



**THE CITY OF MIAMI, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor’s Report on Financial Statements.....</b>	5-6
<b>Management’s Discussion and Analysis.....</b>	7-18
<b>The Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets .....	20
Statement of Activities .....	21
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet .....	23
Statement of Changes in Fund Balances.....	24
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	25-26
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Assets.....	28
Statement of Changes in Net Assets.....	29
Statement of Cash Flows.....	30
<b>Fiduciary Funds Financial Statements:</b>	
Statement of Net Assets.....	32
Pension Trust Fund Statement of Changes in Plan Net Assets.....	33
<b>Footnotes to the Basic Financial Statements .....</b>	34-62
<b>Required Supplementary Information:</b>	
<b>Budgetary Comparison Information</b>	
Budgetary Comparison Schedule (Budgetary Basis) – General Fund.....	64
Footnotes to Budgetary Comparison Schedule.....	65
<b>Pension Plan Information</b>	
Schedule of Funding Progress – City Employee Retirement System.....	66
Schedule of Funding Progress – OPEB.....	67

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**Supplementary Information:**

Combining Balance Sheet – General Fund Accounts.....	69
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts .....	70
Combining Balance Sheet - Non-Major Governmental Funds.....	71-74
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds.....	75-78
Combining Statement of Net Assets – Non-Major Enterprise Funds.....	79
Combining Statement of Revenues, Expenses and Changes in Net Assets – Non-Major Enterprise Funds .....	80
Combining Statement of Cash Flows – Non-Major Enterprise Funds .....	81
Combining Schedule of Net Assets – Department of Public Utilities - Enterprise Fund Account.....	82
Combining Schedule of Revenues, Expenditures and Changes in Net Assets – Department of Public Utilities Accounts – Enterprise Fund Accounts .....	83
Combining Statement of Net Assets – Internal Service Funds.....	84
Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds.....	85
Combining Statement of Cash Flows – Internal Service Funds.....	86
Debt Service Coverage Schedule.....	87

**Single Audit and Internal Control and Compliance Information**

Independent Auditor’s Report on Internal Control and Compliance Over Financial Reporting in Accordance with Government Auditing Standards.....	89-90
Independent Auditor’s Report on Internal Control and Compliance in Accordance with OMB Circular A-133.....	91-92
Schedule of Expenditures of Federal Awards.....	93
Schedule of Findings and Question Costs.....	95-97



## 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, 2012, 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, 2012, 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 June 19, 2013, 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  
June 19, 2013

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

---

**MANAGEMENT DISCUSSION AND ANALYSIS**

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

---

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, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2012, the City's total net assets decreased by \$120,185 or .26% from the prior year.
- During the year, the City's expenses for governmental activities were \$12.7 million and were funded by program revenues of \$2.2 million and further funded with taxes and other general revenues that totaled \$7.6 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$2.8 million.
- At June 30, 2012, the General Fund and its accounts reported an unassigned fund balance of \$441,591.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$1,113,613 or 15.88%, while expenditures were under the final appropriations by \$737,290 or 8.1%.

***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, three blended component units, and three 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 Development Authority (MDA)** – public trust created to promote the development of housing in Miami.

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

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

**Miami Downtown Redevelopment Authority (MDRA)** – public trust created to promote the redevelopment of the downtown area.

**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.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

---

- **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 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

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

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 \$45,884,268 at the close of the most recent fiscal year.

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

	Governmental		% Inc.	Business-type		% Inc.	Total		% Inc.
	Activities		(Dec.)	Activities		(Dec.)	Primary Government		(Dec.)
	2012	Restated, 2011		2012	2011		2012	Restated, 2011	
Current and other assets	\$ 16,212	\$ 20,874	-22%	\$ 13,198	\$ 11,628	14%	\$ 29,410	\$ 32,502	-10%
Capital assets	28,864	24,844	16%	18,939	19,465	-3%	47,803	44,309	8%
Total assets	45,076	45,718	-1%	32,137	31,093	3%	77,213	76,811	1%
Long-term debt outstanding	2,700	2,547	6%	22,724	21,910	4%	25,424	24,457	4%
Other liabilities	4,193	4,627	-9%	1,712	1,723	-1%	5,905	6,350	-7%
Total liabilities	6,893	7,174	-4%	24,436	23,633	3%	31,329	30,807	2%
Net assets:									
Invested in capital assets, net of debt (see note 9 totals)	27,472	23,070	19%	9,484	11,292	-16%	25,410	31,326	-19%
Restricted	8,450	13,217	-36%	1,202	1,075	12%	9,652	14,292	-32%
Unrestricted	2,261	2,257	0%	(2,985)	(4,907)	-39%	10,822	386	2704%
Total net assets	\$ 38,183	\$ 38,544	-1%	\$ 7,701	\$ 7,460	3%	\$ 45,884	46,004	0%

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

---

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 2012, the investment in capital assets, net of related debts amounted to \$25,410,378. 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, \$9,652,089 also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$10,821,801, 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 – Decrease of \$4.7 million (23%) due to construction proceeds on hand decreasing as projects are being completed.

Net Assets, restricted – Decrease of \$4.8 million (36%) due to use of debt proceeds being used on construction projects.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

*Business-Type Activities:*

Unrestricted Net Assets – Decrease of \$1.9 million (39%) due mainly to a decrease in investment in capital assets net of related debt.

**Changes in Net Assets**

For the year ended June 30, 2012, 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.)
	2012	2011		2012	2011		2012	2011	
Revenues:									
Program revenues:									
Charges for services	\$ 1,121	\$ 1,273	-12%	\$ 24,446	\$ 22,050	11%	\$ 25,567	\$ 23,323	10%
Operating grants and contributions	701	888	-21%	12	-	100%	713	888	-20%
Capital grants and contributions	415	966	-57%	23	80	-71%	438	1,046	-58%
General revenues:									
Sales and use taxes	6,681	6,065	10%	-	-	-	6,681	6,065	10%
Other taxes	752	717	5%	-	-	-	752	717	5%
Other general revenue	202	331	-39%	-	28	-100%	202	359	-44%
Total revenues	<u>9,872</u>	<u>10,240</u>	-4%	<u>24,481</u>	<u>22,158</u>	10%	<u>34,353</u>	<u>32,398</u>	6%
Program expenses:									
General government	2,575	1,789	44%	-	-	-	2,575	1,789	44%
Public safety	4,798	4,658	3%	-	-	-	4,798	4,658	3%
Public works and streets	2,992	2,886	4%	-	-	-	2,992	2,886	4%
Cultural, parks and recreation	1,519	1,831	-17%	-	-	-	1,519	1,831	-17%
Cultural, parks and recreation - to component unit	55	-	100%	-	-	-	55	-	100%
Economic development	770	393	96%	-	-	-	770	393	96%
Airport	-	1	-100%	-	-	-	-	1	-100%
Interest on governmental debt	90	128	-30%	447	279	60%	537	407	32%
Water	-	-	-	1,620	1,684	-4%	1,620	1,684	-4%
Electric	-	-	-	16,141	14,380	12%	16,141	14,380	12%
Sewer	-	-	-	1,619	1,610	1%	1,619	1,610	1%
Sanitation	-	-	-	1,431	1,559	-8%	1,431	1,559	-8%
Airport	-	-	-	382	312	22%	382	312	22%
Industrial	-	-	-	34	41	-17%	34	41	-17%
Total expenses	<u>12,799</u>	<u>11,686</u>	10%	<u>21,674</u>	<u>19,865</u>	9%	<u>34,473</u>	<u>31,551</u>	9%
Excess (deficiency) before transfers	(2,927)	(1,446)	-102%	2,807	2,293	22%	(120)	847	-114%
Transfers	2,567	14,360	-82%	(2,567)	(14,360)	-82%	-	-	-
<b>Increase (decrease) in net assets</b>	<b><u>(\$ 360)</u></b>	<b><u>\$ 12,914</u></b>	<b>-103%</b>	<b><u>\$ 240</u></b>	<b><u>\$ (12,067)</u></b>	<b>102%</b>	<b><u>\$ (120)</u></b>	<b><u>\$ 847</u></b>	<b>-114%</b>

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

---

Explanations of significant changes in Table 2 are as follows:

*Governmental Activities:*

Operating grants and contribution – Decrease of \$0.1 million (21%) due to a decrease in grant funding received.

Capital grants and contribution – Decrease of \$0.4 million (57%) due to a decrease in grant funding received mainly related to the completion of the Coleman Ballroom Project.

General Government – Increase of \$0.7 million (44%) due to increased operation costs.

Economic Development – Increase of \$0.4 million (96%) due to increased operational cost related to the home construction project.

*Business-Type Activities:*

Electric expenses – Increase of \$1.7 million (12%) due to increased purchased electric cost related to extreme weather conditions.

Transfers – the significant decrease in transfers was due to a prior year transfer of debt proceeds to a capital project 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.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2012	2011		2012	2011	
	General government	\$2,575	\$1,789	44%	(\$1,647)	(\$1,032)
Public safety	4,798	4,658	3%	(4,082)	(3,931)	4%
Public works and streets	2,992	2,886	4%	(2,816)	(2,360)	19%
Culture, parks and recreation	1,519	1,831	-17%	(1,102)	(1,047)	5%
Culture, parks and recreation - to component unit	55	-	100%	(55)	-	100%
Airport	-	1	-100%	-	332	-100%
Economic Development	770	393	96%	(770)	(393)	96%
Interest on long-term debt	90	128	-30%	(90)	(128)	-30%
<b>Total</b>	<b>\$12,799</b>	<b>\$11,686</b>	<b>10%</b>	<b>(\$10,562)</b>	<b>(\$8,559)</b>	<b>23%</b>

For the year ended June 30, 2012 total expenses for governmental activities amounted to \$12.8 million which was an increase from the prior year of 10%. See Table 2 above for explanations of changes.

**Business-type Activities**

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2012	2011		2012	2011	
	Water	\$ 1,620	\$ 1,684	-4%	\$ 648	\$ 233
Wastewater	1,619	1,610	1%	261	(70)	473%
Sanitation	1,431	1,559	-8%	711	442	61%
Electric	16,141	14,380	12%	1,582	1,947	-19%
Airport	382	312	22%	41	(15)	373%
Industrial	34	41	-17%	11	7	57%
Interest on general govt debt	447	279	60%	(447)	(279)	60%
<b>Total</b>	<b>\$ 21,674</b>	<b>\$ 19,865</b>	<b>9%</b>	<b>\$ 2,807</b>	<b>\$ 2,265</b>	<b>24%</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 \$2,807,302 for the year ended June 30, 2012.
- With the exception of electric, all utilities saw an increase in net revenues due to rate increases.

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

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

As the City completed its 2012 fiscal year, the governmental funds reported a combined fund balance of \$11.3 million or a 33.6% decrease of approximately \$3,797,361 mainly due to bond construction being spent. The enterprise funds reported combined net assets of \$7.7 million or a 9.0% increase from 2012.

		<u>Fund Balance/Net Assets</u>	
Governmental Funds		Proprietary Funds	
Restricted	\$ 8,377,742	Invested in capital assets, net of related debt	\$ 9,484,253
Committed	791,120	Restricted for debt service and other	1,201,730
Assigned	1,820,104	Unrestricted	(3,068,788)
Unassigned	<u>318,545</u>		<u>-</u>
Total Fund Balance	<u>\$ 11,307,511</u>	Total Net Assets	<u>\$ 7,617,195</u>

**General Fund Budgetary Highlights**

General Fund reported revenues overestimates of \$1,113,613 or 15.8%, while expenditures were under the final appropriations by \$737,290 or 8.1%.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2012, the City had \$47.8 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 \$3.5 million or 7.8% over last year.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	2012	Restated 2011	2012	2011	2012	2011
Land	\$ 5,205	\$ 5,205	\$ 895	\$ 895	\$ 6,100	\$ 6,100
Buildings and utility infrastructure	5,636	5,907	8,492	8,825	14,128	14,732
Machinery, furniture and equipment	3,529	3,825	4,762	4,649	8,291	8,474
Infrastructure	10,198	7,012	4,363	4,632	14,561	11,644
Construction in progress	<u>4,296</u>	<u>2,905</u>	<u>426</u>	<u>464</u>	<u>4,722</u>	<u>3,369</u>
<b>Totals</b>	<u>\$ 28,864</u>	<u>\$ 24,854</u>	<u>\$ 18,938</u>	<u>\$ 19,465</u>	<u>\$ 47,802</u>	<u>\$ 44,319</u>

This year's more significant capital asset additions included:

Street projects	\$4,777,049
Highway 10 waterline	81,239

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

**Long- Term Debt**

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

At year-end, the City had \$24.5 in long-term debt outstanding which represents a \$.8 million or 3.7% increase from the prior year. The SUA issued \$1.9 million of Utility Revenues Bonds for improvements to the waterlines. The City's changes in long-term debt by type of debt are as follows:

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2012</u>	Restated, <u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Accrued absences	\$ 501,449	\$ 513,543	\$ 175,248	\$ 192,856	\$ 676,697
General Obligation Bonds	240,000	455,000	-	-	240,000	455,000
Revenue Bonds	-	-	13,760,000	12,455,000	13,760,000	12,455,000
Bond Premium (Discount)	1,247	3,117	(96,921)	(89,203)	(95,674)	(86,086)
Notes Payable	-	-	7,585,464	8,156,120	7,585,464	8,156,120
Capital Leases	1,729,705	1,326,311	619,585	619,108	2,349,290	1,945,419
<b>Totals</b>	<u>\$ 2,472,401</u>	<u>\$ 2,297,971</u>	<u>\$ 22,043,376</u>	<u>\$ 21,333,881</u>	<u>\$ 24,515,777</u>	<u>\$ 23,631,852</u>

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

**The Upcoming Year**

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

The FY 2012-2013 budget will remain level. The City expects to continue to be impacted by a struggling economy but by building financial capacity via a reshaping of budget priorities the City will improve budget stabilization for the future.

During FY 2012-2013 the City continued with revenue bond projects on various utility improvements such as East Central Bridge reconstruction and digging a well south of town. Utility rate increase monies will continue to repay the debt.

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

**Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact:

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2012**

---

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, 2012**

---

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Statement of Net Assets– June 30, 2012**

	<b>Primary Government</b>			<b>Component Unit</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Miami Educational Facilities Authority</b>	<b>MDRA</b>
<b>ASSETS:</b>					
Cash and cash equivalents	\$9,776,087	\$4,612,568	\$14,388,655	\$1,043	\$84,031
Investments	605,607	2,515,010	3,120,617	161,010	-
Interest receivable		808	808	58,630	-
Accounts receivable, net	1,900,556	4,140,440	6,040,996	-	-
Inventory		1,039,060	1,039,060	-	-
Due from other governments	1,054,775	18,278	1,073,053	2,500,776	-
Other receivable	3,117,295	-	3,117,295	-	-
Internal balances	(246,441)	246,441	-	-	-
Capital assets:					
Land and construction in progress	9,501,065	1,321,423	10,822,488	-	-
Other capital assets, net of depreciation	19,363,301	17,617,272	36,980,573	-	-
Unamortized bond issuance costs	4,036	626,008	630,044	18,326	-
<b>Total assets</b>	<b>45,076,281</b>	<b>32,137,308</b>	<b>77,213,589</b>	<b>2,739,785</b>	<b>84,031</b>
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	536,328	1,628,958	2,165,286	-	-
Claims liability	3,628,639	-	3,628,639	-	-
Accrued interest payable	3,859	83,283	87,142	36,709	-
Deferred revenue	24,053	-	24,053	343,601	20,000
Long-term liabilities:					
Due within one year	552,664	1,626,572	2,179,236	843,741	147,500
Due in more than one year	2,147,101	21,097,864	23,244,965	1,776,259	-
<b>Total liabilities</b>	<b>6,892,644</b>	<b>24,436,677</b>	<b>31,329,321</b>	<b>3,000,310</b>	<b>167,500</b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt (see note 9 concerning total column)	27,472,107	9,484,253	25,410,378	-	-
Net Assets:					
Restricted	8,450,359	1,201,730	9,652,089	-	-
Unrestricted (see note 9 concerning total column)	2,261,171	(2,985,352)	10,821,801	(260,525)	(83,469)
<b>Total net assets</b>	<b>\$38,183,637</b>	<b>\$7,700,631</b>	<b>\$45,884,268</b>	<b>(\$260,525)</b>	<b>(\$83,469)</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, 2012**

**Statement of Activities –Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	Component Unit	
					Governmental Activities	Business-Type Activities	Miami Educational Facilities Authority	MDRA	
<b>Primary Government:</b>									
Governmental activities:									
General government	\$2,575,268	\$522,739	\$60,086	\$345,760	(\$1,646,683)	-	(\$1,646,683)	-	-
Public safety	4,797,688	270,343	445,439	-	(4,081,906)	-	(\$4,081,906)	-	-
Public works and streets	2,991,637	-	173,270	2,688	(2,815,679)	-	(\$2,815,679)	-	-
Culture and recreation	1,519,435	327,456	22,450	66,913	(1,102,616)	-	(\$1,102,616)	-	-
Culture and recreation - to component unit	55,000	-	-	-	(55,000)	-	(\$55,000)	-	-
Economic development	769,675	-	-	-	(769,675)	-	(\$769,675)	-	-
Interest on long-term debt	90,364	-	-	-	(90,364)	-	(\$90,364)	-	-
Total governmental activities	12,799,067	1,120,538	701,245	415,361	(10,561,923)	-	(10,561,923)	-	-
Business-type activities:									
Water	1,620,337	2,268,516	-	-	-	648,179	648,179	-	-
Wastewater	1,618,964	1,867,669	12,832	-	-	261,537	261,537	-	-
Sanitation	1,430,608	2,141,236	-	-	-	710,628	710,628	-	-
Electric	16,141,147	17,723,004	-	-	-	1,581,857	1,581,857	-	-
Airport	381,565	400,297	-	22,856	-	41,588	41,588	-	-
Industrial	34,107	45,080	-	-	-	10,973	10,973	-	-
Interest on general government debt	447,460	-	-	-	-	(447,460)	(447,460)	-	-
Total business-type activities	21,674,188	24,445,802	12,832	22,856	-	2,807,302	2,807,302	-	-
<b>Total primary government</b>	<b>\$34,473,255</b>	<b>\$25,566,340</b>	<b>\$714,077</b>	<b>\$438,217</b>	<b>(10,561,923)</b>	<b>2,807,302</b>	<b>(7,754,621)</b>		
Component Unit:									
Culture and recreation	\$183,442	\$122,046	\$112,685	-	-	-	-	-	\$51,289
Education	131,168	7,756	-	-	-	-	-	(123,412)	-
Total component unit activities	\$314,610	\$129,802	\$112,685	-	-	-	-		
<b>General revenues:</b>									
Taxes:									
Sales and use taxes					6,680,614	-	6,680,614	-	-
Property tax					251,934	-	251,934	-	-
Franchise and public service taxes					315,776	-	315,776	-	-
Hotel/motel taxes					183,890	-	183,890	-	-
Investment income					73,163	434	73,597	37,584	13
Miscellaneous					128,625	-	128,625	-	-
<b>Transfers - Internal activity</b>					2,567,434	(2,567,434)	-	-	-
Total general revenues and transfers					10,201,436	(2,567,000)	7,634,436	37,584	13
Change in net assets					(360,487)	240,302	(120,185)	(85,828)	51,302
<b>Net assets - beginning, restated</b>					38,544,124	7,460,329	46,004,453	(174,697)	(134,771)
<b>Net assets - ending</b>					\$38,183,637	\$7,700,631	\$45,884,268	(\$260,525)	(\$83,469)

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Governmental Funds Balance Sheet - June 30, 2012**

	<b>General Fund</b>	<b>GO Street Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$1,354,317	\$5,643,369	\$2,099,459	\$9,097,145
Receivables:				
Accounts receivable	99,489	-	1,801,067	1,900,556
Due from other funds	128,244	-	44,251	172,495
Due from other governments and entities	795,801	146,346	112,628	1,054,775
 Total assets	<u>\$2,377,851</u>	<u>\$5,789,715</u>	<u>\$4,057,405</u>	<u>\$12,224,971</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$167,894	\$96,398	\$145,168	\$409,460
Wages payable	122,409	1,696	2,763	126,868
Due to other funds	62,764	-	161,660	224,424
Deferred revenue	56,178	-	100,530	156,708
 Total liabilities	<u>409,245</u>	<u>98,094</u>	<u>410,121</u>	<u>917,460</u>
Fund Balances:				
Restricted	89,886	5,691,621	2,596,235	8,377,742
Committed	-	-	791,120	791,120
Assigned	1,437,129	-	382,975	1,820,104
Unassigned	441,591	-	(123,046)	318,545
 Total fund balances	<u>1,968,606</u>	<u>5,691,621</u>	<u>3,647,284</u>	<u>11,307,511</u>
 Total liabilities and fund balances	<u>\$2,377,851</u>	<u>\$5,789,715</u>	<u>\$4,057,405</u>	<u>\$12,224,971</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, 2012**

**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2012**

	<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	\$5,526,972	\$1,135,700	\$588,158	\$7,250,830
Intergovernmental	1,078,254	-	178,356	1,256,610
Charges for services	383,865	-	399,862	783,727
Fines and forfeitures	190,586	-	-	190,586
Licenses and permits	96,004	-	-	96,004
Investment income	17,946	500	54,683	73,129
Miscellaneous	143,690	2,688	65,522	211,900
<b>Total Revenues</b>	<u>7,437,317</u>	<u>1,138,888</u>	<u>1,286,581</u>	<u>9,862,786</u>
<b>Expenditures:</b>				
Current:				
General government	1,532,989	-	358,912	1,891,901
Public safety	4,461,816	-	12,689	4,474,505
Public works and streets	1,121,895	-	76,777	1,198,672
Culture and recreation	1,060,742	-	50,098	1,110,840
Economic development	725,437	-	-	725,437
Capital outlay	59,967	4,586,075	1,403,188	6,049,230
Debt service:				
Principal retirement	-	-	588,256	588,256
Interest and fiscal charges	-	1,750	89,993	91,743
<b>Total Expenditures</b>	<u>8,962,846</u>	<u>4,587,825</u>	<u>2,579,913</u>	<u>16,130,584</u>
Excess (deficiency) of revenues over expenditures	(1,525,529)	(3,448,937)	(1,293,332)	(6,267,798)
<b>Other Financing Sources (Uses):</b>				
Capital lease and note proceeds	-	-	776,650	776,650
Transfers in	7,273,198	1,130,278	911,204	9,314,680
Transfers out	(5,153,198)	(2,189,491)	(223,204)	(7,565,893)
Transfers out - componet unit	(55,000)	-	-	(55,000)
<b>Total Other Financing Sources (Uses)</b>	<u>2,065,000</u>	<u>(1,059,213)</u>	<u>1,464,650</u>	<u>2,470,437</u>
Net change in fund balances	539,471	(4,508,150)	171,318	(3,797,361)
<b>Fund balances - beginning, restated</b>	1,429,135	10,199,771	3,475,966	15,104,872
<b>Fund balances - ending</b>	<u>\$1,968,606</u>	<u>\$5,691,621</u>	<u>\$3,647,284</u>	<u>\$11,307,511</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, 2012**

---

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

**Fund Balance – Net Assets Reconciliation:**

<b>Fund balances of governmental funds</b>	<b>\$11,307,511</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 \$45,961,599	<u>28,864,366</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	4,036
Receivable from court	56,179
Receivable from other governments	<u>76,476</u>
	<u>136,691</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>578,693</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	(240,000)
Unamortized debt premium	(1,247)
Capital lease payables	(1,729,705)
Accrued compensated absences	(501,449)
Net pension obligation	(104,904)
Unfunded OPEB obligations	(122,460)
Interest payable	<u>(3,859)</u>
	<u>(2,703,624)</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$38,183,637</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, 2012**

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

**Net change in fund balances - total governmental funds** (\$3,797,361)

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	6,055,184
Capital assets donated	1,174,292
Capital assets transferred to other funds	(577,646)
Depreciation expense	(2,641,289)
	4,010,541

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

Deferred revenue	8,361
	8,361

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	(776,650)
Capital lease principal payments	211,509
Note payable principal payments, short-term	161,747
General obligation bond principal payments	215,000
	(188,394)

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	1,379
Change in accrued compensated absences	12,092
Change in amortization of bond premium	1,870
Change in amortization of bond issue costs	(5,272)
Change in net pension obligations	(45,596)
Change in unfunded OPEB obligation	(30,377)
	(65,904)

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	(327,730)
	(327,730)

**Change in net assets of governmental activities** (\$360,487)

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Proprietary Funds Statement of Net Assets - June 30, 2012**

	<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>					
Current Assets:					
Cash and cash equivalents	\$1,824,173	\$482,666	\$220,496	\$2,527,335	\$678,942
Cash and cash equivalents, restricted	668,425	792,637	-	1,461,062	-
Investments	-	2,327,261	-	2,327,261	605,607
Accounts receivable, net	310,830	3,745,289	84,321	4,140,440	-
Other receivable	172	-	18,106	18,278	3,117,295
Accrued interest receivable	680	128	-	808	-
Inventory	-	982,170	56,890	1,039,060	-
Due from other funds	-	346,981	28,742	375,723	-
Total current assets	<u>2,804,280</u>	<u>8,677,132</u>	<u>408,555</u>	<u>11,889,967</u>	<u>4,401,844</u>
Noncurrent Assets:					
Cash and cash equivalents, restricted	434,324	189,847	-	624,171	-
Investments, restricted	-	187,749	-	187,749	-
Unamortized bond and note issue costs	557,948	68,060	-	626,008	-
Land and construction in progress	47,937	830,066	443,420	1,321,423	-
Other capital assets, net	1,940,600	14,502,867	1,173,805	17,617,272	-
Total noncurrent assets	<u>2,980,809</u>	<u>15,778,589</u>	<u>1,617,225</u>	<u>20,376,623</u>	<u>-</u>
Total assets	<u>5,785,089</u>	<u>24,455,721</u>	<u>2,025,780</u>	<u>32,266,590</u>	<u>4,401,844</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts payable and accrued liabilities	42,690	1,488,625	34,452	1,565,767	-
Claims liability	-	-	-	-	362,863
Wages payable	9,524	52,633	1,034	63,191	-
Due to other funds	212,581	-	137	212,718	111,076
Accrued interest payable	83,283	-	-	83,283	-
Accrued compensated absences	1,922	15,734	-	17,656	-
Refundable deposits	-	41,955	-	41,955	-
Capital lease payable	46,276	171,660	-	217,936	-
Revenue bond payable	645,000	175,000	-	820,000	-
Notes payable	508,864	-	20,161	529,025	-
Total current liabilities	<u>1,550,140</u>	<u>1,945,607</u>	<u>55,784</u>	<u>3,551,531</u>	<u>473,939</u>
Noncurrent liabilities:					
Accrued compensated absences	15,982	141,610	-	157,592	-
Claims liability	-	-	-	-	3,265,776
Net pension obligation	21,755	100,861	-	122,616	-
Unfunded OPEB obligation	24,604	114,289	-	138,893	-
Refundable deposits	-	377,596	-	377,596	-
Capital lease payable	6,617	395,032	-	401,649	-
Revenue bond payable	11,116,985	1,726,094	-	12,843,079	-
Notes payable, net	7,056,439	-	-	7,056,439	-
Total noncurrent liabilities	<u>18,242,382</u>	<u>2,855,482</u>	<u>-</u>	<u>21,097,864</u>	<u>3,265,776</u>
Total liabilities	<u>19,792,522</u>	<u>4,801,089</u>	<u>55,784</u>	<u>24,649,395</u>	<u>3,739,715</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	(5,629,659)	13,516,848	1,597,064	9,484,253	-
Restricted for debt service	1,102,749	98,981	-	1,201,730	-
Unrestricted	(9,480,523)	6,038,803	372,932	(3,068,788)	662,129
Total net assets	<u>(\$14,007,433)</u>	<u>\$19,654,632</u>	<u>\$1,969,996</u>	<u>\$7,617,195</u>	<u>\$662,129</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

83,436

Total net assets per Government-Wide financial statements

\$7,700,631

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Proprietary Funds Statement of Changes in Net Assets - Year Ended June 30, 2012**

	<u>Special Utility Authority</u>	<u>Department Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Operating Revenues:</b>					
Charges for services	\$1,757,204	\$21,859,552	\$443,527	\$24,060,283	\$1,207,504
Fees, licenses and permits	330,849	-	-	330,849	-
Miscellaneous	51,625	12,832	-	64,457	44,981
Total operating revenues	<u>2,139,678</u>	<u>21,872,384</u>	<u>443,527</u>	<u>24,455,589</u>	<u>1,252,485</u>
<b>Operating Expenses:</b>					
Personal services	651,372	3,250,519	34,465	3,936,356	-
Materials and supplies	141,975	12,387,108	248,734	12,777,817	-
Other services and charges	416,030	1,934,912	56,806	2,407,748	-
Insurance claims and expense	-	-	-	-	2,236,735
Depreciation expense	218,505	1,099,757	74,218	1,392,480	-
Total operating expenses	<u>1,427,882</u>	<u>18,672,296</u>	<u>414,223</u>	<u>20,514,401</u>	<u>2,236,735</u>
Operating income (loss)	711,796	3,200,088	29,304	3,941,188	(984,250)
<b>Non-Operating Revenues (Expenses):</b>					
Investment income	80	32	322	434	1,371
Miscellaneous	1,558	(364)	1,850	3,044	-
Grant revenue	-	-	22,856	22,856	-
Amortization expense	(44,060)	(4,216)	-	(48,276)	-
Interest expense and fiscal charges	(637,539)	(39,373)	(1,449)	(678,361)	-
Total non-operating revenues (expenses)	<u>(679,961)</u>	<u>(43,921)</u>	<u>23,579</u>	<u>(700,303)</u>	<u>1,371</u>
Net income (loss) before contributions and transfers	31,835	3,156,167	52,883	3,240,885	(982,879)
Contributed capital revenue	159,018	418,628	-	577,646	-
Transfers in	8,113,786	117,525	-	8,231,311	222,000
Transfers out	<u>(6,283,476)</u>	<u>(5,092,915)</u>	<u>-</u>	<u>(11,376,391)</u>	<u>-</u>
<b>Change in net assets</b>	2,021,163	(1,400,595)	52,883	673,451	(760,879)
<b>Total net assets - beginning</b>	(16,028,596)	21,055,227	1,917,113	6,943,744	1,423,008
<b>Total net assets - ending</b>	<u>(\$14,007,433)</u>	<u>\$19,654,632</u>	<u>\$1,969,996</u>	<u>\$7,617,195</u>	<u>\$662,129</u>
Change in net assets per above				\$673,451	
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>(433,149)</u>	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements				<u>\$240,302</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, 2012

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2012**

	Special Utility Authority	Department Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 2,064,063	\$ 21,091,443	\$ 418,535	\$ 23,574,041	\$ 1,901,416
Payments to suppliers	(562,384)	(14,400,062)	(325,217)	(15,287,663)	-
Payments to employees	(635,196)	(3,172,583)	(34,248)	(3,842,027)	-
Receipts from other funds	850	73,142	17	74,009	97,588
Payments to other funds	-	(122,906)	-	(122,906)	-
Receipt of customer deposits	-	11,771	-	11,771	-
Claims and benefits paid	-	-	-	-	(2,296,024)
Net Cash Provided by Operating Activities	<u>867,333</u>	<u>3,480,805</u>	<u>59,087</u>	<u>4,407,225</u>	<u>(297,020)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	8,113,786	117,525	-	8,231,311	222,000
Transfers to other funds	(6,283,476)	(5,092,915)	-	(11,376,391)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>1,830,310</u>	<u>(4,975,390)</u>	<u>-</u>	<u>(3,145,080)</u>	<u>222,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets purchased	-	(260,122)	(28,200)	(288,322)	-
Principal paid on capital debt	(1,220,062)	(137,010)	(29,248)	(1,386,320)	-
Premium paid on issuance of long term debt	-	(14,766)	-	(14,766)	-
Proceeds from issuance of long term debt	-	2,121,141	-	2,121,141	-
Insurance cost of debt	-	(72,276)	-	(72,276)	-
Interest and fiscal charges paid on capital debt	(649,240)	(38,512)	(1,450)	(689,202)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,869,302)</u>	<u>1,598,455</u>	<u>(58,898)</u>	<u>(329,745)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of investments	-	806,408	-	806,408	(1,370)
Interest and dividends	80	32	322	434	1,371
Net Cash Provided by Investing Activities	<u>80</u>	<u>806,440</u>	<u>322</u>	<u>806,842</u>	<u>1</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	828,421	910,310	511	1,739,242	(75,019)
<b>Balances - beginning 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>Balances - end of the year</b>	<u>\$ 2,926,922</u>	<u>\$ 1,465,150</u>	<u>\$ 220,496</u>	<u>\$ 4,612,568</u>	<u>\$ 678,942</u>
<b>Reconciliation to Statement of Net Assets:</b>					
Cash and cash equivalents	\$ 1,824,173	\$ 482,666	\$ 220,496	2,527,335	\$ 678,942
Restricted cash and cash equivalents	1,102,749	982,484	-	2,085,233	-
Total cash and cash equivalents	<u>\$ 2,926,922</u>	<u>\$ 1,465,150</u>	<u>\$ 220,496</u>	<u>\$ 4,612,568</u>	<u>\$ 678,942</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$711,796	\$3,200,088	\$29,304	\$3,941,188	(984,250)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	218,505	1,099,757	74,218	1,392,480	-
Other nonoperating revenue	1,558	(364)	24,706	25,900	-
Change in assets and liabilities:					
Receivables, net	(75,408)	(798,687)	(31,592)	(905,687)	648,931
Other receivable	-	18,110	(18,106)	4	-
Due from other funds	-	73,142	-	73,142	-
Inventory	-	(108,537)	16,117	(92,420)	-
Accounts payables	(6,147)	30,495	(35,794)	(11,446)	-
Claims liability	-	-	-	-	(59,289)
Due to other funds	850	(122,906)	17	(122,039)	97,588
Due to employees	3,659	15,370	217	19,246	-
Refundable deposits	-	11,771	-	11,771	-
Unfunded OPEB obligation	5,905	30,748	-	36,653	-
Net pension obligation	9,406	46,635	-	56,041	-
Accrued compensated absences	(2,791)	(14,817)	-	(17,608)	-
Net Cash Provided by Operating Activities	<u>\$ 867,333</u>	<u>\$ 3,480,805</u>	<u>\$ 59,087</u>	<u>\$ 4,407,225</u>	<u>\$ (297,020)</u>
<b>Non-cash activity:</b>					
Capital assets donated	\$ 159,018	\$ 418,628	\$ -	\$ 577,646	\$ -

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS**

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

---

**Fiduciary Funds Statement of Net Assets - June 30, 2012**

	<b>City Employees Retirement Trust Fund</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$962,923
Investments, at market value:	
Mutual funds	890,923
Common stock	2,113,787
Preferred stock	75,804
Corporate bonds and notes	3,653,046
Certificates of deposit	194,173
Interest receivable	44,215
Total assets	<u>\$7,934,871</u>
<b>LIABILITIES:</b>	
Total liabilities	<u>-</u>
<b>NET ASSETS:</b>	
Held in trust for pension benefits	<u>\$7,934,871</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, 2012

---

**Pension Trust Fund Statement of Changes in Plan Net Assets – Year Ended June 30, 2012**

	<b>City Employees Retirement Trust Fund</b>
<b>ADDITIONS:</b>	
Contributions:	
Members	\$ 437,036
Employer	154,445
Total Contributions	591,481
Investment Income:	
Net increase (decrease) in fair value of investments	(28,022)
Interest, dividends, and other	286,125
Total investment income	258,103
Total Additions	849,584
<b>DEDUCTIONS:</b>	
Benefits paid to participants or beneficiaries	614,301
Refunds and transfers to other systems	137,809
Administrative expense	55,823
Total Deductions	807,933
<b>Change in net assets held in trust for employees' pension benefits</b>	41,651
<b>Net assets--beginning</b>	7,893,220
<b>Net assets--ending</b>	\$ 7,934,871

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

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

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

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

**Miami Downtown Redevelopment Authority (MDRA)** – public trust created to promote the redevelopment of the downtown area.

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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund includes the activities of the Municipal Court 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 capital project fund that accounts for a .65 cent sales tax restricted for streets and bond proceeds for street construction.

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

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

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

Capital Project Funds:

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

**Major 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.

**Non-Major Funds:**

- 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 and are not included in the Government-wide financial statements. 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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**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, 2012 by these entities are as follows:

**Schedule of Deposits and Investments by Type - June 30, 2012**

Type	Fair Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 7,052,336		\$ 7,052,336	\$ -	\$ -	\$ -	\$ -
Time deposits	3,328,581		-	3,134,408	194,173	-	-
Government Money Market Accounts	7,456,453		7,456,453	-	-	-	-
Corporate bonds and notes	3,653,046	A-BBB-	-	306,778	3,145,960	200,308	-
Sub-Total	\$ 21,490,416		\$ 14,508,789	\$ 3,441,186	\$ 3,340,133	\$ 200,308	\$ -
Mutual Funds	1,719,921						
Common Stock	2,189,591						
Total Deposits and Investments	\$ 25,399,928						
<b>Reconciliation to Financial Statements:</b>							
Cash and cash equivalents	\$ 14,388,655						
Investments	3,120,617						
Retirement fund investments:							
Certificates of deposit	194,173						
Common stock	2,113,787						
Preferred stock	75,804						
Corporate bonds and notes	3,653,046						
Retirement fund cash and cash equivalents	1,853,846						
	\$ 25,399,928						

**Component Unit:**

The bank deposit of the MEFA component unit of \$1,043 at June 30, 2012 and was fully insured by the F.D.I.C.

The bank deposit of the MDRA component unit of \$86,109 at June 30, 2012 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

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2012**

---

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, 2012, the City was not exposed to custodial credit risk.

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

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- 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, 56.8% 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, 2012, the investments held by the City mature between 2012 through 2021.

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2012**

---

*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, 2012 the retirement fund had 48.8% 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, 2001 Utility Revenue Bond and other accounts with restricted uses. The restricted assets as of June 30, 2012 are as follows:

Cash and cash equivalents:	
Cash Restricted for Refundable deposits	\$ 41,954
Money Markets Restricted for Construction	651,701
Money Markets Restricted for Debt Service	<u>767,407</u>
	<u>\$ 1,461,062</u>
Cash and cash equivalents, noncurrent:	
Money Markets Restricted for Debt Service	\$ 434,324
Cash Restricted for Refundable deposits	<u>189,847</u>
	<u>\$ 624,171</u>
Investments:	
Refundable deposits	\$ 187,749
	<u>\$ 187,749</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.

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
Accounts Receivable	\$2,075,168	\$5,034,677	\$7,109,847
Allowance for uncollectible accounts	(174,612)	(894,237)	(1,068,849)
Net Accounts Receivable	<u>\$1,900,556</u>	<u>\$4,140,440</u>	<u>\$6,040,998</u>

The Internal Service Funds \$3.1 million receivable is due from insurance companies for claims that exceeded the stop loss insurance.

### 5. Inventories

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

### 6. Capital Assets and Depreciation

#### Capital Assets:

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

For the year ended June 30, 2012, capital assets balances changed as follows:

	Balance at July 1, 2011	Additions	Deductions	Balance at June 30, 2012
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,205,324	\$ -	\$ -	\$ 5,205,324
Construction in progress	2,904,968	6,182,451	4,791,678	4,295,741
Total capital assets not being depreciated	<u>8,110,292</u>	<u>6,182,451</u>	<u>4,791,678</u>	<u>9,501,065</u>
Other capital assets:				
Buildings	19,554,240	54,719	-	19,608,959
Infrastructure	30,231,554	4,866,833	-	35,098,387
Machinery, furniture and equipment	10,278,049	339,505	-	10,617,554
Total other capital assets at historical cost	<u>60,063,843</u>	<u>5,261,057</u>	<u>-</u>	<u>65,324,900</u>
Less accumulated depreciation for:				
Buildings	13,647,303	326,248	-	13,973,551
Infrastructure	23,220,127	1,680,301	-	24,900,428
Machinery, furniture and equipment	6,452,880	634,740	-	7,087,620
Total accumulated depreciation	<u>43,320,310</u>	<u>2,641,289</u>	<u>-</u>	<u>45,961,599</u>
Other capital assets, net	<u>16,743,533</u>	<u>2,619,768</u>	<u>-</u>	<u>19,363,301</u>
Governmental activities capital assets, net	<u>\$ 24,853,825</u>	<u>\$ 8,802,219</u>	<u>\$ 4,791,678</u>	<u>\$ 28,864,366</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

	Balance at July 1, 2011	Additions	Deductions	Balance at June 30, 2012
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 894,959	\$ -	\$ -	\$ 894,959
Construction in progress	446,570	61,134	81,240	426,464
Total capital assets not being depreciated	<u>1,341,529</u>	<u>61,134</u>	<u>81,240</u>	<u>1,321,423</u>
Other capital assets:				
Buildings and utility infrastructure	17,667,516	11,250	-	17,678,766
Machinery, furniture and equipment	12,069,444	788,875	-	12,858,319
Infrastructure	15,586,550	103,550	-	15,690,100
Total other capital assets at historical cost	<u>45,323,510</u>	<u>903,675</u>	<u>-</u>	<u>46,227,185</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	8,841,885	345,121	-	9,187,006
Machinery, furniture and equipment	7,420,122	675,574	-	8,095,696
Infrastructure	10,955,426	371,785	-	11,327,211
Total accumulated depreciation	<u>27,217,433</u>	<u>1,392,480</u>	<u>-</u>	<u>28,609,913</u>
Other capital assets, net	18,106,077	(488,805)	-	17,617,272
Business-type activities capital assets, net	<u>\$ 19,447,606</u>	<u>\$ (427,671)</u>	<u>\$ 81,240</u>	<u>\$ 18,938,695</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	\$ 117,980
Public Safety	278,496
Streets	1,786,623
Culture and Recreation	399,247
Economic Development	58,943
Total	<u>\$ 2,641,289</u>
<b>Business-Type Activities:</b>	
Airport	\$ 52,424
Electric	469,966
Water	185,045
Wastewater	444,746
Sanitation	218,505
Industrial development	21,794
Total	<u>\$ 1,392,480</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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

**Internal and Interfund Balances:**

The City's policy is to eliminate interfund receivable and payables between funds in the statement of net 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.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	* Pool Improvements	\$ 3,264	To cover negative balance in pooled cash
General Fund	* Insurance Fund	111,076	To cover negative balance in pooled cash
General Fund	* Cemetery Perpetual Care Interest	4,023	To cover negative balance in pooled cash
General Fund	* Flood 07	9,882	To cover negative balance in pooled cash
Street and Alley	Capital Improvement Fund	36,574	Expense reimbursement
Cemetery Perpetual Care Interest	Cemetery Perpetual Care Principal	1,020	Expense reimbursement
Capital Improvement Fund	General Fund	6,657	To correct misposting
Department of Public Utilities	* General Fund	27,366	Expense reimbursement
Department of Public Utilities	* Special Utility Authority	212,580	Sanitation payable
Department of Public Utilities	* Airport Fund	137	To correct misposting
Department of Public Utilities	* Pool improvements	106,897	Long-term loan for pool improvements
Airport Fund	General Fund	28,742	To correct misposting
Total		<u>\$ 548,218</u>	

\* Denotes major fund.

	Due From Other Funds	Due To Other Funds	Net Internal Balances
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 172,495	\$ 224,424	\$ (51,929)
Proprietary Funds	375,723	212,718	163,005
Internal Service Funds	-	111,076	(111,076)
Total	<u>\$ 548,218</u>	<u>\$ 548,218</u>	<u>\$ -</u>

Reconciliation to Statement of Net Assets:

Net Internal Balances	\$ 163,005
Internal Service Fund Activity reported in Business-type Activities	83,436
Net Internal Balance	<u>\$ 246,441</u>

**Internal and Interfund Transfers:**

The City's policy is to eliminate interfund transfers between funds in the statement of activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2012 were as follows:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
* General Fund	* Utility Fund	\$ 2,000,000	Operating subsidy
* General Fund	* Special Utility Authority	5,153,198	Pledged sales tax
* General Fund	* Utility Fund	120,000	Expense Reimbursement
* 2010 Street Project	* General fund	1,130,278	Sales tax
* Special Utility Authority	* 2010 Street Project	1,130,278	Pledged sales tax
* Special Utility Authority	* 2010 Street Project	1,059,213	Debt Service payments
* Special Utility Authority	* General Fund	5,153,198	Pledged sales tax
Street and alley	* Utility Fund	500,000 A	Expense Reimbursement
Cemetery Perpetual Care Interest	Cemetery Perpetual Care Principal	1,204 A/B	Interest transfer
Capital Improvement Fund	Utility Fund	410,000 A	Operating subsidy
* General Fund	* Utility Fund	1,174,293	Capital purchases
* Utility Fund	* Utility improvement	117,525	Expense Reimbursement
* Special Utility Authority	* Utility Fund	771,097	Debt service
Insurance Fund	Capital Improvement	222,000 B	Operating subsidy
		<u>\$ 18,942,284</u>	

* Denotes Major Fund	Subtotal non-major Governmental Funds transfers in	911,204 A
	Subtotal non-major Governmental Funds transfers out	223,204 B

<u>Reconciliation to fund financial statements:</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Net Transfers</u>
Governmental Funds	\$ (7,565,893)	\$ 9,314,680	\$ 1,748,787
Enterprise Funds	(11,376,391)	8,231,311	(3,145,080)
Internal Service Funds	-	222,000	222,000
Totals	<u>\$ (18,942,284)</u>	<u>\$ 17,767,991</u>	<u>\$ (1,174,293)</u>

<u>Reconciliation to Statement of Activities:</u>	
Net Transfers	\$ 1,970,787
Capital contributions transferred from governmental funds	(577,645)
Capital contributions transferred from proprietary funds funds	1,174,292
Transfers - Internal Activity	<u>\$ 2,567,434</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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

For the year ended June 30, 2012, the City's long-term debt balances changed as follows:

**Primary Government:**

<u>Type of Debt</u>	<u>Restated, Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 455,000	\$ -	\$ 215,000	\$ 240,000	\$ 240,000
General Obligation Bond Premium	3,117		1,870	1,247	-
Capital Lease Obligations	1,326,311	614,903	211,509	1,729,705	262,772
Accrued Compensated Absences	513,543	-	12,094	501,449	49,892
Total Governmental Activities	<u>\$ 2,297,971</u>	<u>\$ 614,903</u>	<u>\$ 440,473</u>	\$ 2,472,401	\$ 552,664
Plus: OPEB obligation				122,460	-
Net pension obligation				104,904	-
				<u>\$ 2,699,765</u>	<u>\$ 552,664</u>
Reconciliation to Statement of Net Assets:					
Due within one year				\$ 552,664	
Due in more than one year				2,147,101	
				<u>\$ 2,699,765</u>	

<u>Type of Debt</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 8,156,120	\$ -	\$ 570,656	\$ 7,585,464	\$ 529,025
Unamortized Bond Discount	(89,203)	(14,766)	(7,048)	(96,921)	-
Revenue Bonds	12,455,000	1,915,000	610,000	13,760,000	820,000
Capital Lease Obligations	619,108	206,141	205,664	619,585	217,936
Accrued Compensated Absences	192,856	-	17,608	175,248	17,656
Total Business-Type Activities	<u>\$ 21,333,881</u>	<u>\$ 2,106,375</u>	<u>\$ 1,396,880</u>	\$ 22,043,376	\$ 1,584,617
Plus: OPEB obligation				138,893	-
Net pension obligation				122,616	-
Refundable deposits				419,551	41,955
				<u>\$ 22,724,436</u>	<u>\$ 1,626,572</u>
Reconciliation to Statement of Net Assets:					
Due within one year				\$ 1,626,572	
Due in more than one year				21,097,864	
				<u>\$ 22,724,436</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	\$240,000
Unamortized General Obligation Bond Premium	<u>1,247</u>
Total general obligation bonds - current	<u>\$241,247</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Capital Lease Obligations:**

\$30,432 capital lease obligation for the purchase of a utility tractor, matures May 2013 with a stated interest rate of 2.925%.	\$7,063
\$115,100 capital lease obligation for the purchase of a digger derrick truck, matures April 2017 with a stated interest rate of 2.96%.	111,449
\$84,998 capital lease obligation for the purchase of police vehicles, matures November 2013 with a stated interest rate of 3.08%.	56,073
\$100,362 capital lease obligation for the purchase of a dump truck, matures March 2017 with a stated interest rate of 2.79%.	95,585
\$86,689 capital lease obligation for the purchase of a boom mower, matures August 2018 with a stated interest rate of 3.77%.	76,511
\$95,400 capital lease obligation for the purchase of a backhoe/loader, matures November 2016 with a stated interest rate of 3.24%.	85,040
\$42,200 capital lease obligation for the purchase of a caterpillar drum roller, matures September 2016 with a stated interest rate of 3.24%.	36,279
\$90,154 capital lease obligation for the purchase of a crawler/dozer, matures September 2021 with a stated interest rate of 3.81%.	84,470
\$95,005 capital lease obligation for the purchase of a wheel loader, matures January 2014 with a stated interest rate of 2.9%	32,391
\$100,495 capital lease obligation for the purchase of a wheel loader, matures June 2017 with a stated interest rate of 4.45%	74,895
\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020 with a stated interest rate of 5.00%	894,936
\$220,000 capital lease obligation for the purchase of the a gradall excavator, matures January 2017 with a stated interest rate of 4.40%	151,558
\$43,361 capital lease obligation for the purchase of a mower, matures February 2015 with a stated interest rate of 4.11%	<u>23,455</u>
Total capital lease obligations	<u>\$1,729,705</u>
Current portion	\$262,772
Non-current portion	<u>1,466,933</u>
	<u>\$1,729,705</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:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**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%	\$85,663
\$104,202 capital lease obligation for the purchase of a sanitation truck, matures October 2012 with a stated interest rate of 4.89%	6,015
\$108,163 capital lease obligation for the purchase of a rubber tire loader, matures June 2015 with a stated interest rate of 4.265%	23,282
\$43,750 capital lease obligation for the purchase of a sanitation truck, matures November 2013 with a stated interest rate of 4.265%	13,395
\$29,097 capital lease obligation for the purchase utility equipment, matures October 2013 with a stated interest rate of 3.87%	10,201
\$169,138 capital lease obligation for the purchase of a bucket truck, matures August 2014 with a stated interest rate of 4.22%	77,592
\$36,171 capital lease obligation for the purchase of a compact evacuator, matures July 2012 with a stated interest rate of 4.04%	12,536
\$206,141 capital lease obligation for the purchase of a boring unit, matures February 2017 with a stated interest rate of 2.93%	196,021
\$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>194,880</u>
Total Capital Leases	<u>\$619,585</u>
Current portion	\$217,936
Non-current portion	<u>401,649</u>
	<u>\$619,585</u>

**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.	\$11,845,000
2011 SUA Revenue Bond for \$1,915,000 with interest from 1.45% to 2.90% Debt service payments are due semi-annually through December 2021. Bonds are Secured with net revenues of the Special Utility Authority.	<u>1,915,000</u>
Total Capital Leases	<u>\$13,760,000</u>
Current portion	\$820,000
Non-current portion	<u>12,940,000</u>
	<u>\$13,760,000</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**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.	\$1,012,000
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.	2,121,780
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.	957,323
Series 2004B for \$2,740,000 with interest rate of 1.78% and .5% annual administrative fee. debt service payments are due semi-annually through June 2025. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,948,220
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.	1,114,525
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>411,455</u>
<b>Total Notes Payable – Oklahoma Water Resources Board</b>	<b><u>\$7,565,303</u></b>
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>20,161</u>
<b>Total Notes Payable</b>	<b><u>\$7,585,464</u></b>
Current portion	\$529,025
Non-current portion	<u>7,056,439</u>
	<b><u>\$7,585,464</u></b>

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

Governmental-Type Activities				
Year Ending June 30,	G.O. Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2013	\$ 240,000	\$ 8,400	\$ 262,772	\$ 67,636
2014	-	-	258,094	57,464
2015	-	-	222,107	48,511
2016	-	-	225,619	40,049
2017	-	-	190,501	31,581
2018-2022	-	-	570,612	61,989
<b>Total</b>	\$ 240,000	\$ 8,400	\$ 1,729,705	\$ 307,230

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Business-Type Activities**

Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 529,025	\$ 172,979	\$ 820,000	\$ 438,676	\$ 217,936	\$ 18,591
2014	525,927	161,747	870,000	408,651	171,631	11,044
2015	543,896	151,725	905,000	383,851	139,198	5,378
2016	532,595	141,538	930,000	361,849	61,286	1,678
2017	582,576	130,861	960,000	342,125	29,534	330
2018-2022	3,248,285	498,613	5,235,000	1,285,692	-	-
2023-2026	1,623,160	127,783	4,040,000	345,608	-	-
Total	\$ 7,585,464	\$ 1,385,246	\$ 13,760,000	\$ 3,566,452	\$ 619,585	\$ 37,021

**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, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
Revenue Bonds Payable	\$ 2,620,000	\$ -	\$ -	\$ 2,620,000	\$ 815,000

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

**Component Unit - MEFA**

Year Ending June 30,	Revenue Bonds Payable	
	Principal	Interest
2012	\$ 815,000	\$ 93,420
2013	1,805,000	38,356
Total	\$ 2,620,000	\$ 131,776

**MDRA Debt:**

The MDRA issued the 2005 note payable to First national Bank of Miami, payable in monthly Installments of \$129.10 with interest at 4.75% maturity date of August 5, 2012	\$37,500
The MDRA issued the 2010 note payable to First National Bank of Miami, payable in one Annual installment, with interest of 4.75%, maturity date of June 30, 2013	<u>110,000</u>
Total debt outstanding – MDRA - current	<u>\$147,500</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

<u>Type of Debt</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
MDRA notes payable	\$ 184,500	\$ -	\$ 37,000	\$ 147,500	\$ 147,500

**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 \$8,949,071. Net utility revenues received in the current year were \$4,317,802. Debt service payments of \$740,118 for the current fiscal year were 17% of pledged net utility revenues.

*Pledges Sales Tax* – The City has pledged 3.65 cents (or 100%) of future sales tax revenues to repay \$12,455,000 of Series 2010 SUA Sales Tax Revenue Bonds and \$1,915,000 of the Series 2011 Revenue Bonds. Three cents of the sales tax was voted by the citizens for general operations and .65 cent is legally restricted by a vote of the citizens for street purpose. The 2010 Sales Tax Revenue Bonds are for the construction and improvements to streets. The 2011 Revenue bonds are for water improvements. The .65 sales tax is used to pay the debt service on the 2010 bonds and the three cents is sent back to the general fund if not needed for debt service. The bonds are payable from pledged sales tax and net utility revenues and are payable through 2025 and 2021, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$17,326,452. Pledged sales taxes received in the current year were \$3,470,825. Net revenues and sales tax pledged during the year was \$7,788,627. Debt service payments of \$1,061,569 for the current fiscal year were 14% of the pledged revenue.

**Capital Lease Agreement (Ground Lease)**

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

The following Schedule presents future minimum lease payments as of June 30, 2012:

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

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**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, 2012 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, 2012, was as follows:

Type of Debt	Balance July 1, 2011	Draws	Repayments	Balance June 30, 2012
Mortgages Payable	98,557	161,747	260,304	-
Total Short-Term Debt	<u>\$ 98,557</u>	<u>\$ 161,747</u>	<u>\$ 260,304</u>	<u>-</u>

**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, 2012 net assets restricted by enabling legislation totaled \$88,403.

*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 \$11,928,015 less construction proceeds not spent of \$5,603,022, therefore explaining why the amount does not total across.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

*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.

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

	General Fund	Major Special Revenue Fund		Other Governmental Fund	Total
		2010 Street Bond Project			
Fund Balance:					
Restricted For:					
Airport improvements	\$ -	\$ -		\$ 520	\$ 520
Police operations - grants	-	-		8,617	8,617
General obligation debt service	-	-		262,101	262,101
Capital improvements	-	-		295,664	295,664
Street improvements	-	5,691,621		-	5,691,621
Culture and rec programs	2,111	-		145,749	147,860
Economic development	87,775	-		1,872,695	1,960,470
Police - drug programs	-	-		10,889	10,889
Sub-total restricted	<u>89,886</u>	<u>5,691,621</u>		<u>2,596,235</u>	<u>8,377,742</u>
Committed in:					
Street operations	-	-		791,120	791,120
Assigned in:					
Capital improvements	-	-		382,975	382,975
Demolition	183,392	-		-	183,392
Police - drug programs	314	-		-	314
Culture and rec programs	13,689	-		-	13,689
Supplement next year's budget	1,239,734	-		-	1,239,734
Sub-total assigned	<u>1,437,129</u>	<u>-</u>		<u>382,975</u>	<u>1,820,104</u>
Unassigned:	441,591	-		(123,046)	318,545
<b>TOTAL FUND BALANCE</b>	<u>\$ 1,968,606</u>	<u>\$ 5,691,621</u>		<u>\$ 3,647,284</u>	<u>\$ 11,307,511</u>

Beginning net assets of the governmental activities and fund balance of the governmental fund types were restated due to the movement of the MDRA to a discreetly presented component unit as follows:

	<u>Government Wide</u>	<u>Fund Level</u>
<b>Statement of Activities:</b>		
<b>Governmental Activities:</b>		
Beginning net assets as previously reported	\$38,407,923	\$15,154,112
Add:		
Movement of MDRA to discreet presentation		
Beginning MDRA fund balance	(49,240)	(49,240)
MDRA accrued interest payable	941	-
MDRA notes payable	184,500	-
Beginning net assets, restated	<u>\$38,544,124</u>	<u>\$15,104,872</u>

## 11. Revenues

### Program Revenues:

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

- 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, 2012, the City's net assessed valuation of taxable property was \$51,127,900. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2012 was \$4.09.

**MEFA Rental Revenue:**

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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

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

	<u>Worker's Compensation</u>	<u>Health Care</u>	<u>Unemployment Fund</u>	<u>Total</u>
Claim liability, June 30, 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	\$ 3,600,250	\$ 81,592	\$ 6,086	\$ 3,687,928
Claims and changes in estimates	725,840	1,508,358	2,537	2,236,735
Claims payments	<u>(899,590)</u>	<u>(1,387,857)</u>	<u>(8,577)</u>	<u>(2,296,024)</u>
Claim liability, June 30, 2012	<u>\$ 3,426,500</u>	<u>\$ 202,093</u>	<u>\$ 46</u>	<u>\$ 3,628,639</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 is based upon City Ordinance. For the year ended June 30, 2012, employees contribute 3.0% of annual pre-tax wages and the City 9.50% of annual pre-tax gross wages. The City performs a periodic actuarial valuation 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:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

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
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Plan Membership (as of June 30, 2012):

Total number of plan members included active vested 53, active non vested 85, retirees and spouses 61, and deferred vested 5.

*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, 2012, 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, 2012
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%

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

Projected salary increases	5.0%
Inflation rate	2.0%

*E. Trend Information*

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	428,419	416,377	97.2%	76,397
2011	442,755	432,710	97.7%	125,883
2012	644,620	591,481	91.8%	227,520

*F. Schedule of Funding Progress*

As of July 1, 2012, the funded status of the City Employee Retirement System single employer defined benefit plan is as follows:

Actuarial accrued liability (AAL)	\$12,749,187
Actuarial value of plan assets	8,499,123
Unfunded actuarial accrued liability (UAAL)	(4,250,064)
Funded ratio (actuarial value of plan assets/AAL)	66.7%
Annual covered payroll (active plan members)	4,840,394
UAAL as a percentage of covered payroll	87.8%

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

*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

Retirement Plan Contributions – OFPRS and OPFRS Cost-Sharing Plans

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

The state made on-behalf payments for the police pension system of \$112,563 and for the fire pension system of \$279,116. 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
2010	\$ 147,408	100%	2010	\$ 132,823	100%
2011	154,462	100%	2011	140,708	100%
2012	137,300	100%	2012	136,410	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, 2012, employees contributed \$76,270 and the employer contributed \$15,152 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, 2012, were \$0, and \$22,698, 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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

*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 2012, the actuarially expected City contribution in the form of net age adjustment was \$68,610 to the Plan. Plan members receiving benefits contributed \$25,600 of the total premiums, through their payment of the full determined premium in FY 2012.

*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, 2012:

Normal Cost	\$	106,353
Interest on ARC		9,230
Amortization of Actuarial Accrued Liability (AAL)		(24,861)
Annual OPEB cost (expense)		90,722
Expected net benefits during the year		(22,112)
Increase in net OPEB obligation		68,610
Net OPEB obligation - beginning of year		194,323
Net OPEB obligation - end of year	\$	262,933

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

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined

regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

## **15. Commitments and Contingencies**

### **Litigation**

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

### **Grant Programs**

The City of Miami participates in various federal or state grant/loan programs from year to year. In 2012, the City's involvement in federal and state award programs is relatively material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2012**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 929,278	\$ 902,278	\$ 924,639	\$ 22,361
<b>Resources (Inflows):</b>				
Taxes and assessments	6,253,800	6,253,800	6,647,925	394,125
Fees, licenses and permits	61,200	61,200	96,004	34,804
Charges for services	165,600	179,425	348,002	168,577
Fines and forfeitures	202,950	202,950	194,364	(8,586)
Interest earned	21,500	21,500	17,931	(3,569)
Miscellaneous	22,500	55,441	377,697	322,256
Intergovernmental	106,000	283,292	489,298	206,006
<b>Total Resources (Inflows)</b>	<u>6,833,550</u>	<u>7,057,608</u>	<u>8,171,221</u>	<u>1,113,613</u>
<b>Amounts available for appropriation</b>	<u>7,762,828</u>	<u>7,959,886</u>	<u>9,095,860</u>	<u>1,135,974</u>
<b>Charges to Appropriations (Outflows):</b>				
General Government				
City Clerk	\$ 74,206	\$ 88,030	\$ 86,484	\$ 1,546
Municipal Court	117,516	143,787	139,049	4,738
General Government	955,179	987,876	938,199	49,677
MCVB	239,623	251,301	252,504	(1,203)
Economic Development	674,865	682,144	480,681	201,463
Human Resources	190,724	205,244	183,141	22,103
Public Safety				
Police	2,145,630	2,136,484	1,986,744	149,740
Fire	1,610,136	1,624,613	1,537,003	87,610
Emergency Management	61,449	84,309	79,964	4,345
Police Communications	307,785	319,095	309,193	9,902
Code Enforcement	147,228	152,037	139,897	12,140
Risk Management	80,978	82,538	78,913	3,625
Public Works and Streets				
Streets	750,208	768,929	689,246	79,683
Cemetery	259,561	277,392	262,515	14,877
Municipal Building	175,514	180,434	168,746	11,688
Culture and Recreation				
Swimming pool	194,292	194,292	165,003	29,289
Parks	459,675	480,895	447,191	33,704
Library	428,865	462,525	440,162	22,363
<b>Total Charges to Appropriations</b>	<u>\$ 8,873,434</u>	<u>\$ 9,121,925</u>	<u>\$ 8,384,635</u>	<u>\$ 737,290</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	6,977,598	7,153,198	7,153,198	-
Transfers to other funds	<u>(5,855,000)</u>	<u>(6,338,476)</u>	<u>(6,338,476)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>1,122,598</u>	<u>814,722</u>	<u>814,722</u>	<u>-</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 11,992</u>	<u>\$ (347,317)</u>	<u>\$ 1,525,947</u>	<u>\$ 1,873,264</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**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, 2011</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance July 1, 2012</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$1,429,135	\$539,471	\$1,968,606
Increases (Decreases):			
Revenues:			
Receivable from other governments and entities	(847,949)	52,148	(795,801)
Accounts receivable	(102,633)	3,144	(99,489)
State on behalf pension payments	(340,514)	(51,166)	(391,680)
Combining accounts	(136,308)	(47,593)	(183,901)
Expenditures:			
Accrued payroll	87,920	34,489	122,409
Other expenditures	494,474	19,649	514,123
State on behalf pension payments	340,514	51,166	391,680
Fund Balance - Budgetary Basis	<u>\$924,639</u>	<u>\$601,308</u>	<u>\$1,525,947</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Schedule of Funding Progress – City Employee Retirement System**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
July 1, 2012	\$ 8,499,123	\$ 12,749,187	\$ (4,250,064)	66.7%	\$ 4,840,394	87.8%
July 1, 2011	8,232,594	12,174,724	\$ (3,942,130)	67.6%	4,775,401	82.6%
July 1, 2009	7,709,228	10,922,348	\$ (3,213,120)	70.6%	4,703,643	68.3%
July 1, 2003	5,991,816	8,565,226	(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**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$432,180	97.6%
2010	\$429,419	97.2%
2011	\$442,755	97.7%
2012	\$644,620	91.8%

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

***Required Supplementary Information – OPEB***

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

	July 1, 2009	July 1, 2010	July 1, 2011
Actuarial accrued liability - AAL (a)	\$785,142	\$723,628	\$782,605
Actuarial value of plan assets (b)	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$785,142	\$723,628	\$782,605
Funded ratio (b)/(a)	0%	0%	0%
Covered payroll (c)	\$6,900,000	\$6,446,000	\$6,620,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	12%	11%	12%

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Balance Sheet – General Fund Accounts - June 30, 2012**

	<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	\$1,139,135	\$17,043	\$314	\$197,825	\$1,354,317
Receivables:					
Accounts receivable	99,489	-	-	-	99,489
Due from other funds	128,244	-	-	-	128,244
Due from other accounts	13,326	-	-	-	13,326
Due from other governments and entities	795,801	-	-	-	795,801
Total assets	<u>\$2,175,995</u>	<u>\$17,043</u>	<u>\$314</u>	<u>\$197,825</u>	<u>\$2,391,177</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$149,938	\$3,522	-	14,433.00	\$167,893
Wages payable	122,409	-	-	-	122,409
Due to other funds	62,765	-	-	-	62,765
Due to other accounts	-	13,326	-	-	13,326
Deferred revenue	56,178	-	-	-	56,178
Total liabilities	<u>391,290</u>	<u>16,848</u>	<u>-</u>	<u>14,433.00</u>	<u>422,571</u>
Fund Balances:					
Restricted	89,886	-	-	-	89,886
Assigned	1,253,423	-	314	183,392	1,437,129
Unassigned	441,396	195	-	-	441,591
Total fund balances	<u>1,784,705</u>	<u>195</u>	<u>314</u>	<u>183,392</u>	<u>1,968,606</u>
Total liabilities and fund balances	<u>\$2,175,995</u>	<u>\$17,043</u>	<u>\$314</u>	<u>\$197,825</u>	<u>\$2,391,177</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund  
Accounts – Year Ended June 30, 2012**

	<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	\$5,526,972	-	-	-	\$5,526,972
Intergovernmental	1,078,254	-	-	-	1,078,254
Charges for services	350,469	-	-	\$33,396	383,865
Fines and forfeitures	190,586	-	-	-	190,586
Licenses and permits	96,004	-	-	-	96,004
Investment income	17,946	-	-	-	17,946
Miscellaneous	143,690	-	-	-	143,690
Total Revenues	<u>7,403,921</u>	<u>-</u>	<u>-</u>	<u>33,396</u>	<u>7,437,317</u>
<b>Expenditures:</b>					
Current:					
General government	1,427,186	-	-	105,803	1,532,989
Public safety	4,461,816	-	-	-	4,461,816
Public works and streets	1,121,895	-	-	-	1,121,895
Culture and recreation	1,060,742	-	-	-	1,060,742
Economic development	725,437	-	-	-	725,437
Capital outlay	59,967	-	-	-	59,967
Total Expenditures	<u>8,857,043</u>	<u>-</u>	<u>-</u>	<u>105,803</u>	<u>8,962,846</u>
Excess (deficiency) of revenues over expenditures	(1,453,122)	-	-	(72,407)	(1,525,529)
<b>Other Financing Sources (Uses):</b>					
Transfers in	7,153,198	-	-	120,000	7,273,198
Transfers out	(5,153,198)	-	-	-	(5,153,198)
Transfers out - component unit	(55,000)	-	-	-	(55,000)
Total Other Financing Sources (Uses)	<u>1,945,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>2,065,000</u>
Net change in fund balances	491,878	-	-	47,593	539,471
<b>Fund balances - beginning</b>	1,292,827	195	314	135,799	1,429,135
<b>Fund balances - ending</b>	<u>\$1,784,705</u>	<u>\$195</u>	<u>\$314</u>	<u>\$183,392</u>	<u>\$1,968,606</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2012**

	SPECIAL REVENUE FUNDS							
	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	CDBG RLF FUND	FLOOD 2007 FUND	MICRO LOAN PROGRAM
<b>ASSETS</b>								
Cash and cash equivalents	\$ 59,013	\$ -	\$ 750,290	\$ 10,868	\$ 109,731	\$ -	\$ -	\$ -
Investments, at cost	-	-	-	-	-	-	-	-
Accounts receivable	-	118,018	-	-	-	628,739	-	36,989
Due from other governments	-	-	10,788	-	-	-	-	-
Due from other funds	-	-	36,574	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 59,013</u>	<u>\$ 118,018</u>	<u>\$ 797,652</u>	<u>\$ 10,868</u>	<u>\$ 109,731</u>	<u>\$ 628,739</u>	<u>\$ -</u>	<u>\$ 36,989</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ 1,667	\$ -	\$ 6,532	\$ -	\$ 18,565	\$ -	\$ -	\$ -
Notes payable - short term	-	-	-	-	-	-	-	-
Wages payable	-	-	-	-	2,763	-	-	-
Due to other funds	-	-	-	-	-	9,882	-	-
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>\$ 1,667</u>	<u>\$ -</u>	<u>\$ 6,532</u>	<u>\$ -</u>	<u>\$ 21,328</u>	<u>\$ -</u>	<u>\$ 9,882</u>	<u>\$ -</u>
<b>Fund balance:</b>								
Restricted	57,346	118,018	-	10,868	88,403	628,739	-	36,989
Committed	-	-	791,120	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(9,882)	-
<b>Total Fund Balance</b>	<u>57,346</u>	<u>118,018</u>	<u>791,120</u>	<u>10,868</u>	<u>88,403</u>	<u>628,739</u>	<u>(9,882)</u>	<u>36,989</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 59,013</u>	<u>\$ 118,018</u>	<u>\$ 797,652</u>	<u>\$ 10,868</u>	<u>\$ 109,731</u>	<u>\$ 628,739</u>	<u>\$ -</u>	<u>\$ 36,989</u>

(continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2012, Continued**

	SPECIAL REVENUE FUNDS							
	RFC 07-09 GRANT FUND	MDA -HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS	SRL PROJECT FUND
<b>ASSETS</b>								
Cash and cash equivalents	\$ 19,500	\$ 77,579	\$ -	\$ 8,345	\$ 56,751	\$ 520	\$ 8,617	\$ 5,559
Investments, at cost	-	-	-	-	-	-	-	-
Accounts receivable	-	-	3,721	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 19,500</u>	<u>\$ 77,579</u>	<u>\$ 3,721</u>	<u>\$ 8,345</u>	<u>\$ 56,751</u>	<u>\$ 520</u>	<u>\$ 8,617</u>	<u>\$ 5,559</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ -	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 966
Notes payable - short term	-	-	-	-	-	-	-	-
Wages payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 966</u>
<b>Fund balance:</b>								
Restricted	19,500	77,204	3,721	8,345	56,751	520	8,617	4,593
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<u>19,500</u>	<u>77,204</u>	<u>3,721</u>	<u>8,345</u>	<u>56,751</u>	<u>520</u>	<u>8,617</u>	<u>4,593</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 19,500</u>	<u>\$ 77,579</u>	<u>\$ 3,721</u>	<u>\$ 8,345</u>	<u>\$ 56,751</u>	<u>\$ 520</u>	<u>\$ 8,617</u>	<u>\$ 5,559</u>

(continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2012, Continued**

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	OK LEAP/CDBG LOAN	EDA REVOLVING LOAN	DARE FUND	CEMETERY PREPETUAL CARE INTEREST	G.O BOND SINKING FUND	CEMETERY PREPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 21	\$ -	\$ 260,791	\$ 119,373	\$ 78,519	\$ 491,941
Investments, at cost	-	-	-	-	-	-	-	-
Accounts receivable	53,048	922,538	-	-	-	-	-	38,014
Due from other governments	-	-	-	-	77,786	-	24,054	-
Due from other funds	-	-	-	1,020	-	-	-	6,657
Inventory	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 53,048</u>	<u>\$ 922,538</u>	<u>\$ 21</u>	<u>\$ 1,020</u>	<u>\$ 338,577</u>	<u>\$ 119,373</u>	<u>\$ 102,573</u>	<u>\$ 536,612</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,063
Notes payable - short term	-	-	-	-	-	-	-	-
Wages payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	4,023	-	1,020	-	36,574
Deferred revenue	-	-	-	-	76,476	-	24,054	-
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,023</u>	<u>\$ 76,476</u>	<u>\$ 1,020</u>	<u>\$ 24,054</u>	<u>\$ 153,637</u>
<b>Fund balance:</b>								
Restricted	53,048	922,538	21	-	262,101	118,353	78,519	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	382,975
Unassigned	-	-	-	(3,003)	-	-	-	-
<b>Total Fund Balance</b>	<u>53,048</u>	<u>922,538</u>	<u>21</u>	<u>(3,003)</u>	<u>262,101</u>	<u>118,353</u>	<u>78,519</u>	<u>382,975</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 53,048</u>	<u>\$ 922,538</u>	<u>\$ 21</u>	<u>\$ 1,020</u>	<u>\$ 338,577</u>	<u>\$ 119,373</u>	<u>\$ 102,573</u>	<u>\$ 536,612</u>

(continued)

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2012, Continued**

	<b>CAPITAL PROJECT FUNDS</b>		
	<b>POOL IMPROVEMENT FUND</b>	<b>PARK DEPARTMENT PROJECTS</b>	<b>TOTALS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 42,041	\$ 2,099,459
Investments, at cost	-	-	-
Accounts receivable	-	-	1,801,067
Due from other governments	-	-	112,628
Due from other funds	-	-	44,251
Inventory	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 42,041</b>	<b>\$ 4,057,405</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 145,168
Notes payable - short term	-	-	-
Wages payable	-	-	2,763
Due to other funds	110,161	-	161,660
Deferred revenue	-	-	100,530
<b>Total Liabilities</b>	<b>\$ 110,161</b>	<b>\$ -</b>	<b>\$ 410,121</b>
<b>Fund balance:</b>			
Restricted	-	42,041	2,596,235
Committed	-	-	791,120
Assigned	-	-	382,975
Unassigned	(110,161)	-	(123,046)
<b>Total Fund Balance</b>	<b>(110,161)</b>	<b>42,041</b>	<b>3,647,284</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 42,041</b>	<b>\$ 4,057,405</b>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2012**

	SPECIAL REVENUE FUNDS							
	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	CDBG RLF FUND	FLOOD 2007 FUND	MICRO LOAN PROGRAM
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	-	129,740	-	-	-	-	-
Charges for services	-	-	-	-	56,805	-	-	-
Investment income	-	3,292	-	-	-	14,555	-	152
Miscellaneous	35	-	15,000	3,307	-	-	-	-
<b>Total Revenues</b>	<u>5,035</u>	<u>3,292</u>	<u>144,740</u>	<u>3,307</u>	<u>56,805</u>	<u>14,555</u>	<u>-</u>	<u>152</u>
<b>Expenditures:</b>								
Current:								
General government	-	1,116	-	-	-	9,407	-	104
Public safety	-	-	-	-	-	-	5,320	-
Streets	-	-	76,282	-	-	-	-	-
Culture and recreation	13,515	-	-	-	36,583	-	-	-
Capital outlay	-	-	223,594	-	-	-	-	-
Debt service:								
Principal retirement	-	-	73,211	-	-	-	-	-
Interest and fiscal charges	-	-	16,328	-	-	-	-	-
<b>Total Expenditures</b>	<u>13,515</u>	<u>1,116</u>	<u>389,415</u>	<u>-</u>	<u>36,583</u>	<u>9,407</u>	<u>5,320</u>	<u>104</u>
<b>Revenues over (under) expenditures</b>	(8,480)	2,176	(244,675)	3,307	20,222	5,148	(5,320)	48
<b>Other financing sources (uses):</b>								
Lease proceeds	-	-	132,354	-	-	-	-	-
Transfers in	-	-	500,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>632,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(8,480)	2,176	387,679	3,307	20,222	5,148	(5,320)	48
<b>Fund Balance - beginning of year, restated</b>	65,826	115,842	403,441	7,561	68,181	623,591	(4,562)	36,941
<b>Fund Balance - end of year</b>	<u>\$ 57,346</u>	<u>\$ 118,018</u>	<u>\$ 791,120</u>	<u>\$ 10,868</u>	<u>\$ 88,403</u>	<u>\$ 628,739</u>	<u>\$ (9,882)</u>	<u>\$ 36,989</u>

(Continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2012,**  
**Continued**

	SPECIAL REVENUE FUNDS							
	RFC 07-09 GRANT FUND	MDA - HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS	SRL PROJECT FUND
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	29,998	-	-	-	-	2,127	11,491
Charges for services	-	262,155	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous	288	40,086	-	-	-	-	3,580	-
<b>Total Revenues</b>	<u>288</u>	<u>332,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,707</u>	<u>11,491</u>
<b>Expenditures:</b>								
Current:								
General government	-	314,321	-	-	6,537	-	-	3,153
Public safety	3,875	-	-	-	-	-	3,330	-
Streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	67,208	-	-	-
Debt service:								
Principal retirement	-	161,747	-	-	-	-	-	-
Interest and fiscal charges	-	1,075	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>3,875</u>	<u>477,143</u>	<u>-</u>	<u>-</u>	<u>73,745</u>	<u>-</u>	<u>3,330</u>	<u>3,153</u>
<b>Revenues over (under) expenditures</b>	(3,587)	(144,904)	-	-	(73,745)	-	2,377	8,338
<b>Other financing sources (uses):</b>								
Lease proceeds	-	161,747	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>161,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(3,587)	16,843	-	-	(73,745)	-	2,377	8,338
<b>Fund Balance - beginning of year, restated</b>	23,087	60,361	3,721	8,345	130,496	520	6,240	(3,745)
<b>Fund Balance - end of year</b>	<u>\$ 19,500</u>	<u>\$ 77,204</u>	<u>\$ 3,721</u>	<u>\$ 8,345</u>	<u>\$ 56,751</u>	<u>\$ 520</u>	<u>\$ 8,617</u>	<u>\$ 4,593</u>

(Continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2012,**  
**Continued**

	SPECIAL REVENUE FUNDS				DEBT SERVICE	CAPITAL PROJECT FUNDS		
	OK LEAP/CDBG FUND	EDA REVOLVING LOAN	DARE FUND	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 221,141	\$ -	\$ -	\$ 367,017
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	16,845	-	-
Investment income	728	34,078	-	1,437	-	-	-	441
Miscellaneous	-	-	-	-	-	-	3,226	-
<b>Total Revenues</b>	<u>728</u>	<u>34,078</u>	<u>-</u>	<u>1,437</u>	<u>221,141</u>	<u>16,845</u>	<u>3,226</u>	<u>367,458</u>
<b>Expenditures:</b>								
Current:								
General government	-	24,274	-	-	-	-	-	-
Public safety	-	-	164	-	-	-	-	-
Streets	-	-	-	-	-	-	495	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	2,000	-	160,333	-	950,053
Debt service:								
Principal retirement	-	-	-	-	215,000	-	-	138,298
Interest and fiscal charges	-	-	-	-	18,717	-	-	53,873
<b>Total Expenditures</b>	<u>-</u>	<u>24,274</u>	<u>164</u>	<u>2,000</u>	<u>233,717</u>	<u>160,333</u>	<u>495</u>	<u>1,142,224</u>
<b>Revenues over (under) expenditures</b>	728	9,804	(164)	(563)	(12,576)	(143,488)	2,731	(774,766)
<b>Other financing sources (uses):</b>								
Lease proceeds	-	-	-	-	-	-	-	482,549
Transfers in	-	-	-	1,204	-	-	-	410,000
Transfers out	-	-	-	-	-	(1,204)	-	(222,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,204</u>	<u>-</u>	<u>(1,204)</u>	<u>-</u>	<u>670,549</u>
<b>Net change in fund balances</b>	728	9,804	(164)	641	(12,576)	(144,692)	2,731	(104,217)
<b>Fund Balance - beginning of year, restated</b>	52,320	912,734	185	(3,644)	274,677	263,045	75,788	487,192
<b>Fund Balance - end of year</b>	<u>\$ 53,048</u>	<u>\$ 922,538</u>	<u>\$ 21</u>	<u>\$ (3,003)</u>	<u>\$ 262,101</u>	<u>\$ 118,353</u>	<u>\$ 78,519</u>	<u>\$ 382,975</u>

(Continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2012,**  
**Continued**

	<b>CAPITAL PROJECT FUNDS</b>		
	<b>POOL IMPROVEMENT FUND</b>	<b>PARK DEPARTMENT PROJECTS</b>	<b>TOTAL</b>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ 588,158
Intergovernmental	-	-	178,356
Charges for services	64,057	-	399,862
Investment income	-	-	54,683
Miscellaneous	-	-	65,522
<b>Total Revenues</b>	<b>64,057</b>	<b>-</b>	<b>1,286,581</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	358,912
Public safety	-	-	12,689
Streets	-	-	76,777
Culture and recreation	-	-	50,098
Capital outlay	-	-	1,403,188
Debt service:			
Principal retirement	-	-	588,256
Interest and fiscal charges	-	-	89,993
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>2,579,913</b>
<b>Revenues over (under) expenditures</b>	<b>64,057</b>	<b>-</b>	<b>(1,293,332)</b>
<b>Other financing sources (uses):</b>			
Lease proceeds	-	-	776,650
Transfers in	-	-	911,204
Transfers out	-	-	(223,204)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,464,650</b>
<b>Net change in fund balances</b>	<b>64,057</b>	<b>-</b>	<b>171,318</b>
<b>Fund Balance - beginning of year, restated</b>	<b>(174,218)</b>	<b>42,041</b>	<b>3,475,966</b>
<b>Fund Balance - end of year</b>	<b>\$ (110,161)</b>	<b>\$ 42,041</b>	<b>\$ 3,647,284</b>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Statement of Net Assets – Non Major Enterprise Funds – June 30, 2012**

	<u>AIRPORT FUND</u>	<u>MIPFA</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 95,055	\$ 125,441	\$ 220,496
Due from other funds	28,742	-	28,742
Receivables:			
Accounts receivable	84,321	-	84,321
Due from other governments	18,106	-	18,106
Inventory	56,890	-	56,890
<b>Total current assets</b>	<u>283,114</u>	<u>125,441</u>	<u>408,555</u>
<b>Noncurrent Assets:</b>			
Capital Assets:			
Nondepreciable	298,991	144,429	443,420
Depreciable, net of accumulated depreciation	793,981	379,824	1,173,805
<b>Total noncurrent assets</b>	<u>1,092,972</u>	<u>524,253</u>	<u>1,617,225</u>
<b>Total Assets</b>	<u>1,376,086</u>	<u>649,694</u>	<u>\$ 2,025,780</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 32,952	\$ 1,500	\$ 34,452
Wages payable	1,034	-	1,034
Due to other funds	137	-	137
<b>Total Current Liabilities</b>	<u>34,123</u>	<u>1,500</u>	<u>35,623</u>
<b>Current Liabilities</b>			
Notes Payable	-	20,161	20,161
<b>Total Current Liabilities</b>	<u>-</u>	<u>20,161</u>	<u>20,161</u>
<b>Total Current Liabilities</b>	<u>34,123</u>	<u>21,661</u>	<u>55,784</u>
<b>Total Liabilities</b>	<u>34,123</u>	<u>21,661</u>	<u>55,784</u>
<b><u>NET ASSETS</u></b>			
Investment in capital assets, net of related debt	1,092,972	504,092	1,597,064
Unrestricted	248,991	123,941	372,932
<b>Total Net Assets</b>	<u>\$ 1,341,963</u>	<u>\$ 628,033</u>	<u>\$ 1,969,996</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Statement of Revenues, Expenses and Changes in Net Assets – Non Major Enterprise Funds**  
**- Year Ended June 30, 2012**

	<u>AIRPORT FUND</u>	<u>MIPFA</u>	<u>TOTALS</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 398,447	\$ 45,080	\$ 443,527
<b>Total Operating Revenues</b>	<u>398,447</u>	<u>45,080</u>	<u>443,527</u>
<b>Operating Expenses:</b>			
Personal services	34,465	-	34,465
Materials and supplies	248,734	-	248,734
Other services and charges	45,942	10,864	56,806
Depreciation and amortization	52,424	21,794	74,218
<b>Total Operating Expenses</b>	<u>381,565</u>	<u>32,658</u>	<u>414,223</u>
<b>Operating Income (Loss)</b>	16,882	12,422	29,304
<b>Non-Operating Revenues (Expenses):</b>			
Investment income	-	322	322
Miscellaneous income	1,850	-	1,850
Grant revenue	22,856	-	22,856
Interest and fiscal charges	-	(1,449)	(1,449)
<b>Net non-operating revenues (expenses)</b>	<u>24,706</u>	<u>(1,127)</u>	<u>23,579</u>
<b>Income (Loss) Before Transfers</b>	41,588	11,295	52,883
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	41,588	11,295	52,883
<b>Net Assets, beginning of year</b>	<u>1,300,375</u>	<u>616,738</u>	<u>1,917,113</u>
<b>Net Assets, end of year</b>	<u>\$ 1,341,963</u>	<u>\$ 628,033</u>	<u>\$ 1,969,996</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Statement of Cash Flows – Non Major Enterprise Funds - Year Ended June 30, 2012**

	<b>AIRPORT FUND</b>	<b>MIPFA</b>	<b>TOTALS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 373,455	\$ 45,080	\$ 418,535
Payments to suppliers	(314,353)	(10,864)	(325,217)
Payments to employees	(34,248)	-	(34,248)
Payments from other funds	17	-	17
Net Cash Provided by (Used in) Operating Activities	24,871	34,216	59,087
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	(28,200)	-	(28,200)
Interest and fiscal charges paid on capital debt	-	(1,450)	(1,450)
Principal paid on capital debt	-	(29,248)	(29,248)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(28,200)	(30,698)	(58,898)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	-	322	322
Net Cash Provided by Investing Activities	-	322	322
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(3,329)	3,840	511
<b>Balances - beginning of the year</b>	98,384	121,601	219,985
<b>Balances - end of the year</b>	\$ 95,055	\$ 125,441	\$ 220,496
<b>Reconciliation to Statement of Net Assets:</b>			
Cash and cash equivalents	\$ 95,055	\$ 125,441	\$ 220,496
Total cash and cash equivalents	\$ 95,055	\$ 125,441	\$ 220,496
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$16,882	\$ 12,422	\$ 29,304
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	52,424	21,794	74,218
Other non-operating income	24,706	-	24,706
Change in assets and liabilities:			
Receivables, net	(31,592)	-	(31,592)
Due from other governments	(18,106)	-	(18,106)
Due from other funds	-	-	0
Inventory	16,117	-	16,117
Accounts payables	(35,794)	-	(35,794)
Due to other funds	17	-	17
Accrued wages payable	217	-	217
Net Cash Provided by (Used in) Operating Activities	\$ 24,871	\$ 34,216	\$ 59,087

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Schedule of Net Assets – Department of Public Utilities - Enterprise Fund Accounts – June 30, 2012**

	<b>Department Public Utilities</b>	<b>Utility Improvement Fund</b>	<b>Total</b>
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$482,666	-	\$482,666
Cash and cash equivalents, restricted	41,955	\$750,682	792,637
Investments	2,327,261	-	2,327,261
Accounts receivable, net	3,745,289	-	3,745,289
Accrued interest receivable	128	-	128
Inventory	982,170	-	982,170
Due from other funds	346,981	-	346,981
Total current assets	<u>7,926,450</u>	<u>750,682</u>	<u>8,677,132</u>
Noncurrent Assets:			
Cash and cash equivalents, restricted	189,847	-	189,847
Investments, restricted	187,749	-	187,749
Unamortized bond and note issue costs	-	68,060	68,060
Land, construction in progress, and water rights	830,066	-	830,066
Other capital assets, net	14,502,867	-	14,502,867
Total noncurrent assets	<u>15,710,529</u>	<u>68,060</u>	<u>15,778,589</u>
Total assets	<u>23,636,979</u>	<u>818,742</u>	<u>24,455,721</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	1,485,152	3,473	1,488,625
Wages payable	52,633	-	52,633
Accrued compensated absences	15,734	-	15,734
Refundable deposits	41,955	-	41,955
Capital lease payable	171,660	-	171,660
Revenue bond payable	-	175,000	175,000
Total current liabilities	<u>1,767,134</u>	<u>178,473</u>	<u>1,945,607</u>
Noncurrent liabilities:			
Accrued compensated absences	141,610	-	141,610
Net pension obligation	100,861	-	100,861
Unfunded OPEB obligation	114,289	-	114,289
Refundable deposits	377,596	-	377,596
Capital lease payable	395,032	-	395,032
Revenue bond payable	-	1,726,094	1,726,094
Total noncurrent liabilities	<u>1,129,388</u>	<u>1,726,094</u>	<u>2,855,482</u>
Total liabilities	<u>2,896,522</u>	<u>1,904,567</u>	<u>4,801,089</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	14,766,241	(1,249,393)	13,516,848
Restricted for debt service	-	98,981	98,981
Unrestricted	5,974,216	64,587	6,038,803
Total net assets	<u>\$20,740,457</u>	<u>(\$1,085,825)</u>	<u>\$19,654,632</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Combining Statement of Revenues, Expenses and Changes in Net Assets – Department of Public Utilities**  
**- Enterprise Fund Accounts - Year Ended June 30, 2012**

	<b>Department Public Utilities</b>	<b>Utility Improvement Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services	\$21,859,552	-	\$21,859,552
Grant revenue	12,832	-	12,832
Total operating revenues	<u>21,872,384</u>	<u>-</u>	<u>21,872,384</u>
<b>Operating Expenses:</b>			
Personal services	3,250,519	-	3,250,519
Materials and supplies	12,387,108	-	12,387,108
Other services and charges	1,931,194	3,718	1,934,912
Depreciation expense	1,099,757	-	1,099,757
Total operating expenses	<u>18,668,578</u>	<u>3,718</u>	<u>18,672,296</u>
Operating income (loss)	3,203,806	(3,718)	3,200,088
<b>Non-Operating Revenues (Expenses):</b>			
Investment income	-	32	32
Miscellaneous	(364)	-	(364)
Amortization expense	-	(4,216)	(4,216)
Interest expense and fiscal charges	(18,217)	(21,156)	(39,373)
Total non-operating revenues (expenses)	<u>(18,581)</u>	<u>(25,340)</u>	<u>(43,921)</u>
Net income (loss) before contributions and transf	3,185,225	(29,058)	3,156,167
Contributed capital revenue	418,628	-	418,628
Transfers in	-	117,525	117,525
Transfers out	<u>(3,918,623)</u>	<u>(1,174,292)</u>	<u>(5,092,915)</u>
<b>Change in net assets</b>	<b>(314,770)</b>	<b>(1,085,825)</b>	<b>(1,400,595)</b>
<b>Total net assets - beginning</b>	<b>21,055,227</b>	<b>-</b>	<b>21,055,227</b>
<b>Total net assets - ending</b>	<b><u><u>\$20,740,457</u></u></b>	<b><u><u>(\$1,085,825)</u></u></b>	<b><u><u>\$19,654,632</u></u></b>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Statement of Net Assets – Internal Service Funds – June 30, 2012**

	<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	\$ 594,098	\$ 73,783	\$ 11,061	\$ 678,942
Investments	605,607	-	-	605,607
Receivables:				
Other receivable	3,117,295	-	-	3,117,295
<b>Total current assets</b>	<u>4,317,000</u>	<u>73,783</u>	<u>11,061</u>	<u>4,401,844</u>
<b>Total Assets</b>	<u>4,317,000</u>	<u>73,783</u>	<u>11,061</u>	<u>4,401,844</u>
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities:</b>				
Claims liability	\$ 3,426,500	\$ 46	\$ 202,093	\$ 3,628,639
Due to other funds	-	-	111,076	111,076
<b>Total Liabilities</b>	<u>3,426,500</u>	<u>46</u>	<u>313,169</u>	<u>3,739,715</u>
<b><u>NET ASSETS</u></b>				
Unrestricted	<u>890,500</u>	<u>73,737</u>	<u>(302,108)</u>	<u>662,129</u>
<b>Total Net Assets</b>	<u>\$ 890,500</u>	<u>\$ 73,737</u>	<u>\$ (302,108)</u>	<u>\$ 662,129</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds - Year Ended June 30, 2012**

	<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	\$ 108,628	\$ 24,038	\$ 1,074,838	\$ 1,207,504
Miscellaneous	44,981	-	-	44,981
<b>Total Operating Revenues</b>	<b>153,609</b>	<b>24,038</b>	<b>1,074,838</b>	<b>1,252,485</b>
<b>Operating Expenses:</b>				
Insurance claims and expenses	725,840	2,537	1,508,358	2,236,735
<b>Total Operating Expenses</b>	<b>725,840</b>	<b>2,537</b>	<b>1,508,358</b>	<b>2,236,735</b>
<b>Net Operating Income</b>	<b>(572,231)</b>	<b>21,501</b>	<b>(433,520)</b>	<b>(984,250)</b>
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	1,371	-	-	1,371
<b>Net non-operating revenues (expenses)</b>	<b>1,371</b>	<b>-</b>	<b>-</b>	<b>1,371</b>
Transfers from other funds	-	-	222,000	222,000
<b>Net transfers</b>	<b>-</b>	<b>-</b>	<b>222,000</b>	<b>222,000</b>
<b>Change in Net Assets</b>	<b>(570,860)</b>	<b>21,501</b>	<b>(211,520)</b>	<b>(760,879)</b>
<b>Net Assets, beginning of year</b>	<b>1,461,360</b>	<b>52,236</b>	<b>(90,588)</b>	<b>1,423,008</b>
<b>Net Assets, end of year</b>	<b>\$ 890,500</b>	<b>\$ 73,737</b>	<b>\$ (302,108)</b>	<b>\$ 662,129</b>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Combining Statement of Cash Flows – Internal Service Funds - Year Ended June 30, 2012**

	<b>WORKER'S COMPENSATION FUND</b>	<b>UNEMPLOYMENT FUND</b>	<b>HEALTH INSURANCE FUND</b>	<b>TOTALS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 802,540	\$ 24,038	\$ 1,074,838	\$ 1,901,416
Payments from other funds	-	-	97,588	97,588
Claims and benefits paid	(899,590)	(8,577)	(1,387,857)	(2,296,024)
Net Cash Provided by Operating Activities	<u>(97,050)</u>	<u>15,461</u>	<u>(215,431)</u>	<u>(297,020)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	222,000	222,000
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>222,000</u>	<u>222,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	1,371	-	-	1,371
Purchase of investments	(1,370)	-	-	(1,370)
Net Cash Provided by Investing Activities	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Net Increase in Cash and Cash Equivalents</b>	(97,049)	15,461	6,569	(75,019)
<b>Balances - beginning of the year</b>	<u>691,147</u>	<u>58,322</u>	<u>4,492</u>	<u>753,961</u>
<b>Balances - end of the year</b>	<u>\$ 594,098</u>	<u>\$ 73,783</u>	<u>\$ 11,061</u>	<u>\$ 678,942</u>
<b>Reconciliation to Statement of Net Assets:</b>				
Cash and cash equivalents	\$ 594,098	\$ 73,783	\$ 11,061	\$ 678,942
Total cash and cash equivalents	<u>\$ 594,098</u>	<u>\$ 73,783</u>	<u>\$ 11,061</u>	<u>\$ 678,942</u>
<b>Reconciliation of operating income (loss) to net cash provided by cash in operating activities:</b>				
Operating income	\$ (572,231)	\$ 21,501	\$ (433,520)	\$ (984,250)
Change in assets and liabilities:				
Receivables, net	648,931	-	-	648,931
Due to other funds	-	-	97,588	97,588
Claims liability	(173,750)	(6,040)	120,501	(59,289)
Net Cash Provided by Operating Activities	<u>\$ (97,050)</u>	<u>\$ 15,461</u>	<u>\$ (215,431)</u>	<u>\$ (297,020)</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2012

**Debt Service Coverage Schedule - Year Ended June 30, 2012**

<b>DEBT SERVICE COVERAGE:</b>	<b>OWRB Series 2001A, 2003A, 2004A, 2005 &amp; 2006A Promissory Notes</b>	<b>2010 Sales Tax and 2011 Revenue Bonds</b>
<b>GROSS REVENUE AVAILABLE:</b>		
Charges for services (water, electric and wastewater)	\$21,872,384	\$21,872,384
Investment income	32	32
Pledged sales tax	-	3,470,825
	<u>21,872,416</u>	<u>25,343,241</u>
<b>OPERATING EXPENSES:</b>		
Total Operating Expenses (excludes depreciation and amortization)	<u>17,554,614</u>	<u>17,554,614</u>
Net Revenue Available for Debt Service	<u>\$4,317,802</u>	<u>\$7,788,627</u>
Maximum Annual Debt Service on all OWRB Obligations Payable From Revenues of the System	\$753,606	\$753,606
Average Annual Debt Service on 2010 Sales Tax Revenue Bonds	-	1,130,278
Average Annual Debt Service on 2011 Sales Tax Revenue Bonds	-	214,080
	<u>\$753,606</u>	<u>\$2,097,964</u>
Computed Coverage	<u>573%</u>	<u>371%</u>
Coverage Requirement	<u>125%</u>	<u>125%</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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, 2012, which collectively comprise the City of Miami, Oklahoma's basic financial statements and have issued our report thereon dated June 19, 2013. 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 June 19, 2013.

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  
June 19, 2013



**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, 2012. 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, 2012.

**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, 2012, and have issued our report thereon dated June 19, 2013, 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  
June 19, 2013

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**City of Miami, Oklahoma  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant I.D. Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>				
Pass through Oklahoma Department of Libraries				
Grants to States	45.310	F-12-056	\$430	\$430
Grants to States	45.310	F-11-155	14,050	12,550
Pass through Oklahoma Humanities Council				
Promotio of the Humanities	45.168	Y-11.065	1,360	1,360
			<u>15,840</u>	<u>14,340</u>
<u>Department of Energy</u>				
Pass through Oklahoma Department of Commerce				
Stimulus Energy Efficiency Comm. Block Grant - ARRA	81.128	13971 SEEBG 09	500,000	294,542
<u>Department of Homeland Security</u>				
Pass through Oklahoma Emergency Management				
Emergency Management Performance Grant	97.042	EMPG 10	5,000	5,000
Emergency Management Performance Grant	97.042	EMPG 11	26,699	13,350
Emergency Management Performance Grant	97.042	EMPG 12	26,699	13,350
Emergency Management Performance Grant	97.042	EMPG 11 - CEMP	6,800	6,800
Hazaard Mitigation Grant	97.039	HMPG 1883	42,352	9,500
Repetitive Flood Claim Grant	97.039	SRL-PJ-2008	11,491	11,491
Total Department of Homeland Security			<u>119,041</u>	<u>59,491</u>
<u>Department of Housing an Urban Development</u>				
Pass through Oklahoma Department of Commerce				
HOME Investment Partnership Program	14.239	1194 HOME 07	119,992	29,998
Community Development Block Grant	14.228	12989 CD 96	400,000	10,889
Community Development Block Grant	14.228	13111 CDBG 08	150,000	1,480
Community Development Block Grant	14.228	13335 CDBG 08	58,254	43,286
Total Department of Housing and Urban Development			<u>728,246</u>	<u>85,653</u>
<u>Department of Justice</u>				
Bullet Proof Vest Partnership	16.607	2009 BUBX09050082	12,775	1,064
<u>US Department of Transportation</u>				
Airport Improvement Program	20.106	3-40-0059-014-2010	170,233	10,316
Airport Improvement Program	20.106	3-40-0059-015-2011	59,470	12,540
Pass through Oklahoma Highway Safety Office				
Alcohol Impaired Driving Counter Measurers Incentive	20.601	K8-12-03-25-01	9,000	191
Discretionary Safety Grants	20.614	K8-12-03-25-01	3,000	1,574
Pass through Oklahoma Department of Transportation				
Highway Planning and Construction	20.205	SB-OL970(017)DC	120,000	43,000
			<u>361,703</u>	<u>67,621</u>
Total Federal Awards			<u>\$1,737,605</u>	<u>\$522,711</u>

**Notes to Schedule of Expenditures of Federal Awards**

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

**City of Miami, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2012**

**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, 2012**

**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, 2012**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

There are no prior year findings.