lease obligation for the purchase of a compact evacuator, matures July 2012 with a stated interest rate of 4.04%	24,587
\$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>251,773</u>
<b>Total Capital Leases</b>	<b><u>\$619,108</u></b>
Current portion	\$195,339
Non-current portion	<u>423,769</u>
	<b><u>\$619,108</u></b>

**Revenue Bond Payable –**

2010 SUA 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 2025. Bonds are Secured with net revenues of the Special Utility Authority and a pledge sales tax.	<u>\$12,455,000</u>
Current portion	\$610,000
Non-current portion	<u>11,845,000</u>
	<b><u>\$12,455,000</u></b>

**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.	\$1,100,000
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.	2,270,400

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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.	1,037,100
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.	2,084,600
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.	1,177,917
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>436,694</u>
Total Notes Payable – Oklahoma Water Resources Board	<u>\$8,106,711</u>
Note payable to local bank for \$240,000 with interest at 7.50%. Debt service payments due monthly, final payment due February 2013. Secured by real estate of the MIPFA.	<u>49,409</u>
Total Notes Payable	<u>\$8,156,120</u>
Current portion	\$565,850
Non-current portion	<u>7,590,270</u>
	<u>\$8,156,120</u>

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

Governmental-Type Activities						
Year Ending June 30,	G.O. Bonds Payable		Note Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 215,000	\$ 15,710	\$ 55,000	\$ 10,899	\$ 141,976	\$ 60,992
2013	240,000	8,400	55,000	8,229	149,117	54,264
2014	-	-	55,000	5,559	140,486	47,019
2015	-	-	25,000	2,888	130,846	41,084
2016	-	-	34,500	1,639	130,617	34,900
2017-2021	-	-	-	-	633,269	86,624
Total	<u>\$ 455,000</u>	<u>\$ 24,110</u>	<u>\$ 224,500</u>	<u>\$ 29,214</u>	<u>\$ 1,326,311</u>	<u>\$ 324,883</u>

Business-Type Activities						
Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 565,850	\$ 184,994	\$ 610,000	\$ 431,338	\$ 195,339	\$ 22,259
2013	536,935	172,979	645,000	399,963	178,142	13,306
2014	525,927	161,747	690,000	373,488	130,824	6,957
2015	543,896	151,725	720,000	352,338	96,822	2,525
2016	543,896	151,725	745,000	333,528	17,981	93
2017-2021	3,132,494	566,007	4,090,000	1,352,016	-	-
2022-2026	2,307,122	201,250	4,955,000	529,319	-	-
Total	<u>\$ 8,156,120</u>	<u>\$ 1,590,427</u>	<u>\$ 12,455,000</u>	<u>\$ 3,771,990</u>	<u>\$ 619,108</u>	<u>\$ 45,140</u>

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**Component Unit:**

The MEFA issued bonds in the amount of \$3,190,000 on May 15, 2008. Interest on the bonds is payable March 1<sup>st</sup> and September 1<sup>st</sup> at varying rates. The Authority has a total of three (3) principal payments, beginning September 1, 2010.

<u>Type of Debt</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
Revenue Bonds Payable	\$ 3,190,000	\$ -	\$ 570,000	\$ 2,620,000	\$ -

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>
2012	\$ -	\$ 110,128
2013	815,000	93,420
2014	1,805,000	38,356
Total	\$ 2,620,000	\$ 241,904

**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 \$9,783,546. Net utility revenues received in the current year were \$3,231,849. Debt service payments of \$734,165 for the current fiscal year were 23% 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. 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 .65 sales tax is used to pay the debt service on the 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 2025. The total principal and interest payable for the remainder of the life of these bonds is \$16,226,990. Pledged sales taxes received in the current year were \$2,932,088. Net revenues and sales tax pledged during the year was \$6,702,674. Debt service payments of \$223,294 for the current fiscal year were 3% of the pledged revenue.

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**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, 2011:

<b>Component Unit - MEFA</b>		
Year Ending June 30,	Principal	Interest
2012	\$ -	\$ -
2013	843,471	62,079
2014	1,657,306	20,444
<b>Total</b>	<b>\$ 2,500,777</b>	<b>\$ 82,523</b>

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, 2011 included a notes payable issued by local bank and by the Oklahoma Housing Finance Authority for housing construction projects. Short-term debt activity for the year ended June 30, 2011, was as follows:

Type of Debt	Balance July 1, 2010	Draws	Repayments	Balance June 30, 2011
Mortgages Payable	-	375,391	276,834	98,557
<b>Total Short-Term Debt</b>	<b>\$ -</b>	<b>\$ 375,391</b>	<b>\$ 276,834</b>	<b>98,557</b>

**10. Net Assets and Fund Balances**

Government-wide net assets are displayed in three components:

- a. *Invested in capital assets, net of related debt* - 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 assets* - Consists of net assets 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 assets* - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

At June 30, 2011 net assets restricted by enabling legislation totaled \$117,421.

*Invested in capital assets, net of related debt (Government Wide Financial Statements Total Column):*

The 2010 Sales Tax Revenue Bonds of the business-type activities is being used to fund governmental capital assets (streets). The “invested in capital assets, net of related debt” in the business-type activities therefore does not include the amounts related to this debt issue as the assets are in the governmental activities. This partially explains the large negative balance of unrestricted net assets in the business-type activities. The capital assets related to this debt are reported in the governmental activities and are also reported in “invested in capital assets, net of related debt.” The total column for the “invested in capital assets, net of related debt” on the Statement of Net Assets does include the amounts related to this debt outstanding of \$12,455,000 less construction proceeds not spent of \$9,419,008, therefore explaining why the amount does not total across.

*Fund Balance:*

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, 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.

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The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54:

	General Fund	Major Special Revenue Fund		Other Governmental Fund	Total
		2010 Street Bond Project			
<b>Fund Balance:</b>					
<b>Restricted For:</b>					
Airport improvements	\$ -	\$ -		\$ 521	\$ 521
Police operations - grants	-	-		6,240	6,240
General obligation debt service	-	-		274,677	274,677
Capital improvements	-	-		138,842	138,842
Street improvements	-	10,199,770		75,788	10,275,558
Culture and rec programs	370	-		134,006	134,376
Economic development	142,461	-		1,877,837	2,020,298
Police - drug programs	-	-		7,745	7,745
Cemetery improvements	-	-		263,045	263,045
Park improvements	-	-		42,041	42,041
Sub-total restricted	142,831	10,199,770		2,820,742	13,163,343
<b>Committed in:</b>					
Street operations	-	-		403,441	403,441
<b>Assigned in:</b>					
Capital improvements	-	-		487,192	487,192
Demolition	135,799	-		-	135,799
Police - drug programs	314	-		-	314
Culture and rec programs	13,763	-		-	13,763
Supplement next year's budget	929,276	-		-	929,276
Economic development	17,903	-		-	17,903
Sub-total assigned	1,097,055	-		487,192	1,584,247
Unassigned:	189,249	-		(186,169)	3,080
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,429,135</b>	<b>\$ 10,199,770</b>		<b>\$ 3,525,206</b>	<b>\$ 14,750,670</b>

## 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:

- 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, 2011, the City's net assessed valuation of taxable property was \$50,146,552. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2011 was \$4.39.

**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, 2011 total \$7,500 as follows: \$3,000 each year for 2012 through 2013 and \$1,500 for 2014. The rent is due in equal semi-annual installments on or before the 1<sup>st</sup> 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:

- 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.

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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.

	Worker's Compensation	Health Care	Unemployment Fund	Total
Claim liability, June 30, 2009	\$ 1,348,832	\$ 38,959	\$ 7,180	\$ 1,394,971
Claims and changes in estimates	260,814	1,195,016	29,198	1,485,028
Claims payments	<u>(680,088)</u>	<u>(1,082,455)</u>	<u>(29,761)</u>	<u>(1,792,304)</u>
Claim liability, June 30, 2010	\$ 929,558	\$ 151,520	\$ 6,617	\$ 1,087,695
Claims and changes in estimates	3,406,435	863,933	10,186	4,280,554
Claims payments	<u>(735,743)</u>	<u>(933,861)</u>	<u>(10,717)</u>	<u>(1,680,321)</u>
Claim liability, June 30, 2011	<u>\$ 3,600,250</u>	<u>\$ 81,592</u>	<u>\$ 6,086</u>	<u>\$ 3,687,928</u>

### 13. Retirement Plan Participation

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

1. Miami City Employee Retirement System (the "System") – single-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

#### *Miami City Employee Retirement System*

The City contributes to the City of Miami Employees' Retirement System (the "System"), which is a single employer defined benefit pension plan administered by the City of Miami and the First National Bank and Trust Company of Miami. All regular, full-time employees not covered by another system are eligible to participate. The funding policy is based upon the annual actuarial evaluation. For the year ended June 30, 2011, employees contribute 3.0% of annual pre-tax wages and the City 9.50% of annual pre-tax gross wages. The City performs periodic actuarial to determine if the City's fixed contribution rate is funding the actuarially determined liability.

#### *A. Funding Policies, Contribution Methods, and Benefit Provisions*

The following is a summary of funding policies, contribution methods, and benefit provisions:

Year established and governing authority	1980; City Ordinance
Determination of Contribution requirements	City Ordinance
Employer	9.50%
Plan members	3.0%
Funding of administrative costs	Investment earnings
Period required to vest	Based on years of service; 100% vested after 10 years
Eligibility for distribution	Age 55 with 10 years credited service

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Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Plan Membership (as of June 30, 2011):

Total number of plan members included active vested 52, active non vested 87, retirees and spouses 55, and deferred vested 6.

*B. Summary of Significant Accounting Policies and Plan Asset Matters*

Basis of Accounting - Disclosures of the System's financial condition are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as System revenues in the period in which they are due to the plan per the plan agreement. Benefits and refunds are recognized when due and payable per plan provisions.

Method Used to Value Investments - Values of System assets are reported at fair value which approximates market. As of June 30, 2011, the System held no related party investments or individual investments (other than U.S. government and U.S. government guaranteed securities) whose market value does not exceed five percent or more of the net assets available for benefits.

*C. Annual Pension Cost, Net Pension Obligation, and Reserves*

Current year annual pension costs for the System are shown in the trend information provided in the Trend Information section. Annual required contributions were made by the plan.

There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions.

*D. Actuarial Assumptions*

For the City Employees Retirement Plan, the actuarial assumptions used are as follows:

Valuation date	July 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	30 years, rolling
Asset valuation method	Smoothed market
Investment rate of return	7.0%
Projected salary increases	5.0%
Inflation rate	2.0%

*E. Trend Information*

Fiscal Year	Annual Pension Cost (APC)	Actual Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
2009	432,180	421,681	97.6%	23,817
2010	428,419	416,377	97.2%	76,397
2011	442,755	432,710	97.7%	125,883

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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. 63rd St., Suite 605 Oklahoma City, OK 73116-7335	Oklahoma Firefighter's Pension and Retirement System 4545 N. Lincoln Blvd., Suite 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 ½% 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 ½% 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.
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 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, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

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Retirement Plan Contributions – OFPRS and OPFRS Cost-Sharing Plans

The state made on-behalf payments for the police pension system of \$104,558 and for the fire pension system of \$235,956. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year. City contributions required by State Statute:

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2009	\$ 146,138	100%	2009	\$ 138,279	100%
2010	147,408	100%	2010	132,823	100%
2011	154,462	100%	2011	140,708	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.

Funding Policy – DC Plan participants may contribute up to \$15,000 of eligible compensation per year. During the year ended June 30, 2011, employees contributed \$58,705 and the employer contributed \$10,040 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, 2011, were \$0, and \$15,630, 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.

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*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 2011, the actuarially expected City contribution in the form of net age adjustment was \$58,683 to the Plan. Plan members receiving benefits contributed \$25,600 of the total premiums, through their payment of the full determined premium in FY 2011.

*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, 2011:

Normal Cost	\$	95,070
Interest on ARC		6,443
Amortization of Actuarial Accrued Liability (AAL)		(17,353)
Annual OPEB cost (expense)		84,160
Expected net benefits during the year		(25,476)
Increase in net OPEB obligation		58,684
Net OPEB obligation - beginning of year		135,639
Net OPEB obligation - end of year	\$	194,323

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

Fiscal year 2009 was the first year the City was required to have an actuary performed and report any liability.

*Funded Status and Funding Progress.* As of July 1, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$723,628, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$723,628. The covered payroll (annual payroll of active employees covered by the plan) was \$6.4 million, and the ratio of the UAAL to the covered payroll was 11 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, 2011, 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, 2011, 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 2011, 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. Subsequent Events**

In December 2011, the SUA issued \$1,915,000 of Utility System Revenue Bonds to provide funds for water and sewer improvements. The bonds will be repaid with net utility revenues of the water, sewer and electric systems.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2011**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 445,000	\$ 462,500	\$ 430,199	\$ (32,301)
<b>Resources (Inflows):</b>				
Taxes and assessments	5,413,000	5,998,304	5,976,816	(21,488)
Fees, licenses and permits	33,900	60,464	77,842	17,378
Charges for services	188,050	191,255	229,139	37,884
Fines and forfeitures	204,145	204,145	183,432	(20,713)
Interest earned	22,300	22,300	23,094	794
Miscellaneous	27,500	648,673	155,835	(492,838)
Intergovernmental	103,946	474,286	307,036	(167,250)
<b>Total Resources (Inflows)</b>	<u>5,992,841</u>	<u>7,599,427</u>	<u>6,953,194</u>	<u>(646,233)</u>
<b>Amounts available for appropriation</b>	<u>6,437,841</u>	<u>8,061,927</u>	<u>7,383,393</u>	<u>(678,534)</u>
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government</b>				
City Clerk	\$ 63,673	\$ 63,673	\$ 62,195	\$ 1,478
Municipal Court	119,039	119,039	117,072	1,967
General Government	750,646	855,926	234,056	621,870
MCVB	206,870	235,011	207,377	27,634
Economic Development	91,289	798,385	832,073	(33,688)
Human Resources	198,570	198,570	170,950	27,620
<b>Public Safety</b>				
Police	1,983,855	2,086,697	2,082,841	3,856
Fire	1,524,570	1,572,502	1,560,979	11,523
Emergency Management	62,305	79,083	72,438	6,645
Police Maintenance Operations	57,805	34,441	34,012	429
Police Communications	286,586	288,317	284,568	3,749
Code Enforcement	160,107	136,196	134,477	1,719
Risk Management	96,628	96,628	95,646	982
<b>Public Works and Streets</b>				
Streets	739,475	766,612	763,570	3,042
Cemetery	257,075	261,508	261,793	(285)
Municipal Building	246,442	195,984	200,020	(4,036)
<b>Culture and Recreation</b>				
Sports	86,388	83,279	79,480	3,799
Swimming pool	228,582	191,691	167,601	24,090
Parks	379,410	466,262	46,702	419,560
Library	412,327	464,281	448,778	15,503
<b>Total Charges to Appropriations</b>	<u>\$ 7,951,642</u>	<u>\$ 8,994,085</u>	<u>\$ 7,856,628</u>	<u>\$ 1,137,457</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	2,076,138	4,929,203	4,929,203	-
Transfers to other funds	(45,000)	(3,531,329)	(3,531,329)	-
<b>Total other financing sources (uses)</b>	<u>2,031,138</u>	<u>1,397,874</u>	<u>1,397,874</u>	<u>-</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 517,337</u>	<u>\$ 465,716</u>	<u>\$ 924,639</u>	<u>\$ 458,923</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 unreserved budgetary fund balance. This presentation of unreserved 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.

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

	<u>Fund Balance July 1, 2010</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance July 1, 2011</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$843,539	\$726,520	\$1,570,059
Increases (Decreases):			
Revenues:			
Receivable from other governments and entities	(670,505)	(318,368)	(988,873)
Accounts receivable	(86,731)	(15,902)	(102,633)
State on behalf pension payments	(322,517)	(17,997)	(340,514)
Combining accounts	-	(136,308)	(136,308)
Expenditures:			
Accrued payroll	306,005	(218,085)	87,920
Other expenditures	37,891	(9,133)	28,758
State on behalf pension payments	322,517	17,997	340,514
Fund Balance - Budgetary Basis	<u>\$430,199</u>	<u>\$28,724</u>	<u>\$458,923</u>

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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, 2011	\$ 8,232,594	\$ 12,174,724	PUC \$ (3,942,130)	67.6%	\$ 4,775,401	82.6%
July 1, 2009	7,709,228	10,922,348	PUC \$ (3,213,120)	70.6%	4,703,643	68.3%
July 1, 2003	5,991,816	8,565,226	PUC (2,573,410)	70.0%	3,586,717	71.7%

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**

Fiscal Year	Annual Required Contribution	Percentage Contributed
2009	\$432,180	97.6%
2010	\$429,419	97.2%
2011	\$442,755	97.7%

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

Three year trend information is not available.

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**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund Accounts - June 30, 2011**

	<u>General Fund</u>	<u>Municipal Court</u>	<u>Drug &amp; Safety Fund</u>	<u>Demolition Account</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$540,686	\$22,723	\$314	\$135,799	\$699,522
Receivables:					
Accounts receivable	102,633	-	-	-	102,633
Due from other funds	153,008	-	-	-	153,008
Due from other accounts	19,191	-	-	-	19,191
Due from other governments and entities	847,949	-	-	-	847,949
Total assets	<u>\$1,663,467</u>	<u>\$22,723</u>	<u>\$314</u>	<u>\$135,799</u>	<u>\$1,822,303</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$114,634	\$3,337	-	-	\$117,971
Wages payable	87,970	-	-	-	87,970
Due to other funds	61,407	-	-	-	61,407
Due to other accounts	-	19,191	-	-	19,191
Deferred revenue	106,629	-	-	-	106,629
Total liabilities	<u>370,640</u>	<u>22,528</u>	<u>-</u>	<u>-</u>	<u>393,168</u>
Fund Balances:					
Restricted	142,831	-	-	-	142,831
Assigned	960,942	-	314	135,799	1,097,055
Unassigned	189,054	195	-	-	189,249
Total fund balances	<u>1,292,827</u>	<u>195</u>	<u>314</u>	<u>135,799</u>	<u>1,429,135</u>
Total liabilities and fund balances	<u>\$1,663,467</u>	<u>\$22,723</u>	<u>\$314</u>	<u>\$135,799</u>	<u>\$1,822,303</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund  
Accounts – Year Ended June 30, 2011**

	<b>General Fund</b>	<b>Municipal Court</b>	<b>Drug &amp; Safety Fund</b>	<b>Demolition Account</b>	<b>Total</b>
<b>Revenues:</b>					
Taxes	\$5,250,799	-	-	-	\$5,250,799
Intergovernmental	758,211	-	-	-	758,211
Charges for services	276,930	-	-	\$19,200	296,130
Fines and forfeitures	196,397	-	-	-	196,397
Licenses and permits	78,667	-	-	-	78,667
Investment income	23,094	-	-	-	23,094
Miscellaneous	166,569	-	-	-	166,569
<b>Total Revenues</b>	<b>6,750,667</b>	<b>-</b>	<b>-</b>	<b>19,200</b>	<b>6,769,867</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,233,242	-	-	150,882	1,384,124
Public safety	4,391,365	-	-	61	4,391,426
Public works and streets	1,251,979	-	-	-	1,251,979
Culture and recreation	1,108,936	-	-	-	1,108,936
Economic development	341,124	-	-	-	341,124
Capital outlay	119,565	-	-	-	119,565
<b>Debt service:</b>					
Principal retirement	6,061	-	-	-	6,061
Interest and fiscal charges	596	-	-	-	596
<b>Total Expenditures</b>	<b>8,452,868</b>	<b>-</b>	<b>-</b>	<b>150,943</b>	<b>8,603,811</b>
Excess (deficiency) of revenues over expenditures	(1,702,201)	-	-	(131,743)	(1,833,944)
<b>Other Financing Sources (Uses):</b>					
Transfers in	5,050,124	-	-	120,000	5,170,124
Transfers out	(2,898,441)	-	-	-	(2,898,441)
<b>Total Other Financing Sources (Uses)</b>	<b>2,151,683</b>	<b>-</b>	<b>-</b>	<b>120,000</b>	<b>2,271,683</b>
Net change in fund balances	449,482	-	-	(11,743)	437,739
Fund balances - beginning	843,345	195	314	147,542	991,396
<b>Fund balances - ending</b>	<b>\$1,292,827</b>	<b>\$195</b>	<b>\$314</b>	<b>\$135,799</b>	<b>\$1,429,135</b>

**CITY OF MIAMI, OKLAHOMA**  
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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2011**

ASSETS	SPECIAL REVENUE FUNDS									
	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	ECONOMIC DEVELOPMENT FUND	CDRG RLF FUND	FLOOD 2007 FUND	MICRO LOAN PROGRAM	
Cash and cash equivalents	\$ 65,826	\$ -	\$ 400,070	\$ 7,561	\$ 81,948	\$ -	\$ -	\$ 4,852	\$ -	
Investments, at cost	-	-	-	-	-	-	-	-	-	
Accounts receivable	-	115,842	-	-	-	-	-	-	-	
Due from other governments	-	22,839	-	-	-	623,591	-	-	36,941	
Due from other funds	-	-	36,574	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	
<b>Total Assets</b>	<b>\$ 65,826</b>	<b>\$ 115,842</b>	<b>\$ 459,443</b>	<b>\$ 7,561</b>	<b>\$ 81,948</b>	<b>\$ -</b>	<b>\$ 623,591</b>	<b>\$ 4,852</b>	<b>\$ 36,941</b>	
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 41,533	\$ -	\$ 11,668	\$ -	\$ -	\$ -	\$ -	
Notes payable - short term	-	-	-	-	-	-	-	-	-	
Wages payable	-	-	-	-	2,099	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	9,414	-	
Deferred revenue	-	-	14,469	-	-	-	-	-	-	
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,002</b>	<b>\$ -</b>	<b>\$ 13,767</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,414</b>	<b>\$ -</b>	
<b>Fund balance:</b>										
Restricted	65,826	115,842	-	7,561	68,181	-	623,591	-	36,941	
Committed	-	-	403,441	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	(4,562)	-	
<b>Total Fund Balance</b>	<b>\$ 65,826</b>	<b>\$ 115,842</b>	<b>\$ 403,441</b>	<b>\$ 7,561</b>	<b>\$ 68,181</b>	<b>\$ -</b>	<b>\$ 623,591</b>	<b>\$ (4,562)</b>	<b>\$ 36,941</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 65,826</b>	<b>\$ 115,842</b>	<b>\$ 459,443</b>	<b>\$ 7,561</b>	<b>\$ 81,948</b>	<b>\$ -</b>	<b>\$ 623,591</b>	<b>\$ 4,852</b>	<b>\$ 36,941</b>	<b>(continued)</b>

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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2011, Continued**

ASSETS	SPECIAL REVENUE FUNDS									
	RFC 07-09 GRANT FUND	MDA-HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT TAXIWAY FUND	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS	SRL PROJECT FUND	
Cash and cash equivalents	\$ 23,087	\$ 60,461	\$ -	\$ 8,345	\$ 134,396	\$ -	\$ 3,120	\$ 6,240	\$ -	
Investments, at cost	-	-	-	-	-	-	-	-	-	
Accounts receivable	-	-	3,721	-	-	-	-	-	-	
Due from other governments	-	-	-	-	1,480	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	
Inventory	-	98,557	-	-	-	-	-	-	-	
<b>Total Assets</b>	<b>\$ 23,087</b>	<b>\$ 159,018</b>	<b>\$ 3,721</b>	<b>\$ 8,345</b>	<b>\$ 135,876</b>	<b>\$ -</b>	<b>\$ 3,120</b>	<b>\$ 6,240</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable and accrued liabilities	\$ -	\$ 100	\$ -	\$ -	\$ 3,900	\$ -	\$ 2,600	\$ -	\$ -	
Notes payable - short term	-	98,557	-	-	-	-	-	-	-	
Wages payable	-	-	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	-	-	3,745
Deferred revenue	-	-	-	-	1,480	-	-	-	-	
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 98,657</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,380</b>	<b>\$ -</b>	<b>\$ 2,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,745</b>
<b>Fund balance:</b>										
Restricted	23,087	60,361	3,721	8,345	130,496	-	520	6,240	-	
Committed	-	-	-	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	-	-	(3,745)
<b>Total Fund Balance</b>	<b>\$ 23,087</b>	<b>\$ 60,361</b>	<b>\$ 3,721</b>	<b>\$ 8,345</b>	<b>\$ 130,496</b>	<b>\$ -</b>	<b>\$ 520</b>	<b>\$ 6,240</b>	<b>\$ -</b>	<b>\$ (3,745)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,087</b>	<b>\$ 159,018</b>	<b>\$ 3,721</b>	<b>\$ 8,345</b>	<b>\$ 135,876</b>	<b>\$ -</b>	<b>\$ 3,120</b>	<b>\$ 6,240</b>	<b>\$ -</b>	<b>\$ (continued)</b>

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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2011, Continued**

ASSETS	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	OK LEAP/CDBG LOAN	EDA REVOLVING LOAN	DARE FUND	MDRA		CEMETERY PREPETUAL CARE INTEREST	CEMETERY PREPETUAL CARE	MAIN STREET PROJECT
Cash and cash equivalents	\$ -	\$ -	\$ 441	\$ 49,737	\$ 271,633	\$ 82,036	\$ 92,832	\$ 465,903
Investments, at cost	-	-	-	-	-	181,009	-	-
Accounts receivable	52,320	912,734	-	-	-	-	-	51,206
Due from other governments	-	-	-	-	48,727	-	24,054	-
Due from other funds	-	-	-	-	-	-	-	6,657
Inventory	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 52,320</b>	<b>\$ 912,734</b>	<b>\$ 441</b>	<b>\$ 49,737</b>	<b>\$ 320,360</b>	<b>\$ 263,045</b>	<b>\$ 116,886</b>	<b>\$ 523,766</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 256	\$ 497	\$ -	\$ 4,953	\$ 5,734	\$ -
Notes payable - short term	-	-	-	-	-	-	-	-
Wages payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	191	11,310	36,574
Deferred revenue	-	-	-	-	45,683	-	24,054	-
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 256</b>	<b>\$ 497</b>	<b>\$ 45,683</b>	<b>\$ 5,144</b>	<b>\$ 41,098</b>	<b>\$ 36,574</b>
<b>Fund balance:</b>								
Restricted	52,320	912,734	185	49,240	274,677	263,045	75,788	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	487,192
Unassigned	-	-	-	-	-	(3,644)	-	-
<b>Total Fund Balance</b>	<b>52,320</b>	<b>912,734</b>	<b>185</b>	<b>49,240</b>	<b>274,677</b>	<b>263,045</b>	<b>75,788</b>	<b>487,192</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 52,320</b>	<b>\$ 912,734</b>	<b>\$ 441</b>	<b>\$ 49,737</b>	<b>\$ 320,360</b>	<b>\$ 263,045</b>	<b>\$ 116,886</b>	<b>\$ 523,766</b>

(continued)

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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2011, 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
Investments, at cost	-	-
Accounts receivable	-	-
Due from other governments	-	-
Due from other funds	-	-
Inventory	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 42,041</b>
<u>LIABILITIES AND FUND BALANCES</u>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ -	-
Notes payable - short term	-	-
Wages payable	-	-
Due to other funds	174,218	-
Deferred revenue	-	-
<b>Total Liabilities</b>	<b>\$ 174,218</b>	<b>\$ -</b>
<b>Fund balance:</b>		
Restricted	-	42,041
Committed	-	-
Assigned	-	-
Unassigned	(174,218)	-
<b>Total Fund Balance</b>	<b>(174,218)</b>	<b>42,041</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 42,041</b>
		<b>\$ 1,800,489</b>
		<b>182,509</b>
		<b>1,796,355</b>
		<b>97,100</b>
		<b>43,231</b>
		<b>98,557</b>
		<b>\$ 4,018,241</b>
		<b>\$ 71,241</b>
		<b>98,557</b>
		<b>2,099</b>
		<b>235,452</b>
		<b>85,686</b>
		<b>\$ 493,035</b>
		<b>2,820,742</b>
		<b>403,441</b>
		<b>487,192</b>
		<b>(186,169)</b>
		<b>3,525,206</b>
		<b>\$ 4,018,241</b>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2011**

	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	ECONOMIC DEVELOPMENT FUND	CDBG RLF FUND	FLOOD 2007 FUND	MICRO LOAN PROGRAM
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,000	-	120,950	-	-	-	-	52,144	-
Changes for services	-	-	-	-	57,065	-	-	-	-
Investment income	-	3,946	-	-	-	-	21,209	-	373
Miscellaneous	-	5,370	35,987	-	-	-	75,000	-	-
<b>Total Revenues</b>	<b>10,000</b>	<b>9,316</b>	<b>156,937</b>	<b>-</b>	<b>57,065</b>	<b>-</b>	<b>96,209</b>	<b>52,144</b>	<b>373</b>
<b>Expenditures:</b>									
Current:									
General government	-	718	-	-	-	-	7,144	13,386	514
Public safety	-	-	-	686	-	-	-	3,137	-
Streets	-	-	90,914	-	-	-	-	-	-
Culture and recreation	4,429	-	-	-	30,154	-	-	-	-
Capital outlay	-	-	500,561	-	-	-	-	154,000	-
Debt service	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	43,572	-	-	-	-	-	-
Interest and fiscal charges	-	-	7,108	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,429</b>	<b>718</b>	<b>642,155</b>	<b>686</b>	<b>30,154</b>	<b>-</b>	<b>7,144</b>	<b>170,523</b>	<b>514</b>
<b>Revenues over (under) expenditures</b>	<b>5,571</b>	<b>8,598</b>	<b>(485,218)</b>	<b>(686)</b>	<b>26,911</b>	<b>-</b>	<b>89,065</b>	<b>(118,379)</b>	<b>(141)</b>
<b>Other financing sources (uses):</b>									
Lease proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	691,766	-	-	6,951	-	-	-
Transfers out	-	-	(691,766)	-	(100,000)	(6,951)	-	(49,916)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>6,951</b>	<b>-</b>	<b>(49,916)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>5,571</b>	<b>8,598</b>	<b>206,548</b>	<b>(686)</b>	<b>(73,089)</b>	<b>6,951</b>	<b>89,065</b>	<b>(168,295)</b>	<b>(141)</b>
<b>Fund Balance - beginning of year</b>	<b>60,255</b>	<b>107,244</b>	<b>196,893</b>	<b>8,247</b>	<b>141,270</b>	<b>(6,951)</b>	<b>534,526</b>	<b>163,733</b>	<b>37,082</b>
<b>Fund Balance - end of year</b>	<b>\$ 65,826</b>	<b>\$ 115,842</b>	<b>\$ 403,441</b>	<b>\$ 7,561</b>	<b>\$ 68,181</b>	<b>\$ -</b>	<b>\$ 623,591</b>	<b>\$ (4,562)</b>	<b>\$ 36,941</b>

(Continued)

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2011,  
Continued**

	RFC 07-09 GRANT FUND	MDA - HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT TAXIWAY FUND	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS	SRL PROJECT FUND
<b>Revenues:</b>									
Taxes	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	14,999	-	31,454	89,570	-	332,938	14,095	-
Charges for services	-	278,809	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous	-	30,298	-	-	-	-	-	-	-
<b>Total Revenues</b>		<u>324,106</u>		<u>31,454</u>	<u>89,570</u>		<u>332,938</u>	<u>14,095</u>	
<b>Expenditures:</b>									
Current:									
General government	-	321,093	-	5,957	-	-	-	9,780	48
Public safety	748	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	15,997	1,024,337	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:	-	276,834	-	-	-	-	-	-	-
Principal retirement	-	1,290	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>748</u>	<u>600,126</u>		<u>21,954</u>	<u>1,024,337</u>			<u>9,780</u>	<u>48</u>
<b>Revenues over (under) expenditures</b>	<u>(748)</u>	<u>(276,020)</u>		<u>9,500</u>	<u>(934,767)</u>		<u>332,938</u>	<u>4,315</u>	<u>(48)</u>
<b>Other financing sources (uses):</b>									
Lease proceeds	-	276,834	-	-	1,069,517	-	-	-	-
Transfers in	-	-	-	(85,059)	-	(16,981)	151,910	-	-
Transfers out	-	-	-	(85,059)	-	(16,981)	(432,266)	(8,438)	-
<b>Total other financing sources (uses)</b>		<u>276,834</u>		<u>(85,059)</u>	<u>1,069,517</u>	<u>(16,981)</u>	<u>(280,356)</u>	<u>(8,438)</u>	
<b>Net change in fund balances</b>	<u>(748)</u>	<u>814</u>		<u>(75,559)</u>	<u>134,750</u>	<u>(16,981)</u>	<u>52,582</u>	<u>(4,123)</u>	<u>(48)</u>
<b>Fund Balance - beginning of year</b>	<u>23,835</u>	<u>59,547</u>	<u>3,721</u>	<u>83,904</u>	<u>(4,254)</u>	<u>16,981</u>	<u>(52,062)</u>	<u>10,363</u>	<u>(3,697)</u>
<b>Fund Balance - end of year</b>	<u>\$ 23,087</u>	<u>\$ 60,361</u>	<u>\$ 3,721</u>	<u>\$ 8,345</u>	<u>\$ 130,496</u>	<u>\$ -</u>	<u>\$ 520</u>	<u>\$ 6,240</u>	<u>\$ (3,745)</u>

(Continued)

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2011,  
Continued**

	SPECIAL REVENUE FUNDS			DEBT SERVICE			CAPITAL PROJECT FUNDS		
	OK LEAP/CDBG FUND	EDA REVOLVING LOAN	DARE FUND	MDRA	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,325	\$ -	\$ -	\$ 374,677
Intergovernmental	-	-	-	6,100	-	-	-	113,371	-
Charges for services	-	-	-	163,995	-	-	8,200	-	-
Investment income	100	37,015	-	61	1,500	-	-	-	459
Miscellaneous	-	-	2,800	152,962	-	-	-	2,994	-
<b>Total Revenues</b>	<b>100</b>	<b>37,015</b>	<b>2,800</b>	<b>323,118</b>	<b>1,500</b>	<b>243,325</b>	<b>8,200</b>	<b>116,365</b>	<b>375,136</b>
<b>Expenditures:</b>									
Current:									
General government	9,170	16,277	-	-	4,953	2,695	5,640	-	-
Public safety	-	-	3,094	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	291,920	-	-	-	-	-
Capital outlay	-	-	-	1,750	-	-	-	326,508	-
Debt service:									
Principal retirement	-	-	-	55,637	-	215,000	-	-	69,213
Interest and fiscal charges	-	-	-	8,138	-	23,205	-	-	89,178
<b>Total Expenditures</b>	<b>9,170</b>	<b>16,277</b>	<b>3,094</b>	<b>357,445</b>	<b>4,953</b>	<b>240,900</b>	<b>5,640</b>	<b>326,508</b>	<b>158,391</b>
<b>Revenues over (under) expenditures</b>	<b>(9,070)</b>	<b>20,738</b>	<b>(294)</b>	<b>(34,327)</b>	<b>(3,453)</b>	<b>2,425</b>	<b>2,560</b>	<b>(210,143)</b>	<b>216,745</b>
<b>Other financing sources (uses):</b>									
Lease proceeds	-	-	-	185,000	-	-	-	-	-
Transfers in	-	-	-	45,000	-	-	-	285,000	-
Transfers out	-	(39,993)	-	(351,486)	-	-	-	-	(176,515)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(39,993)</b>	<b>-</b>	<b>(121,486)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285,000</b>	<b>(176,515)</b>
<b>Net change in fund balances</b>	<b>(9,070)</b>	<b>(19,255)</b>	<b>(294)</b>	<b>(155,813)</b>	<b>(3,453)</b>	<b>2,425</b>	<b>2,560</b>	<b>74,857</b>	<b>40,230</b>
<b>Fund Balance - beginning of year</b>	<b>61,390</b>	<b>931,989</b>	<b>479</b>	<b>205,053</b>	<b>(191)</b>	<b>272,252</b>	<b>260,485</b>	<b>931</b>	<b>446,962</b>
<b>Fund Balance - end of year</b>	<b>\$ 52,320</b>	<b>\$ 912,734</b>	<b>\$ 185</b>	<b>\$ 49,240</b>	<b>\$ (3,644)</b>	<b>\$ 274,677</b>	<b>\$ 263,045</b>	<b>\$ 75,788</b>	<b>\$ 487,192</b>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2011,  
Continued**

	<u>CAPITAL PROJECT FUNDS</u>	<u>PARK DEPARTMENT</u>	<u>TOTAL</u>
	<u>FOOL IMPROVEMENT FUND</u>	<u>PROJECTS</u>	
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ 618,002
Intergovernmental	-	-	785,621
Charges for services	64,349	-	572,418
Investment income	-	-	64,663
Miscellaneous	-	-	305,411
<b>Total Revenues</b>	<u>64,349</u>	<u>-</u>	<u>2,346,115</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	388,495
Public safety	-	-	17,445
Streets	-	-	90,914
Culture and recreation	-	-	326,503
Capital outlay	-	-	2,023,153
Debt service:			
Principal retirement	-	-	660,256
Interest and fiscal charges	-	-	128,928
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>3,635,694</u>
<b>Revenues over (under) expenditures</b>	<u>64,349</u>	<u>-</u>	<u>(1,289,579)</u>
<b>Other financing sources (uses):</b>			
Lease proceeds	-	-	461,834
Transfers in	-	-	2,250,144
Transfers out	-	-	(1,260,654)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>1,451,324</u>
<b>Net change in fund balances</b>	<u>64,349</u>	<u>-</u>	<u>161,745</u>
<b>Fund Balance - beginning of year</b>	<u>(238,567)</u>	<u>42,041</u>	<u>3,363,461</u>
<b>Fund Balance - end of year</b>	<u>\$ (174,218)</u>	<u>\$ 42,041</u>	<u>\$ 3,525,206</u>

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**Combining Statement of Net Assets – Non Major Enterprise Funds – June 30, 2011**

	<u>AIRPORT FUND</u>	<u>MIPFA</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 98,384	\$ 121,601	\$ 219,985
Due from other funds	28,742	-	28,742
Receivables:			
Accounts receivable	52,729	-	52,729
Inventory	73,007	-	73,007
<b>Total current assets</b>	<u>252,862</u>	<u>121,601</u>	<u>374,463</u>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Nondepreciable	285,791	144,429	430,220
Depreciable, net of accumulated depreciation	831,405	401,617	1,233,022
<b>Total noncurrent assets</b>	<u>1,117,196</u>	<u>546,046</u>	<u>1,663,242</u>
<b>Total Assets</b>	<u>1,370,058</u>	<u>667,647</u>	<u>\$ 2,037,705</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 68,746	\$ 1,500	\$ 70,246
Wages payable	817	-	817
Due to other funds	120	-	120
<b>Total Current Liabilities</b>	<u>69,683</u>	<u>1,500</u>	<u>71,183</u>
<b>Current Liabilities</b>			
Notes Payable	-	29,248	29,248
<b>Total Current Liabilities</b>	<u>-</u>	<u>29,248</u>	<u>29,248</u>
<b>Total Current Liabilities</b>	<u>69,683</u>	<u>30,748</u>	<u>100,431</u>
<b>Noncurrent Liabilities:</b>			
Notes payable	-	20,161	20,161
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>20,161</u>	<u>20,161</u>
<b>Total Liabilities</b>	<u>69,683</u>	<u>50,909</u>	<u>120,592</u>
<b><u>NET ASSETS</u></b>			
Investment in capital assets, net of related debt	1,117,196	496,637	1,613,833
Restricted for industrial development	-	120,101	120,101
Unrestricted	183,179	-	183,179
<b>Total Net Assets</b>	<u>\$ 1,300,375</u>	<u>\$ 616,738</u>	<u>\$ 1,917,113</u>

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**Combining Statement of Revenues, Expenses and Changes in Net Assets – Non Major Enterprise Funds**  
**- Year Ended June 30, 2011**

	<u>AIRPORT FUND</u>	<u>MIPFA</u>	<u>TOTALS</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 296,060	\$ 47,320	\$ 343,380
<b>Total Operating Revenues</b>	<u>296,060</u>	<u>47,320</u>	<u>343,380</u>
<b>Operating Expenses:</b>			
Personal services	33,623	-	33,623
Materials and supplies	212,343	-	212,343
Other services and charges	19,616	12,961	32,577
Depreciation and amortization	46,411	25,231	71,642
<b>Total Operating Expenses</b>	<u>311,993</u>	<u>38,192</u>	<u>350,185</u>
<b>Operating Income (Loss)</b>	<u>(15,933)</u>	<u>9,128</u>	<u>(6,805)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment income	2	573	575
Miscellaneous income	1,000	-	1,000
Interest and fiscal charges	-	(2,591)	(2,591)
<b>Net non-operating revenues (expenses)</b>	<u>1,002</u>	<u>(2,018)</u>	<u>(1,016)</u>
<b>Income (Loss) Before Transfers</b>	<u>(14,931)</u>	<u>7,110</u>	<u>(7,821)</u>
<b>Other financing sources (uses):</b>			
Transfers in	432,266	-	432,266
Transfers out	(134,929)	-	(134,929)
<b>Total other financing sources (uses)</b>	<u>297,337</u>	<u>-</u>	<u>297,337</u>
<b>Change in Net Assets</b>	<u>282,406</u>	<u>7,110</u>	<u>289,516</u>
<b>Net Assets, beginning of year</b>	<u>1,017,969</u>	<u>609,628</u>	<u>1,627,597</u>
<b>Net Assets, end of year</b>	<u>\$ 1,300,375</u>	<u>\$ 616,738</u>	<u>\$ 1,917,113</u>

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**Combining Statement of Cash Flows – Non Major Enterprise Funds - Year Ended June 30, 2011**

	AIRPORT FUND	MIPFA	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 299,279	\$ 47,320	\$ 346,599
Payments to suppliers	(218,427)	(12,961)	(231,388)
Payments to employees	(32,806)	-	(32,806)
Payments from other funds	(28,742)	110,988	82,246
Payments to other funds	(30,385)	-	(30,385)
Net Cash Provided by (Used in) Operating Activities	(11,081)	145,347	134,266
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(134,929)	-	(134,929)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(134,929)	-	(134,929)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	(10,000)	(59,427)	(69,427)
Interest and fiscal charges paid on capital debt	-	(2,591)	(2,591)
Principal paid on capital debt	-	(28,106)	(28,106)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(10,000)	(90,124)	(100,124)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	2	573	575
Net Cash Provided by Investing Activities	2	573	575
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(156,008)	55,796	(100,212)
<b>Balances - beginning of the year</b>	254,392	65,805	320,197
<b>Balances - end of the year</b>	\$ 98,384	\$ 121,601	\$ 219,985
<b>Reconciliation to Statement of Net Assets:</b>			
Cash and cash equivalents	\$ 98,384	\$ 121,601	\$ 219,985
Total cash and cash equivalents	\$ 98,384	\$ 121,601	\$ 219,985
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	(\$15,933)	\$ 9,128	\$ (6,805)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	46,411	25,231	71,642
Other non-operating income	1,000	-	1,000
Change in assets and liabilities:			
Receivables, net	2,219	-	2,219
Due from other funds	(28,742)	110,988	82,246
Inventory	(33,530)	-	(33,530)
Accounts payables	47,062	-	47,062
Due to other funds	(30,385)	-	(30,385)
Accrued wages payable	817	-	817
Net Cash Provided by (Used in) Operating Activities	\$ (11,081)	\$ 145,347	\$ 134,266
<b>Non-cash activity:</b>			
Capital assets donated	432,266	-	432,266
	\$ 432,266	\$ -	\$ 432,266

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**Combining Statement of Net Assets – Internal Service Funds – June 30, 2011**

	<u>WORKER'S COMPENSATION FUND</u>	<u>UNEMPLOYMENT FUND</u>	<u>HEALTH INSURANCE FUND</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 691,147	\$ 58,322	\$ 4,492	\$ 753,961
Investments	604,237	-	-	604,237
<b>Receivables:</b>				
Other receivable	3,766,226	-	-	3,766,226
<b>Total current assets</b>	<u>5,061,610</u>	<u>58,322</u>	<u>4,492</u>	<u>5,124,424</u>
<b>Total Assets</b>	<u>5,061,610</u>	<u>58,322</u>	<u>4,492</u>	<u>5,124,424</u>
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities:</b>				
Claims liability	\$ 3,600,250	\$ 6,086	\$ 81,592	\$ 3,687,928
Due to other funds	-	-	13,488	13,488
<b>Total Liabilities</b>	<u>3,600,250</u>	<u>6,086</u>	<u>95,080</u>	<u>3,701,416</u>
<b><u>NET ASSETS</u></b>				
Unrestricted	<u>1,461,360</u>	<u>52,236</u>	<u>(90,588)</u>	<u>1,423,008</u>
<b>Total Net Assets</b>	<u>\$ 1,461,360</u>	<u>\$ 52,236</u>	<u>\$ (90,588)</u>	<u>\$ 1,423,008</u>

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**Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds -  
Year Ended June 30, 2011**

	<b>WORKER'S COMPENSATION FUND</b>	<b>UNEMPLOYMENT FUND</b>	<b>HEALTH INSURANCE FUND</b>	<b>TOTALS</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 382,372	\$ 25,228	\$ 905,200	\$ 1,312,800
Miscellaneous	3,287,556	-	-	3,287,556
<b>Total Operating Revenues</b>	<b>3,669,928</b>	<b>25,228</b>	<b>905,200</b>	<b>4,600,356</b>
<b>Operating Expenses:</b>				
Insurance claims and expenses	3,406,435	10,186	863,933	4,280,554
<b>Total Operating Expenses</b>	<b>3,406,435</b>	<b>10,186</b>	<b>863,933</b>	<b>4,280,554</b>
<b>Net Operating Income</b>	<b>263,493</b>	<b>15,042</b>	<b>41,267</b>	<b>319,802</b>
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	3,807	-	-	3,807
<b>Net non-operating revenues (expenses)</b>	<b>3,807</b>	<b>-</b>	<b>-</b>	<b>3,807</b>
<b>Change in Net Assets</b>	<b>267,300</b>	<b>15,042</b>	<b>41,267</b>	<b>323,609</b>
<b>Net Assets, beginning of year</b>	<b>1,194,060</b>	<b>37,194</b>	<b>(131,855)</b>	<b>1,099,399</b>
<b>Net Assets, end of year</b>	<b>\$ 1,461,360</b>	<b>\$ 52,236</b>	<b>\$ (90,588)</b>	<b>\$ 1,423,008</b>

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**Combining Statement of Cash Flows – Internal Service Funds - Year Ended June 30, 2011**

	<u>WORKER'S COMPENSATION FUND</u>	<u>UNEMPLOYMENT FUND</u>	<u>HEALTH INSURANCE FUND</u>	<u>TOTALS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 748,274	\$ 25,228	\$ 905,200	\$ 1,678,702
Payments to other funds	-	-	(26,513)	(26,513)
Payments from other funds	-	-	55,174	55,174
Claims and benefits paid	(735,743)	(10,717)	(933,861)	(1,680,321)
Net Cash Provided by Operating Activities	<u>12,531</u>	<u>14,511</u>	<u>-</u>	<u>27,042</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	3,807	-	-	3,807
Purchase of investments	(3,624)	-	-	(3,624)
Net Cash Provided by Investing Activities	<u>183</u>	<u>-</u>	<u>-</u>	<u>183</u>
<b>Net Increase in Cash and Cash Equivalents</b>	12,714	14,511	-	27,225
<b>Balances - beginning of the year</b>	<u>678,433</u>	<u>43,811</u>	<u>4,492</u>	<u>726,736</u>
<b>Balances - end of the year</b>	<u>\$ 691,147</u>	<u>\$ 58,322</u>	<u>\$ 4,492</u>	<u>\$ 753,961</u>
<b>Reconciliation to Statement of Net Assets:</b>				
Cash and cash equivalents	\$ 691,147	\$ 58,322	\$ 4,492	\$ 753,961
Total cash and cash equivalents	<u>\$ 691,147</u>	<u>\$ 58,322</u>	<u>\$ 4,492</u>	<u>\$ 753,961</u>
<b>Reconciliation of operating Income (loss) to net cash provided by cash In operating activities:</b>				
Operating income	\$ 263,493	\$ 15,042	\$ 41,267	\$ 319,802
Change in assets and liabilities:				
Receivables, net	(2,921,654)	-	-	(2,921,654)
Due from other funds	-	-	55,174	55,174
Due to other funds	-	-	(26,513)	(26,513)
Claims liability	2,670,692	(531)	(69,928)	2,600,233
Net Cash Provided by Operating Activities	<u>\$ 12,531</u>	<u>\$ 14,511</u>	<u>\$ -</u>	<u>\$ 27,042</u>

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**Combining Balance Sheet - Non-Major Governmental Fund – MDRA Combining - June 30, 2011**

<u>ASSETS</u>	<u>MDRA FUND</u>	<u>FRIENDS OF THE COLEMAN</u>	<u>TOTALS</u>
Cash and cash equivalents	\$ 20,340	\$ 29,397	\$ 49,737
<b>Total Assets</b>	<b>\$ 20,340</b>	<b>\$ 29,397</b>	<b>\$ 49,737</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	-	\$ 497	\$ 497
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 497</b>	<b>\$ 497</b>
<b>Fund balance:</b>			
Restricted	20,340	28,900	49,240
<b>Total Fund Balance</b>	<b>20,340</b>	<b>28,900</b>	<b>49,240</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 20,340</b>	 <b>\$ 29,397</b>	 <b>\$ 49,737</b>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor  
Governmental Fund – MDRA Combining - Year Ended June 30, 2011**

	<u>MDRA FUND</u>	<u>FRIENDS OF THE COLEMAN</u>	<u>TOTALS</u>
<b>Revenues:</b>			
Intergovernmental	\$ 5,000	\$ 1,100	\$ 6,100
Charges for services	35,538	128,457	163,995
Investment income	42	19	61
Miscellaneous	45,988	106,974	152,962
<b>Total Revenues</b>	<u>86,568</u>	<u>236,550</u>	<u>323,118</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Culture and recreation	107,275	184,645	291,920
Capital outlay		1,750	1,750
<b>Debt service:</b>			
Principal retirement	-	55,637	55,637
Interest and fiscal charges	-	8,138	8,138
<b>Total Expenditures</b>	<u>107,275</u>	<u>250,170</u>	<u>357,445</u>
<b>Revenues over (under) expenditures</b>	(20,707)	(13,620)	(34,327)
<b>Other financing sources (uses):</b>			
Lease proceeds	-	185,000	185,000
Transfers in	45,000	-	45,000
Transfers out	-	(351,486)	(351,486)
<b>Total other financing sources (uses)</b>	<u>45,000</u>	<u>(166,486)</u>	<u>(121,486)</u>
<b>Net change in fund balances</b>	24,293	(180,106)	(155,813)
<b>Fund Balance - beginning of year</b>	(3,953)	209,006	205,053
<b>Fund Balance - end of year</b>	<u>\$ 20,340</u>	<u>\$ 28,900</u>	<u>\$ 49,240</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**Debt Service Coverage Schedule - Year Ended June 30, 2011**

**DEBT SERVICE COVERAGE:**

	<b>OWRB Series 2001A, 2003A, 2004A, 2005 &amp; 2006A Promissory Notes</b>	<b>2010 Sales Tax Revenue Bonds</b>
<b>GROSS REVENUE AVAILABLE:</b>		
Charges for services (water, electric and wastewater)	\$19,704,564	\$19,704,564
Investment income	26,808	26,808
Pledged sales tax	-	3,470,825
	19,731,372	23,202,197
<b>OPERATING EXPENSES:</b>		
Total Operating Expenses (excludes depreciation and amortization)	16,499,523	16,499,523
Net Revenue Available for Debt Service	\$3,231,849	\$6,702,674
Maximum Annual Debt Service on all OWRB Obligations Payable From Revenues of the System		
	\$734,165	\$734,165
Average Annual Debt Service on 2010 Sales Tax Revenue Bonds	-	1,096,685
	\$734,165	\$1,830,850
Computed Coverage	440%	366%
Coverage Requirement	125%	125%



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

To the City Council  
City of Miami, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, and each fund of the City of Miami, Oklahoma as of and for the year ended June 30, 2011, which collectively comprise the City of Miami, Oklahoma's basic financial statements and have issued our report thereon dated October 8, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Miami, Oklahoma'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, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Miami, Oklahoma's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies as defined above.

### Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of Miami, Oklahoma, in a separate letter dated October 8, 2012.

This report is intended solely for the information and use of management, City Council, Oklahoma State Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TURNER & Associates, PLLC

Vinita, OK  
October 8, 2012



**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

**Compliance**

We have audited 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 City of Miami, Oklahoma's major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City of Miami, Oklahoma's compliance based on our audit.

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 District'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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, City of Miami, Oklahoma, complied, in all material respects, with the 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, 2011.

**Internal Control Over Compliance**

Management of City of Miami, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Miami, Oklahoma's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the City of Miami, Oklahoma's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*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 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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies as defined above.

#### 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 City of Miami, Oklahoma as of and for the year ended June 30, 2011, and have issued our report thereon dated October 8, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the City Council, management, Oklahoma State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TURNER & Associates, PLLC

Vinita, Oklahoma  
October 8, 2012

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

**City of Miami, Oklahoma  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

<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>
<b><u>Institute of Museum and Library Services</u></b>				
Pass through Oklahoma Department of Libraries				
Grants to States	45.310	F-11-174	1,222	1,222
Grants to States	45.310	F-11-201	2,715	2,715
Grants to States	45.310	F-11-155	14,050	1,500
Grants to States	45.310	F-11-086	5,000	5,000
Pass through Oklahoma Humanities Council				
OHC Museum on Main Street	45.168	Y10.083	1,300	1,300
			<u>24,287</u>	<u>11,737</u>
<b><u>Department of Energy</u></b>				
Pass through Oklahoma Department of Commerce				
Stimulus Energy Efficiency Comm. Block Grant - ARRA	81.128	13971 SEEBG 09	250,000	95,575
<b><u>Department of Homeland Security</u></b>				
Pass through Oklahoma Emergency Management				
Emergency Protective Measurers	97.036	FEMA-1985	25,088	25,088
Emergency Protective Measurers	97.036	FEMA-1876	59,410	59,410
Emergency Management Performance Grant				
Emergency Management Performance Grant	97.042	EMPG 11	26,699	13,350
Emergency Management Performance Grant	97.042	EMPG 10	26,699	13,350
Pass through District Attorney's Council				
Edward Byrnes Memorial Grant	16.579	2010-DJ-BX-1201	10,095	10,095
Total Department of Homeland Security			<u>147,991</u>	<u>121,293</u>
<b><u>Department of Commerce</u></b>				
Investment in Public Works or Economic				
Development Projects	11.300	80-01-04031	500,000	50,733
<b><u>Department of Housing and Urban Development</u></b>				
Pass through Oklahoma Department of Commerce				
HOME Investment Partnership Program	14.239	1194 HOME 07	119,992	14,999
Community Development Block Grant	14.228	12989 CD 96	400,000	31,454
Community Development Block Grant	14.228	13111 CDBG 08	150,000	40,315
Community Development Block Grant	14.228	13335 CDBG 08	58,254	1,933
Total Department of Housing and Urban Development			<u>728,246</u>	<u>88,701</u>
<b><u>US Department of Transportation</u></b>				
Airport Improvement Program				
Airport Improvement Program	20.106	3-40-0059-012-2008	171,365	99,490
Airport Improvement Program	20.106	3-40-0059-013-2010	97,641	74,093
Airport Improvement Program	20.106	3-40-0059-014-2010	170,233	159,356
State and Community Highway Safety				
State and Community Highway Safety	20.600	PT-11-03-32-0	4,000	4,000
Highway Planning and Construction				
Pass through Oklahoma Department of Transportation	20.205	Scenic Byways	120,000	8,640
Highway Planning and Construction	20.205	22633(04)	298,411	70,692
Highway Planning and Construction	20.205	24580(04)	397,187	66,732
Highway Planning and Construction	20.205	10430(06)	63,743	79,365
			<u>1,322,580</u>	<u>562,368</u>
Total Federal Awards			<u>\$2,973,104</u>	<u>\$930,407</u>

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**City of Miami, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2011**

**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*. All three are considered material weaknesses.
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*. The deficiency is not reported as a material weakness.
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 20.205 – Highway Planning and Construction Cluster; CFDA 81.128 – Stimulus Energy Efficiency and Conservation Block Grant ARRA.
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, 2011**

**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, 2011**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**Finding 09-10; Document Retention FEMA**

*Condition:* This finding was a significant deficiency that stated sixty percent of tested items had no supporting documentation.

*Recommendation:* The auditor recommended that policies related to FEMA related expenses are traceable from the General Ledger to all supporting documentation. Such documentation should be maintained for three years in a central location. Management concurred with the recommendation.

*Current status:* The FEMA grant administrator has implemented a system in which all documentation is filed in a central location, maintained by project and for a seven year period as recommended by FEMA. This finding has been corrected.