



**THE CITY OF MIAMI, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Miami, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami, as of June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-18 and 64-65 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, of historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

*TURNER & ASSOCIATES, PLLC*

Vinita, Oklahoma  
May 20, 2015

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

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**MANAGEMENT DISCUSSION AND ANALYSIS**

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

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Our discussion and analysis of the City of Miami's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2014, the City's total net position increased by \$2,233,046 or 5.4% from the prior year.
- During the year, the City's expenses for governmental activities were \$12.0 million and were funded by program revenues of \$2.0 million and further funded with taxes and other general revenues that totaled \$7.0 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$5.1 million.
- At June 30, 2014, the General Fund reported an unassigned fund balance of \$632,383.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$45,108 or .6%, while expenditures were under the final appropriations by \$436,236 or 17.5%.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

**About the City**

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

- Legislative – the governing body includes an elected five-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

***The City's Financial Reporting Entity***

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

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

**Primary Government:**

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

**Blended Component Units:**

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

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

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

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

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

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

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

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

**Using This Annual Report**

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

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

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

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

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

### **Reporting the City as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

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

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets, deferred outflows, liabilities, and deferred inflows – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

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

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, electric, airport, and sanitation activities are reported here.
- **Discretely- presented component units** -- Accounts for various activities related to economic development, facility management, facility construction, and downtown development.

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

### **Fund Financial Statements**

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

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

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

## ***A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE***

### **Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows by \$43,606,008 at the close of the most recent fiscal year.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

**TABLE 1  
NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	Restated,		2014	Restated,		2014	Restated,	
		2013			2013			2013	
Current assets	\$ 10,579	\$ 12,159	-13%	\$ 14,618	\$ 12,370	18%	\$ 25,197	\$ 24,529	3%
Capital assets, net	27,981	28,052	0%	17,974	17,309	4%	45,955	45,361	1%
<b>Total assets</b>	<b>38,560</b>	<b>40,211</b>	<b>-4%</b>	<b>32,592</b>	<b>29,679</b>	<b>10%</b>	<b>71,152</b>	<b>69,890</b>	<b>2%</b>
Current liabilities	3,683	4,180	-12%	4,012	2,549	57%	7,695	6,729	14%
Non-current liabilities	11,620	12,562	-7%	8,208	9,189	-11%	19,828	21,751	-9%
<b>Total liabilities</b>	<b>15,303</b>	<b>16,742</b>	<b>-9%</b>	<b>12,220</b>	<b>11,738</b>	<b>4%</b>	<b>27,523</b>	<b>28,480</b>	<b>-3%</b>
<b>Deferred inflows</b>	<b>23</b>	<b>37</b>	<b>-38%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>37</b>	<b>-38%</b>
Net position									
Net investment capital assets	18,508	15,448	20%	9,787	8,601	14%	28,295	24,049	18%
Restricted	2,844	5,679	-50%	803	1,166	-31%	3,647	6,845	-47%
Unrestricted	1,882	2,305	-18%	9,782	8,174	20%	11,664	10,479	11%
<b>Total net position</b>	<b>\$ 23,234</b>	<b>\$ 23,432</b>	<b>-1%</b>	<b>\$ 20,372</b>	<b>\$ 17,941</b>	<b>14%</b>	<b>\$ 43,606</b>	<b>\$ 41,373</b>	<b>5%</b>

The largest portion of the City's net position reflects its net investment capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2014, the net investment in capital assets amounted to \$28,294,988. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$3,647,087 also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$11,663,933, may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

*Governmental Activities:*

Current assets – Decrease of \$1.6 million (13%) due to construction proceeds on hand decreasing as projects are being completed. In addition, receivables decreased due to a decrease in amounts due from third party for insurance stop loss.

Net investment in capital assets – Increase of \$3.1 (20%) million due to the addition capital assets and the reduction of debt related to current year payments.

Net Position, restricted – Decrease of \$1.8 million (50%) 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, 2014**

*Business-Type Activities:*

Current assets – Increase of \$2.2 million (18%) due mainly to a receivable from the FAA of \$1.3 million of grant proceeds.

Current liabilities – Increase of \$1.5 million (57%) due to payable increases related to the airport project.

Long-term debt outstanding – Decrease of \$1.0 million (11%) due to the payment of current debt and the city not issuing debt in the current year.

Unrestricted Net Position – Increase of \$1.6 million (20%) due to all activities, with the exception of the airport, reporting net revenues over expenses.

**Changes in Net Position**

For the year ended June 30, 2014, net position of the primary government changed as follows:

**TABLE 2  
CHANGES IN NET POSITION (In Thousands)**

	Governmental		% Inc. (Dec.)	Business-Type		% Inc. (Dec.)	Total		% Inc. (Dec.)
	Activities			Activities			Total		
	2014	Restated, 2013		2014	Restated, 2013		2014	Restated, 2013	
<b>Revenues</b>									
Charges for service	\$ 702	\$ 910	-23%	\$ 24,247	\$ 23,005	5%	\$ 24,949	\$ 23,915	4%
Operating grants and contributions	753	787	-4%	-	-	-	753	787	-4%
Capital grants and contributions	621	347	79%	1,345	93	1346%	1,966	440	347%
Taxes	6,931	6,973	-1%	-	-	-	6,931	6,973	-1%
Investment income	11	68	-84%	5	4	25%	16	72	-78%
Miscellaneous	90	122	-26%	1	64	-98%	91	186	-51%
<b>Total revenues</b>	<b>9,108</b>	<b>9,207</b>	<b>-1%</b>	<b>25,598</b>	<b>23,166</b>	<b>10%</b>	<b>34,706</b>	<b>32,373</b>	<b>7%</b>
<b>Expenses</b>									
General government	1,836	4,042	-55%	-	-	-	1,836	4,042	-55%
Public safety	4,592	5,208	-12%	-	-	-	4,592	5,208	-12%
Streets	3,161	3,251	-3%	-	-	-	3,161	3,251	-3%
Culture and recreation	1,185	1,592	-26%	-	-	-	1,185	1,592	-26%
Economic development	467	359	30%	-	-	-	467	359	30%
Interest on debt	743	489	52%	-	-	-	743	489	52%
Water	-	-	-	1,616	1,783	-9%	1,616	1,783	-9%
Wastewater	-	-	-	1,492	1,499	0%	1,492	1,499	0%
Sanitation	-	-	-	1,479	1,463	1%	1,479	1,463	1%
Electric	-	-	-	15,624	14,833	5%	15,624	14,833	5%
Airport	-	-	-	278	353	-21%	278	353	-21%
<b>Total expenses</b>	<b>11,984</b>	<b>14,941</b>	<b>-20%</b>	<b>20,489</b>	<b>19,931</b>	<b>3%</b>	<b>32,473</b>	<b>34,872</b>	<b>7%</b>
Excess (deficiency) before transfers	(2,876)	(5,734)	50%	5,109	3,235	58%	2,233	(2,499)	189%
Transfers	2,678	(8,347)	132%	(2,678)	8,347	-132%	-	-	
<b>Change in net position</b>	<b>(198)</b>	<b>(14,081)</b>	<b>99%</b>	<b>2,431</b>	<b>11,582</b>	<b>-79%</b>	<b>2,233</b>	<b>(2,499)</b>	<b>189%</b>

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

Explanations of significant changes in Table 2 are as follows:

*Governmental Activities:*

General Government – Decrease of \$2.2 million (55%) due to prior year transferring the economic development loans to an outside company totaling \$1.7 million.

Public Safety – Decrease of \$.6 million (12%) due to decrease in operational cost.

Transfers – prior year included the movement of debt from business type activities to governmental activities.

*Business-Type Activities:*

Capital grants and contribution – increase of \$1.3 million due to FAA grant.

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

**Governmental Activities**

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

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

	Total Expense		% Inc. (Dec.)	Net Revenue (Expense)		% Inc. (Dec.)
	of Services			of Services		
	2014	2013	2014	2013		
General government	\$ 1,836	\$ 4,042	-55%	(\$1,639)	\$ (3,326)	-51%
Public safety	4,592	5,208	-12%	(3,834)	(4,366)	-12%
Streets	3,161	3,251	-3%	(2,339)	(3,088)	-24%
Culture, parks and recreation	1,185	1,592	-26%	(912)	(1,270)	-28%
Economic development	467	359	30%	(441)	(359)	23%
Interest on long-term debt	743	489	-52%	(743)	(489)	52%
<b>Total</b>	<b>\$ 11,984</b>	<b>\$ 14,941</b>	<b>-20%</b>	<b>(\$9,908)</b>	<b>\$ (12,898)</b>	<b>-23%</b>

For the year ended June 30, 2014 total expenses for governmental activities amounted to approximately \$12.0 million which was an decrease from the prior year of 20%. See Table 2 above for explanations of changes.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

**Business-type Activities**

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

	<u>Total Expense of Services</u>		<u>% Inc. Dec.</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. Dec.</u>
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>	
Water	\$ 1,616	\$ 1,783	-9%	\$ 550	\$ 432	27%
Wastewater	1,492	1,499	-	340	291	17%
Sanitation	1,479	1,463	1%	665	583	14%
Electric	15,624	14,833	5%	2,250	1,753	28%
Airport	278	353	-21%	1,298	108	1102%
<b>Total</b>	<b>\$ 20,489</b>	<b>\$19,931</b>	<b>3%</b>	<b>\$ 5,103</b>	<b>\$ 3,167</b>	<b>61%</b>

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

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

- Total business-type activities reported net revenues of \$5,103,354 for the year ended June 30, 2014.
- All utilities saw an increase in net revenues due to the second year of rate increases.
- Airport operations saw net revenues due to the receipt of a capital grant for runway construction.

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

As the City completed its 2014 fiscal year, the governmental funds reported a combined fund balance of \$7.0 million or a 19.9% decrease of approximately \$1,757,219 mainly due to bond construction monies being spent, and decreased operational costs. The enterprise funds reported combined net position of \$19.8 million or an 11.3% increase from 2014 mainly related to an increase in operational revenue and the receipt of grant funds for the airport.

		<b><u>Fund Balance/Net Position</u></b>	
Governmental Funds		Proprietary Funds	
Restricted	\$ 3,702,007	Net investment in capital assets	\$ 9,787,433
Committed	1,524,183	Restricted for debt service and other	802,984
Assigned	1,198,329	Unrestricted	9,275,779
Unassigned	<u>618,947</u>		
<b>Total Fund Balance</b>	<b>\$ <u>7,043,466</u></b>	<b>Total Net Position</b>	<b>\$ <u>19,866,196</u></b>

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

**General Fund Budgetary Highlights**

The General Fund reported revenues under estimates of \$45,108 or .6%, while expenditures were under the final appropriations by \$436,236 or 17.5%.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2014, the City had \$45.9 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 \$.6 million or 1.3% over last year.

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 5,487	\$ 5,487	\$ 751	\$ 751	6,238	\$ 6,238
Buildings	5,205	5,498	7,877	8,138	13,082	13,636
Machinery, furniture and equipment	3,128	3,186	3,682	4,257	6,810	7,443
Infrastructure	11,217	8,467	3,598	3,875	14,815	12,342
Construction in progress	2,944	5,414	2,066	288	5,010	5,702
<b>Totals</b>	<b>\$ 27,981</b>	<b>\$ 28,052</b>	<b>\$ 17,974</b>	<b>\$ 17,309</b>	<b>\$ 45,955</b>	<b>\$ 45,361</b>

This year's more significant capital asset additions included:

Street projects	\$2,021,817
Airport improvement projects	\$1,626,487

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

**Long- Term Debt**

At year-end, the City had \$20.8 million in long-term debt outstanding which represents a \$1.8 million or 7.9% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

**TABLE 6  
Long-Term Debt  
(In Thousands)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2014</u>	Restated, <u>2013</u>	<u>2014</u>	Restated, <u>2013</u>	<u>2014</u>	Restated, <u>2013</u>
Accrued absences	\$ 562	\$ 530	\$ 160	\$ 166	\$ 722	\$ 696
General obligation bonds	-	-	-	-	-	-
Revenue Bonds	10,510	11,200	1,560	1,740	12,070	12,940
Bond Premium (Discount)	(71)	(77)	(11)	(12)	(82)	(89)
Notes Payable	-	-	6,455	7,013	6,455	7,013
Capital Leases	1,439	1,661	244	422	1,683	2,083
<b>Totals</b>	<u>\$ 12,440</u>	<u>\$ 13,314</u>	<u>\$ 8,408</u>	<u>\$ 9,329</u>	<u>\$ 20,848</u>	<u>\$ 22,643</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 city hall rehabilitation, updating job descriptions and the evaluation process, street and utility improvements, creating a comprehensive plan, bringing an electric rate study to council for consideration, and progressing on a new animal shelter.

The FY 2014-2015 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 2014-2015 the City plans to continue revenue bond projects on various utility improvements such as Rockdale Bridge reconstruction and completing the well south of town. Utility funds will continue to repay the debt.

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

During FY 2012-2013, a sales tax election occurred that amended City of Miami Sales Tax Ordinance of 1985 and reads: "...is amended so that the language at the end thereof shall read as follows: "It hereby is declared to be the purpose of the revenues provided by the additional sixty-five hundredths of one percent (0.65%) excise tax levied by this Ordinance to provide revenues for street and road improvements and by paying the principal of and interest on indebtedness incurred on behalf of said City for said purposes. Upon retirement of the aforementioned indebtedness, or call and refinancing of the same, this additional sixty-five hundredths of one percent (0.65%) excise tax levied by this Ordinance shall continue and shall provide revenues for the additional purpose of the improvement and construction of a community event center and stadium complex to be located at the Northeastern Oklahoma A&M College campus in Miami, Oklahoma, and to retire indebtedness thereupon incurred by the City or by a public trust of which the City is a beneficiary in a principal amount not to exceed eight million and eight hundred thousand dollars and interest thereupon." This activity is accounted for in the MCFA Trust.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2014**

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**Contacting the City's Financial Management**

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

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

**Statement of Net Position– June 30, 2014**

	<b>Primary Government</b>			<b>Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and Equivalents	\$ 7,990,480	\$ 5,836,787	\$ 13,827,267	\$ 709,185
Investments	624,250	2,842,211	3,466,461	3,302,988
Interest receivable	-	809	809	-
Accounts receivable, net	157,116	3,251,758	3,408,874	23,500
Due from other governments	922,134	1,314,296	2,236,430	-
Other receivable	1,353,866	26,000	1,379,866	-
Internal balances	(468,963)	468,963	-	-
Inventory	-	877,136	877,136	-
Capital Assets				
Land and construction in progress	8,431,477	2,816,246	11,247,723	6,387,137
Other capital assets, net of depreciation	19,549,600	15,157,715	34,707,315	1,207,060
<b>Total Assets</b>	<b><u>38,559,960</u></b>	<b><u>32,591,921</u></b>	<b><u>71,151,881</u></b>	<b><u>11,629,870</u></b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	681,833	3,028,384	3,710,217	913,303
Claims liability	1,901,396	-	1,901,396	-
Accrued interest payable	30,262	50,827	81,089	-
Long-term liabilities				
Due within one year	1,070,108	933,256	2,003,364	177,221
Due in more than one year	11,619,694	8,207,503	19,827,197	9,508,527
<b>Total liabilities</b>	<b><u>15,303,293</u></b>	<b><u>12,219,970</u></b>	<b><u>27,523,263</u></b>	<b><u>10,599,051</u></b>
<b>DEFERRED INFLOWS:</b>				
Deferred revenue	22,610	-	22,610	-
<b>Total deferred inflows</b>	<b><u>22,610</u></b>	<b><u>-</u></b>	<b><u>22,610</u></b>	<b><u>-</u></b>
<b>NET POSITION:</b>				
Net investment in capital assets	18,507,555	9,787,433	28,294,988	1,344,437
Net Position:				
Restricted	2,844,103	802,984	3,647,087	-
Unrestricted (deficit)	1,882,399	9,781,534	11,663,933	(313,618)
<b>Total net position</b>	<b><u>\$ 23,234,057</u></b>	<b><u>\$ 20,371,951</u></b>	<b><u>\$ 43,606,008</u></b>	<b><u>\$ 1,030,819</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, 2014

**Statement of Activities – Year Ended June 30, 2014**

<b>Functions/Programs</b>	<b>Program Revenue</b>				<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Discretely Presented Component Units</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>			
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 1,835,872	\$ 96,530	\$ 85,726	\$ 15,022	\$ (1,638,594)		\$ (1,638,594)	
Public Safety	4,591,709	257,682	494,436	5,589	(3,834,002)		(3,834,002)	
Public Works and Streets	3,161,402	91,800	130,419	600,000	(2,339,183)		(2,339,183)	
Culture and Recreation	1,185,270	230,180	42,772	-	(912,318)		(912,318)	
Economic Development	467,159	26,072	-	-	(441,087)		(441,087)	
Interest on Long-term debt	742,599	-	-	-	(742,599)		(742,599)	
Total governmental activities	<u>11,984,011</u>	<u>702,264</u>	<u>753,353</u>	<u>620,611</u>	<u>(9,907,783)</u>		<u>(9,907,783)</u>	
Business-type activities								
Water	1,616,214	2,165,945	-	-		549,731	549,731	
Wastewater	1,491,554	1,831,707	-	-		340,153	340,153	
Sanitation	1,479,496	2,144,923	-	-		665,427	665,427	
Electric	15,624,253	17,874,305	-	-		2,250,052	2,250,052	
Airport	277,500	230,245	-	1,345,246		1,297,991	1,297,991	
Total business-type activities	<u>20,489,017</u>	<u>24,247,125</u>	<u>-</u>	<u>1,345,246</u>		<u>5,103,354</u>	<u>5,103,354</u>	
Total primary government	<u>32,473,028</u>	<u>24,949,389</u>	<u>753,353</u>	<u>1,965,857</u>	<u>(9,907,783)</u>	<u>5,103,354</u>	<u>(4,804,429)</u>	
<b>Component Units</b>								
Culture and Recreation	387,645	89,275	78,056	-				(220,314)
Economic Development	88,826	125,501	-	-				36,675
Education	19,510	14,912	-	-				(4,598)
Total component units	<u>495,981</u>	<u>229,688</u>	<u>78,056</u>	<u>-</u>				<u>(188,237)</u>
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					6,433,946	-	6,433,946	-
Franchise and public service taxes					298,402	-	298,402	-
Hotel/motel taxes					198,616	-	198,616	-
Investment income					10,541	4,931	15,472	-
Miscellaneous					90,381	658	91,039	227,710
Transfers - internal activity					2,678,302	(2,678,302)	-	-
Total general revenues and transfers					<u>9,710,188</u>	<u>(2,672,713)</u>	<u>7,037,475</u>	<u>227,710</u>
Change in net position					(197,595)	2,430,641	2,233,046	39,473
Net position - beginning, restated					23,431,652	17,941,310	41,372,962	991,346
Net position - ending					<u>\$ 23,234,057</u>	<u>\$ 20,371,951</u>	<u>\$ 43,606,008</u>	<u>\$ 1,030,819</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, 2014**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2014

**Governmental Funds Balance Sheet - June 30, 2014**

	<u>General Fund</u>	<u>G.O. Street Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 540,015	\$ 2,969,076	\$ 3,239,851	\$ 6,748,942
Investments	15,943	-	-	15,943
Receivables:				
Accounts receivable	105,341	-	51,775	157,116
Due from other funds	112,570	-	43,231	155,801
Due from other governments and entities	691,093	137,706	93,335	922,134
Total assets	<u>\$ 1,464,962</u>	<u>\$ 3,106,782</u>	<u>\$ 3,428,192</u>	<u>\$ 7,999,936</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 183,536	\$ 53,817	\$ 300,404	\$ 537,757
Wages payable	139,550	-	4,526	144,076
Due to other funds	68,999	-	50,010	119,009
Total liabilities	<u>392,085</u>	<u>53,817</u>	<u>354,940</u>	<u>800,842</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	<u>72,927</u>	<u>-</u>	<u>82,701</u>	<u>155,628</u>
Fund balances:				
Restricted	5,137	3,052,965	643,905	3,702,007
Committed	-	-	1,524,183	1,524,183
Assigned	362,430	-	835,899	1,198,329
Unassigned (deficit)	632,383	-	(13,436)	618,947
Total fund balances	<u>999,950</u>	<u>3,052,965</u>	<u>2,990,551</u>	<u>7,043,466</u>
Total liabilities and fund balances	<u>\$ 1,464,962</u>	<u>\$ 3,106,782</u>	<u>\$ 3,428,192</u>	<u>\$ 7,999,936</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, 2014**

**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2014**

	<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	\$ 5,421,936	\$ 1,090,597	\$ 309,827	\$ 6,822,360
Intergovernmental	710,286	-	781,300	1,491,586
Charges for services	255,896	-	130,002	385,898
Fines and forfeitures	196,670	-	-	196,670
Licenses and permits	78,768	-	-	78,768
Investment income	10,206	85	250	10,541
Miscellaneous	111,691	-	36,266	147,957
Total revenues	<u>6,785,453</u>	<u>1,090,682</u>	<u>1,257,645</u>	<u>9,133,780</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,833,338	-	16,286	1,849,624
Public Safety	4,807,056	-	25,753	4,832,809
Public works and streets	1,023,612	124,429	150,689	1,298,730
Culture and recreation	1,038,627	-	46,974	1,085,601
Economic development	421,946	-	-	421,946
Capital Outlay	192,100	1,784,643	791,094	2,767,837
Debt Service:				
Principal	67,040	690,000	249,150	1,006,190
Interest and other charges	4,367	376,988	60,145	441,500
Total expenditures	<u>9,388,086</u>	<u>2,976,060</u>	<u>1,340,091</u>	<u>13,704,237</u>
Excess (deficiency) of revenues over	(2,602,633)	(1,885,378)	(82,446)	(4,570,457)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease and note proceeds	94,641	-	-	94,641
Transfers in	6,828,873	1,096,921	909,038	8,834,832
Transfers out	(5,016,067)	(1,086,815)	(13,353)	(6,116,235)
Total other financing sources and uses	<u>1,907,447</u>	<u>10,106</u>	<u>895,685</u>	<u>2,813,238</u>
Net change in fund balances	(695,186)	(1,875,272)	813,239	(1,757,219)
Fund balances - beginning	1,695,136	4,928,237	2,177,312	8,800,685
Fund balances - ending	<u>\$ 999,950</u>	<u>\$ 3,052,965</u>	<u>\$ 2,990,551</u>	<u>\$ 7,043,466</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, 2014**

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

**Fund Balance – Net Position Reconciliation:**

Total fund balance, governmental funds	\$	7,043,466
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		27,981,077
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.		133,018
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Capital lease obligations		(1,439,497)
Interest payable		(30,262)
Net pension obligation		(105,684)
Other post employment benefit obligation		(142,941)
Accrued compensated absences		(562,320)
Unamortized debt discount		70,640
Note payable		(10,510,000)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are reported in governmental activities:		
Internal service fund net position		796,560
Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>23,234,057</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, 2014**

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

Net change in fund balances - total governmental funds: \$ (1,757,219)

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	2,525,491
Depreciation expense	(2,596,509)

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

Change in deferred revenue	(40,779)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Debt proceeds	(94,641)
Capital lease principal payments	316,190
Revenue bond principal payments	690,000

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	7,099
Change in accrued compensated absences	(32,666)
Change in amortization of bond discount	(6,187)

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

Total change in net position for internal service funds	791,626
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Change in net position of governmental activities	\$ (197,595)
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See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2014**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF MIAMI, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2014**

	<u>Miami Special Utility Authority</u>	<u>Airport Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,554,045	\$ 183,851	\$ 4,737,896	\$ 1,241,538
Cash and cash equivalents, restricted	479,391	-	479,391	-
Investments	2,655,657	-	2,655,657	608,307
Accounts receivable, net	3,208,477	43,281	3,251,758	-
Other receivable	332	1,339,964	1,340,296	1,353,866
Accrued interest receivable	809	-	809	-
Inventory	834,467	42,669	877,136	-
Due from other funds	33,700	28,742	62,442	-
Total current assets	<u>11,766,878</u>	<u>1,638,507</u>	<u>13,405,385</u>	<u>3,203,711</u>
Non-current assets:				
Cash and cash equivalents, restricted	619,500	-	619,500	-
Investments, restricted	186,554	-	186,554	-
Capital assets:				
Land, construction in progress, and water rights	1,062,298	1,753,948	2,816,246	-
Other capital assets, net of accumulated depreciation	14,210,937	946,778	15,157,715	-
Total non-current assets	<u>16,079,289</u>	<u>2,700,726</u>	<u>18,780,015</u>	<u>-</u>
Total assets	<u>27,846,167</u>	<u>4,339,233</u>	<u>32,185,400</u>	<u>3,203,711</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,368,907	1,589,847	2,958,754	-
Claims liability	-	-	-	1,901,396
Wages payable	69,389	241	69,630	-
Due to other funds	97,821	1,413	99,234	-
Accrued interest payable	50,827	-	50,827	-
Accrued compensated absences	16,000	-	16,000	-
Refundable deposits	42,242	-	42,242	-
Capital lease payable	146,118	-	146,118	-
Revenue bond payable	185,000	-	185,000	-
Notes payable	543,896	-	543,896	-
Total current liabilities	<u>2,520,200</u>	<u>1,591,501</u>	<u>4,111,701</u>	<u>1,901,396</u>
Non-current liabilities:				
Accrued compensated absences	143,998	-	143,998	-
Claims liability	-	-	-	-
Net pension obligation	123,554	-	123,554	-
Net OPEB obligation	187,024	-	187,024	-
Refundable deposits	380,179	-	380,179	-
Capital lease payable	97,833	-	97,833	-
Revenue bond payable	1,364,048	-	1,364,048	-
Notes payable, net	5,910,867	-	5,910,867	-
Total non-current liabilities	<u>8,207,503</u>	<u>-</u>	<u>8,207,503</u>	<u>-</u>
Total liabilities	<u>10,727,703</u>	<u>1,591,501</u>	<u>12,319,204</u>	<u>1,901,396</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,086,707	2,700,726	9,787,433	-
Restricted for debt service	802,984	-	802,984	-
Restricted for other purposes	-	-	-	-
Unrestricted	9,228,773	47,006	9,275,779	1,302,315
Total net position	<u>\$ 17,118,464</u>	<u>\$ 2,747,732</u>	<u>\$ 19,866,196</u>	<u>\$ 1,302,315</u>

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

Total net position per Government-Wide financial statements

\$ 505,755  
\$ 20,371,951

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA**  
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**Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2014**

	<u>Miami Special Utility Authority</u>	<u>Airport Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>REVENUES</b>				
Charges for services	\$ 23,245,737	\$ 235,577	\$ 23,481,314	\$ 2,610,564
Miscellaneous	762,599	(5,332)	757,267	124,861
Total operating revenues	<u>24,008,336</u>	<u>230,245</u>	<u>24,238,581</u>	<u>2,735,425</u>
<b>OPERATING EXPENSES</b>				
Personal services	3,824,559	37,008	3,861,567	-
Materials and supplies	11,999,220	157,211	12,156,431	-
Other services and charges	3,286,499	16,960	3,303,459	99,571
Insurance claims and expense	-	-	-	1,419,548
Depreciation expense	1,350,053	66,321	1,416,374	-
Total operating expenses	<u>20,460,331</u>	<u>277,500</u>	<u>20,737,831</u>	<u>1,519,119</u>
Operating income (loss)	<u>3,548,005</u>	<u>(47,255)</u>	<u>3,500,750</u>	<u>1,216,306</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	4,931	-	4,931	1,185
Miscellaneous	9,202	-	9,202	-
Interest expense and fiscal charges	(239,341)	-	(239,341)	-
Total non-operating revenue (expenses)	<u>(225,208)</u>	<u>-</u>	<u>(225,208)</u>	<u>1,185</u>
Income (loss) before contributions and transfers	<u>3,322,797</u>	<u>(47,255)</u>	<u>3,275,542</u>	<u>1,217,491</u>
Contributed capital revenue	-	1,345,246	1,345,246	-
Transfers in	6,205,467	-	6,205,467	-
Transfers out	(8,821,479)	-	(8,821,479)	-
Change in net position	<u>706,785</u>	<u>1,297,991</u>	<u>2,004,776</u>	<u>1,217,491</u>
Total net position - beginning, restated	16,411,679	1,449,741	17,861,420	84,824
Total net position - ending	<u>\$ 17,118,464</u>	<u>\$ 2,747,732</u>	<u>\$ 19,866,196</u>	<u>\$ 1,302,315</u>
Change in net position above			\$ 2,004,776	
Some amounts reported for business-type activities in the Statement of Activities are difference because the net revenue of certain internal service funds is reported with business-type activities			425,865	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 2,430,641</u>	

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2014**

	Miami Special Utility Authority	Airport Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 24,197,290	\$ 289,728	\$ 24,487,018	\$ 3,374,977
Payments to suppliers	(15,207,584)	(167,280)	(15,374,864)	-
Payments to employees	(3,828,232)	(37,847)	(3,866,079)	-
Receipts from other funds	54,453	1,161	55,614	(805,847)
Payments to other funds	(22,117)	-	(22,117)	-
Receipts of customer meter deposits	191,415	-	191,415	-
Refunds of customer meter deposits	(241,630)	-	(241,630)	-
Claims and judgments paid	-	-	-	(2,216,252)
<b>Net cash provided by operating activities</b>	<u>5,143,595</u>	<u>85,762</u>	<u>5,229,357</u>	<u>352,878</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	6,205,467	-	6,205,467	-
Transfers to other funds	(8,821,479)	-	(8,821,479)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(2,616,012)</u>	<u>-</u>	<u>(2,616,012)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(454,630)	(1,626,547)	(2,081,177)	-
Change in accounts payable related to capital assets	-	1,568,757	1,568,757	-
Principal paid on debt	(916,118)	-	(916,118)	-
Proceeds of capital grants	-	33,903	33,903	-
Interest and fiscal agent fees paid on debt	(232,894)	-	(232,894)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,603,642)</u>	<u>(23,887)</u>	<u>(1,627,529)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(5,274)	-	(5,274)	(1,185)
Interest and dividends	4,931	-	4,931	1,185
<b>Net cash provided by (used in) investing activities</b>	<u>(343)</u>	<u>-</u>	<u>(343)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	923,598	61,875	985,473	352,878
<b>Balances - beginning of year</b>	<u>4,729,338</u>	<u>121,916</u>	<u>4,851,254</u>	<u>888,660</u>
<b>Balances - end of year</b>	<u>\$ 5,652,936</u>	<u>\$ 183,791</u>	<u>\$ 5,836,727</u>	<u>\$ 1,241,538</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 4,554,045	\$ 183,851	\$ 4,737,896	\$ 1,241,538
Restricted cash and cash equivalents - current	479,391	-	479,391	-
Restricted cash and cash equivalents - noncurrent	619,500	-	619,500	-
Total cash and cash equivalents, end of year	<u>\$ 5,652,936</u>	<u>\$ 183,851</u>	<u>\$ 5,836,787</u>	<u>\$ 1,241,538</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 3,548,005	\$ (47,255)	\$ 3,500,750	\$ 1,216,306
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,350,053	66,321	1,416,374	-
Other nonoperating revenue	9,202	-	9,202	-
Change in assets and liabilities:				
Receivables, net	180,084	59,483	239,567	639,552
Other receivable	(332)	-	(332)	-
Due from other funds	50,453	-	50,453	-
Inventory	209,874	(3,125)	206,749	-
Accounts payable	(131,739)	10,016	(121,723)	-
Claims liability	-	-	-	(697,133)
Due to other funds	(18,117)	1,161	(16,956)	(805,847)
Due to employees	2,249	(839)	1,410	-
Refundable deposits	(50,215)	-	(50,215)	-
Net pension obligation	(1)	-	(1)	-
Accrued compensated absences	(5,921)	-	(5,921)	-
<b>Net cash provided by operating activities</b>	<u>\$ 5,143,595</u>	<u>\$ 85,762</u>	<u>\$ 5,229,357</u>	<u>\$ 352,878</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – DISCRETELY PRESENTED COMPONENT UNITS**

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**Discretely Presented Component Units Statement of Net Position - June 30, 2014**

	<u>MCFA</u>	<u>MDRA</u>	<u>MEFA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 322,952	\$ 29,246	\$ -	\$ 191,558	\$ 165,429	\$ 709,185
Cash and cash equivalents, restricted	3,302,988	-	-	-	-	3,302,988
Receivables:						
Other receivable	23,500	-	-	-	-	23,500
Total current assets	<u>3,649,440</u>	<u>29,246</u>	<u>-</u>	<u>191,558</u>	<u>165,429</u>	<u>4,035,673</u>
Non-current assets:						
Capital assets:						
Land, construction in progress, and water rights	6,139,191	-	-	103,517	144,429	6,387,137
Other capital assets, net of accumulated depreciation	-	20,204	-	849,995	336,861	1,207,060
Total non-current assets	<u>6,139,191</u>	<u>20,204</u>	<u>-</u>	<u>953,512</u>	<u>481,290</u>	<u>7,594,197</u>
Total assets	<u>9,788,631</u>	<u>49,450</u>	<u>-</u>	<u>1,145,070</u>	<u>646,719</u>	<u>11,629,870</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	897,619	13,684	-	500	1,500	913,303
Notes payable	-	133,000	-	44,221	-	177,221
Total current liabilities	<u>897,619</u>	<u>146,684</u>	<u>-</u>	<u>44,721</u>	<u>1,500</u>	<u>1,090,524</u>
Non-current liabilities:						
Notes payable, net	8,914,144	-	-	594,383	-	9,508,527
Total non-current liabilities	<u>8,914,144</u>	<u>-</u>	<u>-</u>	<u>594,383</u>	<u>-</u>	<u>9,508,527</u>
Total liabilities	<u>9,811,763</u>	<u>146,684</u>	<u>-</u>	<u>639,104</u>	<u>1,500</u>	<u>10,599,051</u>
<b>NET POSITION</b>						
Net investment in capital assets	528,035	20,204	-	314,908	481,290	1,344,437
Unrestricted (deficit)	(551,167)	(117,438)	-	191,058	163,929	(313,618)
Total net position	<u>\$ (23,132)</u>	<u>\$ (97,234)</u>	<u>\$ -</u>	<u>\$ 505,966</u>	<u>\$ 645,219</u>	<u>\$ 1,030,819</u>

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**Discretely Presented Component Units Statement of Changes in Net Position - Year Ended June 30, 2014**

	<u>MCFA</u>	<u>MDRA</u>	<u>MEFA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
<b>REVENUES</b>						
Charges for services	\$ 346,750	\$ 89,275	\$ 10,587	\$ 77,755	\$ 47,591	\$ 571,958
Total operating revenues	<u>346,750</u>	<u>89,275</u>	<u>10,587</u>	<u>77,755</u>	<u>47,591</u>	<u>571,958</u>
<b>OPERATING EXPENSES</b>						
Materials and supplies	-	26,699	-	-	-	26,699
Other services and charges	-	168,521	6,724	9,190	14,237	198,672
Depreciation expense	-	2,526	-	20,727	21,481	44,734
Total operating expenses	<u>-</u>	<u>197,746</u>	<u>6,724</u>	<u>29,917</u>	<u>35,718</u>	<u>270,105</u>
Operating income (loss)	<u>346,750</u>	<u>(108,471)</u>	<u>3,863</u>	<u>47,838</u>	<u>11,873</u>	<u>301,853</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income	143	-	4,325	1	154	4,623
Miscellaneous income	-	78,056	-	-	-	78,056
Deferred gain recognized on capital lease	-	-	227,710	-	-	227,710
Bond issuance cost	-	(3,508)	-	-	-	(3,508)
Loss on sale of assets	-	-	(8,195)	-	-	(8,195)
Interest expense and fiscal charges	<u>(189,899)</u>	<u>-</u>	<u>(12,786)</u>	<u>(23,191)</u>	<u>-</u>	<u>(225,876)</u>
Total non-operating revenue (expenses)	<u>(189,756)</u>	<u>74,548</u>	<u>211,054</u>	<u>(23,190)</u>	<u>154</u>	<u>72,810</u>
Change in net position	156,994	(33,923)	214,917	24,648	12,027	374,663
Total net position - beginning, restated	(180,126)	(63,311)	(214,917)	481,318	633,192	656,156
Total net position - ending	<u>\$ (23,132)</u>	<u>\$ (97,234)</u>	<u>\$ -</u>	<u>\$ 505,966</u>	<u>\$ 645,219</u>	<u>\$ 1,030,819</u>

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**FOOTNOTES TO BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

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

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

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

- Legislative – the governing body includes an elected five-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

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

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

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

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

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

**Miami Downtown Redevelopment Authority (MDRA)** – public trust created to promote the redevelopment of the downtown area. The authority does not issue separate financial statements.

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

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

**Miami Industrial Development Authority (MIDA)** – public trust that promotes industry in and around the City of Miami. Complete financial statements can be obtained from the office of the City Clerk. MIDA’s fiscal year end is July 31.

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

## **2. Basis of Presentation and Accounting**

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

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

### **Government-Wide Financial Statements:**

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

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

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

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

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

**Fund Financial Statements:**

***Governmental Funds:***

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

Major Funds:

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

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

Special Revenue Funds include the Fishing License Fund, Street and Alley, Drug Forfeiture Fund, Summer Recreation Program, Flood 2007 Fund, RFC 07-09 Grant, MDA Housing Construction, Housing Infrastructure, Coleman Project, Airport T-Hanger Taxiway, Police Grant, State Revolving Loan (SRL Project), 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.

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The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and normally due and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

***Proprietary Funds:***

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

The City's proprietary funds include the following:

**Enterprise Funds**

Major Funds:

- Miami Special Utility Authority (MUSA) that accounts for the activities of the public trust in providing water, sewer, electric, and sanitation/solid waste services to the public.
- Airport Fund accounts for activities of the municipal airport.

**Internal Service Funds** (combined for reporting purposes)

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

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**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, 2014 by these entities are as follows:

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less Than One
Demand deposits	\$ 10,006,127	N/A	\$ 10,006,127	\$ -
Cash on hand	\$ 2,337	N/A	-	-
Time deposits	3,466,461	N/A	-	3,466,461
Government Money Market Accounts	3,818,803	N/A	3,818,803	-
Sub-Total	<u>\$ 17,293,728</u>		<u>\$ 13,824,930</u>	<u>\$ 3,466,461</u>
<b>Reconciliation to Financial Statements:</b>				
Cash and cash equivalents	\$ 13,827,267			
Investments	<u>3,466,461</u>			
	<u>\$ 17,293,728</u>			

*Component Unit:*

The bank deposit of the MDRA component unit of \$29,246 at June 30, 2014 and was fully insured by the F.D.I.C.

The bank deposits of the MCFA component unit of \$322,952 at June 30, 2014 and was fully insured by the F.D.I.C.

The bank deposits of the MIPFA component unit of \$165,429 at June 30, 2014 and was fully insured by the F.D.I.C.

The bank deposits of the MIDA component unit of \$191,558 at June 30, 2014 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

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investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 102% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma.

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

At June 30, 2014, 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.

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.

*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, 2014, the investments held by the City mature between 2014 through 2015.

*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).

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**Restricted Cash and Investments**

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the MSUA Enterprise Fund in accounts for the Oklahoma Water Resources Board promissory notes, 2001 Utility Revenue Bond and other accounts with restricted uses. The restricted assets as of June 30, 2014 are as follows:

Cash and cash equivalents:	
Cash Restricted for Refundable deposits	\$ 49,500
Money Markets Restricted for Construction	61,234
Money Markets Restricted for Debt Service	368,657
	<u>\$ 479,391</u>
Cash and cash equivalents, noncurrent:	
Money Markets Restricted for Debt Service	\$ 434,327
Cash Restricted for Refundable deposits	185,173
	<u>\$ 619,500</u>
Investments:	
Refundable deposits	\$ 186,554
	<u>\$ 186,554</u>

**4. Receivables**

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

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

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	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 882,649	\$ -	\$ 882,649
Due from other governments	39,485	-	39,485
Court fines	287,277	(200,238)	87,039
Other	1,423,943	-	1,423,943
Total Governmental Activities	<u>\$ 2,633,354</u>	<u>\$ (200,238)</u>	<u>\$ 2,433,116</u>
Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 157,116
Due from other governmental agencies			922,134
Other receivable			<u>1,353,866</u>
Total			<u>\$ 2,433,116</u>
Business-Type Activities:			
Utilities	<u>\$ 4,471,886</u>	<u>\$ (1,220,128)</u>	<u>\$ 3,251,758</u>

The Internal Service Funds \$1.3 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, 2014, capital assets balances changed as follows:

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	Balance at July 1, 2013	Additions	Deductions	Balance at June 30, 2014
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,487,269	\$ -	\$ -	\$ 5,487,269
Construction in progress	5,413,949	2,021,817	4,491,558	2,944,208
Total capital assets not being depreciated	<u>10,901,218</u>	<u>2,021,817</u>	<u>4,491,558</u>	<u>8,431,477</u>
Other capital assets:				
Buildings	19,800,251	40,000	-	19,840,251
Infrastructure	35,098,387	4,499,717	-	39,598,104
Machinery, furniture and equipment	10,485,558	455,515	-	10,941,073
Total other capital assets at historical cost	<u>65,384,196</u>	<u>4,995,232</u>	<u>-</u>	<u>70,379,428</u>
Less accumulated depreciation for:				
Buildings	14,302,385	333,050	-	14,635,435
Infrastructure	26,630,973	1,750,397	-	28,381,370
Machinery, furniture and equipment	7,299,961	513,062	-	7,813,023
Total accumulated depreciation	<u>48,233,319</u>	<u>2,596,509</u>	<u>-</u>	<u>50,829,828</u>
Other capital assets, net	<u>17,150,877</u>	<u>2,398,723</u>	<u>-</u>	<u>19,549,600</u>
Governmental activities capital assets, net	<u>\$ 28,052,095</u>	<u>\$ 4,420,540</u>	<u>\$ 4,491,558</u>	<u>\$ 27,981,077</u>
	Balance at July 1, 2013	Additions	Deductions	Balance at June 30, 2014
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 750,530	\$ -	\$ -	\$ 750,530
Construction in progress	288,454	1,777,262	-	2,065,716
Total capital assets not being depreciated	<u>1,038,984</u>	<u>1,777,262</u>	<u>-</u>	<u>2,816,246</u>
Other capital assets:				
Buildings and utility infrastructure	17,456,418	82,146	-	17,538,564
Machinery, furniture and equipment	12,783,317	129,310	-	12,912,627
Infrastructure	15,566,458	92,400	-	15,658,858
Total other capital assets at historical cost	<u>45,806,193</u>	<u>303,856</u>	<u>-</u>	<u>46,110,049</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	9,317,511	343,494	-	9,661,005
Machinery, furniture and equipment	8,526,597	703,971	-	9,230,568
Infrastructure	11,691,852	368,909	-	12,060,761
Total accumulated depreciation	<u>29,535,960</u>	<u>1,416,374</u>	<u>-</u>	<u>30,952,334</u>
Other capital assets, net	<u>16,270,233</u>	<u>(1,112,518)</u>	<u>-</u>	<u>15,157,715</u>
Business-type activities capital assets, net	<u>\$ 17,309,217</u>	<u>\$ 664,744</u>	<u>\$ -</u>	<u>\$ 17,973,961</u>

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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:

**Governmental Activities:**

General Government	\$	50,759
Public Safety		183,752
Streets		1,833,914
Culture and Recreation		469,141
Economic Development		58,943
Total		<u><u>\$ 2,596,509</u></u>

**Business-Type Activities:**

Airport	\$	66,321
Electric		593,146
Water		228,555
Wastewater		446,057
Sanitation		82,295
Total		<u><u>\$ 1,416,374</u></u>

Capital assets of the component units were:

	Balance at <u>August 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>July 31, 2014</u>
<i>MIDA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 103,517	\$ -	\$ -	\$ 103,517
Total capital assets not being depreciated	<u>103,517</u>	<u>-</u>	<u>-</u>	<u>103,517</u>
Other capital assets:				
Buildings and utility infrastructure	1,036,353	-	-	1,036,353
Less accumulated depreciation for:				
Buildings and utility infrastructure	<u>165,631</u>	<u>20,727</u>	<u>-</u>	<u>186,358</u>
Other capital assets, net	<u>870,722</u>	<u>(20,727)</u>	<u>-</u>	<u>849,995</u>
MIDA capital assets, net	<u><u>\$ 974,239</u></u>	<u><u>\$ (20,727)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 953,512</u></u>

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	Balance at July 1, 2013	Additions	Deductions	Balance at June 30, 2014
<i>MDRA - Discreetly Presented Component unit</i>				
Other capital assets:				
Buildings	6,500	-	-	6,500
Machinery, furniture and equipment	18,756	-	-	18,756
Total other capital assets at historical cost	<u>25,256</u>	<u>-</u>	<u>-</u>	<u>25,256</u>
Less accumulated depreciation for:				
Buildings	650	650	-	1,300
Machinery, furniture and equipment	1,876	1,876	-	3,752
Total accumulated depreciation	<u>2,526</u>	<u>2,526</u>	<u>-</u>	<u>5,052</u>
Other capital assets, net	<u>22,730</u>	<u>(2,526)</u>	<u>-</u>	<u>20,204</u>
MDRA capital assets, net	<u>\$ 22,730</u>	<u>\$ (2,526)</u>	<u>\$ -</u>	<u>\$ 20,204</u>

	Balance at July 1, 2013	Additions	Deductions	Balance at June 30, 2014
<i>MIPFA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 144,429	\$ -	\$ -	\$ 144,429
Total capital assets not being depreciated	<u>144,429</u>	<u>-</u>	<u>-</u>	<u>144,429</u>
Other capital assets:				
Buildings	574,724	-	-	574,724
Machinery, furniture and equipment	75,000	-	-	75,000
Total other capital assets at historical cost	<u>649,724</u>	<u>-</u>	<u>-</u>	<u>649,724</u>
Less accumulated depreciation for:				
Buildings	216,382	21,481	-	237,863
Machinery, furniture and equipment	75,000	-	-	75,000
Total accumulated depreciation	<u>291,382</u>	<u>21,481</u>	<u>-</u>	<u>312,863</u>
Other capital assets, net	<u>358,342</u>	<u>(21,481)</u>	<u>-</u>	<u>336,861</u>
MIPFA capital assets, net	<u>\$ 502,771</u>	<u>\$ (21,481)</u>	<u>\$ -</u>	<u>\$ 481,290</u>

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

**Internal and Interfund Balances:**

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

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Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	* MSUA	\$ 11,326	To cover negative balance in pooled cash
General Fund	* Cemetery Perpetual Care Interest	4,023	To cover negative balance in pooled cash
General Fund	* Airport Fund	1,313	Payroll reimbursement
General Fund	* MSUA	86,495	Payroll reimbursement
General Fund	* Flood 07	9,413	To cover negative balance in pooled cash
Street and Alley	Capital Improvement Fund	36,574	Expense reimbursement
Capital Improvement Fund	General Fund	6,657	Reclassification
SUA	* Airport Fund	100	Expense reimbursement
SUA	* General Fund	33,600	Expense reimbursement
Airport Fund	* General Fund	28,742	Reclassification
Total		<u>\$ 218,243</u>	

\* Denotes major fund.

	Due From Other Funds	Due To Other Funds	Net Internal Balances
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 155,801	\$ (119,009)	\$ 36,792
Proprietary Funds	62,442	(99,234)	(36,792)
Total	<u>\$ 218,243</u>	<u>\$ (218,243)</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:	
Net Internal Balances	\$ (36,792)
Internal Service Fund Activity reported in Business-type Activities	505,755
Net Internal Balance	<u>\$ 468,963</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, 2014 were as follows:

Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
* General Fund	* MSUA	\$ 6,828,872	Operating subsidy
* General Fund	* Street Project	1,096,921	Pledged sales tax
RFC 07-09	Flood 07	13,354 B	Closing of fund
Street and alley	* MSUA	500,000 A	Operating subsidy
Capital Improvement Fund	* MSUA	65,685 A	Debt Service payments
Capital Improvement Fund	* MSUA	330,000 A	Operating subsidy
* MSUA	* General Fund	6,102,882	Operating subsidy
		<u>\$ 14,937,714</u>	
* Denotes Major Fund	Subtotal non-major Governmental Funds transfers in	\$ 895,685 A	
	Subtotal non-major Governmental Funds transfers out	\$ 13,354 B	

	Transfers to Other Funds	Transfers from Other Funds	Net Transfers
Reconciliation to fund financial statements:			
Governmental Funds	\$ (6,116,235)	\$ 8,834,832	\$ 2,718,597
Enterprise Funds	(8,821,479)	6,205,467	(2,616,012)
Totals	<u>\$ (14,937,714)</u>	<u>\$ 15,040,299</u>	<u>\$ 102,585</u>

Reconciliation to Statement of Activities:	
Net Transfers	\$ (2,616,012)
Transfer of capital assets	(62,290)
Transfers - Internal Activity	<u>\$ (2,678,302)</u>

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**8. Long-Term Debt**

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

For the year ended June 30, 2014, the City's long-term debt balances changed as follows:

**Primary Government:**

<u>Type of Debt</u>	<u>Restated, Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Revenue Bond Discount	\$ (76,827)	\$ -	\$ (6,187)	\$ (70,640)	\$ -
Revenue Bonds	11,200,000	-	690,000	10,510,000	720,000
Capital Lease Obligations	1,661,046	94,640	316,189	1,439,497	293,876
Accrued Compensated Absences	529,654	32,666	-	562,320	56,232
	<u>\$ 13,313,873</u>	<u>\$ 127,306</u>	<u>\$ 1,000,002</u>	<u>\$ 12,441,177</u>	<u>\$ 1,070,108</u>
Plus: Net OPEB obligation				142,941	-
Net pension obligation				105,684	-
				<u>\$ 12,689,802</u>	<u>\$ 1,070,108</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,070,108	
Due in more than one year				11,619,694	
				<u>\$ 12,689,802</u>	

<u>Type of Debt</u>	<u>Restated, Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 7,012,569	\$ -	\$ 557,806	\$ 6,454,763	\$ 543,896
Unamortized Bond Discount	(12,429)		(1,476)	(10,953)	-
Revenue Bonds	1,740,000	-	180,000	1,560,000	185,000
Capital Lease Obligations	422,264	-	178,313	243,951	146,118
Accrued Compensated Absences	165,919	-	5,920	159,999	16,000
	<u>\$ 9,328,323</u>	<u>\$ -</u>	<u>\$ 920,563</u>	<u>\$ 8,407,760</u>	<u>\$ 891,014</u>
Plus: OPEB obligation				187,024	-
Net pension obligation				123,554	-
Refundable deposits				422,421	42,242
				<u>\$ 9,140,759</u>	<u>\$ 933,256</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 933,256	
Due in more than one year				8,207,503	
				<u>\$ 9,140,759</u>	

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

**Revenue Bond Payable –**

2010 Sales Tax Revenue Bond for \$12,455,000 with interest from 2.15% to 5.00%	
Debt service payments are due semi-annually through December 2026. Bonds are	
Secured with net revenues of the Special Utility Authority and a pledged sales tax.	<u>\$10,510,000</u>
Current portion	\$720,000
Non-current portion	<u>9,790,000</u>
	<u>\$10,510,000</u>

**Capital Lease Obligations:**

\$109,380 capital lease obligation for the purchase of a 2013 loader, matures January 2018 with a stated interest rate of 2.79%.	\$79,839
\$100,362 capital lease obligation for the purchase of a dump truck, matures March 2017 with a stated interest rate of 2.79%.	56,906
\$86,689 capital lease obligation for the purchase of a boom mower, matures August 2018 with a stated interest rate of 3.77%.	53,205
\$95,400 capital lease obligation for the purchase of a backhoe/loader, matures November 2016 with a stated interest rate of 3.24%.	48,017
\$42,200 capital lease obligation for the purchase of a caterpillar drum roller, matures September 2016 with a stated interest rate of 3.24%.	19,814
\$90,154 capital lease obligation for the purchase of a crawler/dozer, matures September 2021 with a stated interest rate of 3.81%.	68,605
\$100,495 capital lease obligation for the purchase of a wheel loader, matures June 2017 with a stated interest rate of 4.45%	46,916
\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020 with a stated interest rate of 5.00%	753,347
\$220,000 capital lease obligation for the purchase of the a gradall excavator, matures January 2017 with a stated interest rate of 4.40%	89,156
\$94,641 capital lease obligation for the purchase of 2014 police svu's, matures December 23, 2016 With a stated interest rate of 1.80%	79,001
\$158,325 capital lease obligation for the purchase of street sweeper, matures May 29, 2018 with a stated interest rate of 1.94%.	125,311
\$32,758 capital lease obligation for the purchase of a tandem roller, matures September 2015 with a stated interest rate of 2.88%	13,916

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\$43,361 capital lease obligation for the purchase of a mower, matures February 2015 with a stated interest rate of 4.11%	<u>5,435</u>
Total capital lease obligations	<u>\$1,439,497</u>
Current portion	\$293,876
Non-current portion	<u>1,145,621</u>
	<u>\$1,439,497</u>

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

**Capital Lease Obligation:**

\$127,800 capital lease obligation for the purchase of a TV Truck, matures September 2015 with a stated interest rate of 3.59%	\$34,083
\$127,450 capital lease obligation for the purchase of a sanitation truck, matures October 2016 with a stated interest rate of 3.24%	61,992
\$169,138 capital lease obligation for the purchase of a bucket truck, matures August 2014 with a stated interest rate of 4.22%	6,144
\$115,100 capital lease obligation for the purchase of a digger derrick truck, matures April 2017 with a stated interest rate of 2.96%.	67,233
\$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>74,499</u>
Total Capital Leases	<u>\$243,951</u>
Current portion	\$146,118
Non-current portion	<u>97,833</u>
	<u>\$243,951</u>

**Revenue Bond Payable –**

2011 SUA Revenue Bond for \$1,915,000 with interest from 1.45% to 2.90% Debt service payments are due semi-annually through December 2021. Bonds are Secured with net revenues of the Special Utility Authority.	<u>\$1,560,000</u>
Current portion	\$185,000
Non-current portion	<u>1,375,000</u>
	<u>\$1,560,000</u>

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**Notes Payable –**

**Oklahoma Water Resources Board:**

Series 2003A for \$1,760,000 with no interest charged; however, there is a .5% annual administrative fee. Debt service payments are due semi-annually through March, 2023. Notes are secured by the revenues of the Miami Special Utility Authority’s (the “Authority”), sanitary and pledged revenue of the Utility Fund for water and sewer.	\$836,000
Series 2003B for \$3,020,000 with interest rate of 1.78% and .5% annual administrative fee. debt service payments are due semi-annually through December 2023. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,814,140
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.	797,769
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.	1,665,860
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.	982,516
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>358,478</u>
Total Notes Payable – Oklahoma Water Resources Board	<u>\$6,454,763</u>
Current portion	\$543,986
Non-current portion	<u>5,910,777</u>
	<u>\$6,454,763</u>

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

<u>Year Ending June 30,</u>	<b>Governmental-Type Activities</b>			
	Revenue Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2015	\$ 720,000	\$ 352,338	\$ 293,876	\$ 54,047
2016	745,000	333,528	290,278	43,565
2017	770,000	316,665	241,624	33,317
2018	785,000	297,213	155,401	25,869
2019	810,000	274,061	104,102	20,192
2020-2024	4,575,000	903,492	354,216	16,349
2025-2026	2,105,000	89,904	-	-
Total	\$ 10,510,000	\$ 2,567,201	\$ 1,439,497	\$ 193,339

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<b>Business-Type Activities</b>						
Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 543,896	\$ 151,725	\$ 185,000	\$ 31,513	\$ 146,118	\$ 4,152
2016	532,595	141,538	185,000	28,321	68,422	866
2017	582,576	130,861	190,000	25,460	29,411	62
2018	603,496	119,990	190,000	22,230	-	-
2019	625,341	108,835	195,000	18,473	-	-
2020-2024	3,346,976	374,994	615,000	25,928	-	-
2025-2028	219,883	22,568	-	-	-	-
Total	<u>\$ 6,454,763</u>	<u>\$ 1,050,511</u>	<u>\$ 1,560,000</u>	<u>\$ 151,925</u>	<u>\$ 243,951</u>	<u>\$ 5,080</u>

**Component Unit:**

The MEFA issued bonds in the amount of \$3,190,000 on May 15, 2008. Interest on the bonds is payable March 1<sup>st</sup> and September 1<sup>st</sup> at varying rates.

<u>Type of Debt</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
Revenue Bonds Payable	<u>\$ 1,805,000</u>	<u>\$ -</u>	<u>\$ 1,805,000</u>	<u>\$ -</u>	<u>\$ -</u>

**MDRA Debt:**

The MDRA issued the 2005 note payable to First national Bank of Miami, payable in monthly installments of \$129.10 with interest at 4.75% maturity date of August 5, 2013 \$30,000

The MDRA issued the 2010 note payable to First National Bank of Miami, payable in one annual installment, with interest of 4.75%, maturity date of December 2014 103,000

Total debt outstanding – MDRA - current \$133,000

<u>Type of Debt</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
MDRA notes payable	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 133,000</u>	<u>\$ 133,000</u>

**MCFA:**

The MCFA issued a bond anticipation note for \$8,798,611 in May 2013. The note will mature on December 1, 2018 with a value of \$9,870,000. During FY 2014 accreted interest added to the value of the note totaled \$170,284. The note carries an accretion rate of 2.10%. The note is to be used to rehabilitate the football complex and Northeastern Oklahoma A&M College Campus and to and community center complex. The note is an unsecured indebtedness.

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<u>Type of Debt</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
MCFB Bond Anticipation Note	\$ 8,814,515	\$ 170,284	\$ -	\$ 8,984,799	\$ -
MCFB Bond Anticipation Note Discount	(87,986)	-	17,331	(70,655)	-
	<u>\$ 8,726,529</u>	<u>\$ 170,284</u>	<u>\$ 17,331</u>	<u>\$ 8,914,144</u>	<u>\$ -</u>

MIDA Debt:

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc, payable in monthly Installments of \$3,300 with interest at 5.00% maturity date of February 1, 2020 \$335,421

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc, payable in monthly Installments of \$1,918, with interest of 1.25%, maturity date of February 1, 2020 238,152

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc., payable in monthly Installments of \$607, with interest of 4.00%, maturity date of February 1, 2020 65,030

Total debt outstanding – MDRA - current \$638,604

<u>Type of Debt</u>	<u>Balance August 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance July 31, 2014</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
MIDA Note payable	<u>\$ 689,087</u>	<u>\$ -</u>	<u>\$ 50,483</u>	<u>\$ 638,604</u>	<u>\$ 44,221</u>

**MIDA**

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 44,221	\$ 19,845
2016	49,717	20,173
2017	51,478	18,412
2018	53,261	16,629
2019	55,123	14,766
2020-2024	349,826	16,095
2025-2026	34,978	421
Total	<u>\$ 638,604</u>	<u>\$ 106,341</u>

**Pledge of Future Revenues**

*Utility Net Revenues Pledge* - The City and Special Utility Authority have pledged net utility revenues of the water, electric and wastewater systems to repay the OWRB Series 2003 B, 2003 A, 2004 A, 2004 B, 2004C, and 2005 promissory notes payable. Proceeds from the notes provided financing for capital assets. The notes are payable from net utility revenues and are payable through 2025. The total principal and interest payable for the remainder of the life of these notes is \$7,505,274. Net utility revenues received in the current year were \$4,355,606. Debt service payments of \$744,657 for the current fiscal year were 17.1% of pledged net utility revenues.

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*Pledged 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 purposes. The 2010 Sales Tax Revenue Bonds are for the construction and improvements to streets. The 2011 Revenue bonds are for water improvements. The .65 sales tax is used to pay the debt service on the 2010 bonds and the three cents is sent back to the general fund if not needed for debt service. The bonds are payable from pledged sales tax and net utility revenues and are payable through 2026 and 2021, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$14,789,126. Pledged sales taxes received in the current year were \$6,205,467. Net revenues and sales tax pledged during the year was \$10,561,073. Debt service payments of \$1,278,650 for the current fiscal year were 12.1% of the pledged revenue.

**Capital Lease Agreement (Ground Lease) - MEFA**

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. The bonds were paid off September 1, 2013 and legal title was conveyed to Miami Public Schools.

**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, 2014 included notes payable issued by the Oklahoma Housing Finance Authority for housing construction projects. Short-term debt activity for the year ended June 30, 2014, was as follows:

Type of Debt	Balance July 1, 2013	Draws	Repayments	Balance June 30, 2014
Mortgages Payable	87,156	-	87,156	-
Total Short-Term Debt	<u>\$ 87,156</u>	<u>\$ -</u>	<u>\$ 87,156</u>	<u>-</u>

**10. Net Position and Fund Balances**

Government-wide net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

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

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

At June 30, 2014 net position restricted by enabling legislation totaled \$120,936.

*Fund Balance:*

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

a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.

d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision (city manager) when the city council has delegated that authority. Assignments for revenues in other governmental funds are made through budgetary process.

e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City’s policy for the use of fund balance amounts require that committed amounts would be reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

	General Fund	Major Capital Project Fund		Other Governmental Fund	Total
		2010 Street Bond Project			
Fund Balance:					
Restricted For:					
Police operations - grants	\$ -	\$ -	\$ -	\$ 5,791	\$ 5,791
General obligation debt service	-	-	-	49,183	49,183
Capital improvements	-	-	-	238,096	238,096
Street improvements	-	3,052,965	-	45,292	3,098,257
Culture and rec programs	5,137	-	-	180,248	185,385
Economic development	-	-	-	120,622	120,622
Police - drug programs	-	-	-	4,673	4,673
Sub-total restricted	5,137	3,052,965	-	643,905	3,702,007
Committed for:					
Street operations	-	-	-	1,524,183	1,524,183
Assigned for:					
Capital improvements	-	-	-	835,899	835,899
Demolition	236,426	-	-	-	236,426
Supplement next year's budget	126,004	-	-	-	126,004
Sub-total assigned	362,430	-	-	835,899	1,198,329
Unassigned (deficit):	632,383	-	-	(13,436)	618,947
<b>TOTAL FUND BALANCE</b>	<b>\$ 999,950</b>	<b>\$ 3,052,965</b>	<b>\$ -</b>	<b>\$ 2,990,551</b>	<b>\$ 7,043,466</b>

Beginning net position of the governmental activities, business-type activities, proprietary funds, and internal service funds were restated due to an understatement of capital leases:

Statement of Activities:	Governmental Activities:		Business-type Activities:	
	Government-wide	Fund Level	Government-wide	Fund Level
Beginning net position as previously reported	\$23,612,158	\$17,948,549	\$18,028,439	\$17,948,549
Add:				
Understatement of capital leases	(180,506)	(87,129)	(87,129)	(87,129)
Beginning net position, restated	<u>\$23,431,652</u>	<u>\$17,861,420</u>	<u>\$17,941,310</u>	<u>\$17,861,420</u>

## 11. Revenues

### Program Revenues:

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

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

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

**Sales Tax Revenue:**

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

**Property Tax Revenue:**

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City’s property taxes are billed and collected by the County and remitted to the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2014, the City did not assess a property tax. Ad valorem collections related to delinquent taxes collected in the current year.

**12. Risk Management**

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

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

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- 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, 2012	\$ 3,426,500	\$ 202,093	\$ 46	\$ 3,628,639
Claims and changes in estimates	(80,434)	1,764,401	910	1,684,877
Claims payments	<u>(936,585)</u>	<u>(1,777,446)</u>	<u>(956)</u>	<u>(2,714,987)</u>
Claim liability, June 30, 2013	\$ 2,409,481	\$ 189,048	\$ -	\$ 2,598,529
Claims and changes in estimates	139,675	1,278,572	1,301	1,419,548
Claims payments	<u>(731,273)</u>	<u>(1,384,880)</u>	<u>(528)</u>	<u>(2,116,681)</u>
Claim liability, June 30, 2014	<u>\$ 1,817,883</u>	<u>\$ 82,740</u>	<u>\$ 773</u>	<u>\$ 1,901,396</u>

**13. Retirement Plan Participation**

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

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

**Oklahoma Municipal Retirement Plan (OMRF)**

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

*Funding Policy.* OMRF members are required to contribute 3.75 percent of their annual covered payroll. The city is required to contribute at an actuarially determined rate; the current rate is

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12.82% percent of covered payroll. The plan does not allow for the employee to contribute more than 3.75 percent. The contribution requirements of plan members and the city are established and may be amended by the OMRF Board with approval of the City Council.

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

*Funded Status and Funding Progress.* As of July 1, 2014 the most recent actuarial valuation date, the plan was 62.1 percent funded. The actuarial accrued liability for benefits was \$14,232,984, and the actuarial value of assets was \$8,844,062, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,388,922. The covered payroll (annual payroll of active employees covered by the plan) was \$4,397,037 and the ratio of the UAAL to the covered payroll was 122.6 percent. The unfunded actuarial accrued liabilities are being amortized as a level percentage of payroll over a closed period of thirty years.

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

*Annual Pension Cost.* For fiscal year 2014 the city's annual pension cost of \$596,540 was equal to the city's required contributions. The General Fund and SUA are used to liquate net pension obligations.

<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>
2012	\$ 644,620	\$ 591,481	91.8%	\$ 227,520
2013*	532,678	532,678	100.0%	229,238
2014	596,540	596,540	100.0%	229,238

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

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*Oklahoma Firefighter's and Police Pension and Retirement Systems*

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

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 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, not less than 18 years of age or more than 45 years of age.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	9%
City's contribution rate (percent of covered payroll)	13%	14%
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 years.
Provisions for: Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

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Retirement Plan Contributions – OFPRS and OPPRS Cost-Sharing Plans

The state made on-behalf payments for the police pension system of \$137,609 and for the fire pension system of \$326,798. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year. City contributions required by State Statute:

Fiscal Year	Oklahoma Police Pension and Retirement System		Oklahoma Firefighter's Pension and Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2012	\$ 137,300	100%	\$ 136,410	100%
2013	148,900	100%	141,189	100%
2014	154,812	100%	148,875	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, 2014, employees contributed \$75,600 and the employer contributed \$15,771 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 18% by the employer and by employee contributions. Employee and employer contributions to the plan for the year ended June 30, 2014, were \$0, and \$21,150, respectively. Separate audited financial statements are not available.

**14. Postemployment Healthcare Plan**

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

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*Funding Policy.* The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014, the actuarially expected City contribution in the form of net age adjustment was \$194,286 to the Plan. Plan members receiving benefits contributed zero of the total premiums, through their payment of the full determined premium in FY 2014.

*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, 2014:

Normal Cost	\$	221,646
Interest on ARC		15,673
Amortization of Actuarial Accrued Liability (AAL)		(42,215)
Annual OPEB cost (expense)		195,104
Expected net benefits during the year		(194,286)
Increase in net OPEB obligation		818
Net OPEB obligation - beginning of year		329,965
Net OPEB obligation - end of year		\$ 330,783

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$105,076	37%	\$66,123
6/30/10	108,217	36%	135,639
6/30/11	84,160	30%	194,323
6/30/12	90,722	24%	262,933
6/30/13	90,722	26%	329,965
6/30/14	195,104	100%	330,783

*Funded Status and Funding Progress.* As of July 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$1,632,033, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,632,033. The covered payroll (annual payroll of active employees covered by the plan) was \$6.7 million, and the ratio of the UAAL to the covered payroll was 24 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, 2014, 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 2014. 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, 2014, was twenty-six 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 2014, 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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2014**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budget basis)</b>	<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,440,274	\$ 1,440,274	\$ 1,400,213	\$ (40,061)
<b>Resources (Inflows):</b>				
Taxes and assessments	6,532,500	6,592,850	6,631,800	38,950
Fees, licenses and permits	87,150	87,150	67,066	(20,084)
Charges for services	233,300	240,246	184,646	(55,600)
Fines and forfeitures	238,900	238,900	198,566	(40,334)
Interest earned	13,500	13,500	10,239	(3,261)
Miscellaneous	20,000	58,026	83,562	25,536
Intergovernmental	167,549	164,644	174,329	9,685
<b>Total Resources (Inflows)</b>	<u>7,292,899</u>	<u>7,395,316</u>	<u>7,350,208</u>	<u>(45,108)</u>
<b>Amounts available for appropriation</b>	<u>8,733,173</u>	<u>8,835,590</u>	<u>8,750,421</u>	<u>(85,169)</u>
<b>Charges to Appropriations (Outflows):</b>				
General Government				
Municipal Court	\$ 7,155	\$ 7,155	\$ 2,581	\$ 4,574
General Government	906,471	792,570	735,192	57,378
MCVB	160,459	175,566	164,808	10,758
Community Development	9,720	9,720	7,808	1,912
Human Resources	76,794	124,293	130,762	(6,469)
Legal	2,025	69,875	28,505	41,370
Public Safety				
Police	314,000	307,691	250,897	56,794
Fire	60,750	82,146	76,177	5,969
Emergency Management	16,644	43,146	40,974	2,172
Police Communications	163,536	119,206	11,423	107,783
Risk Management	16,493	16,493	11,161	5,332
Public Works and Streets				
Streets	162,055	176,161	160,195	15,966
Cemetery	40,019	51,429	43,095	8,334
Municipal Building	132,205	132,205	84,269	47,936
Culture and Recreation				
Swimming pool	53,100	79,430	55,218	24,212
Parks	197,827	197,827	174,983	22,844
Library	100,991	119,655	90,284	29,371
<b>Total Charges to Appropriations</b>	<u>\$ 2,420,244</u>	<u>\$ 2,504,568</u>	<u>\$ 2,068,332</u>	<u>\$ 436,236</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	6,736,611	6,786,611	6,728,873	(57,738)
Transfers to other funds	(13,049,540)	(13,105,021)	(12,880,468)	224,553
<b>Total other financing sources (uses)</b>	<u>(6,312,929)</u>	<u>(6,318,410)</u>	<u>(6,151,595)</u>	<u>166,815</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ 12,612</u>	<u>\$ 530,494</u>	<u>\$ 517,882</u>

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**Schedule Footnotes to Budgetary Comparison:**

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

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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

	<b>Fund Balance July 1, 2013</b>	<b>Net Change in Fund Balance</b>	<b>Fund Balance July 1, 2014</b>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$1,695,136	(\$695,186)	\$999,950
Increases (Decreases):			
Revenues:			
Receivable from other governments and entities	(694,111)	3,018	(691,093)
Accounts receivable	(100,363)	(4,977)	(105,340)
State on behalf pension payments	(461,535)	(2,872)	(464,407)
Combining accounts	(142,056)	(94,565)	(236,621)
Expenditures:			
Accrued payroll	134,034	5,516	139,550
Other expenditures	507,573	(83,525)	424,048
State on behalf pension payments	461,535	2,872	464,407
Fund Balance - Budgetary Basis	\$1,400,213	(\$869,719)	\$530,494

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
July 1, 2014	\$ 8,844,062	\$ 14,232,984	\$ (5,388,922)	62.1%	\$ 4,397,037	122.6%
July 1, 2012	\$ 8,499,123	\$ 12,749,187	\$ (4,250,064)	66.7%	\$ 4,840,394	87.8%
July 1, 2011	8,232,594	12,174,724	\$ (3,942,130)	67.6%	4,775,401	82.6%
July 1, 2009	7,709,228	10,922,348	\$ (3,213,120)	70.6%	4,703,643	68.3%

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

**Schedule of Employer Contributions**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$644,620	91.8%
2013*	\$532,678	100%
2014	\$596,540	100%

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

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***Required Supplementary Information – OPEB***

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

	July 1, 2009	July 1, 2010	July 1, 2012	July 1, 2014
Actuarial accrued liability - AAL (a)	\$785,142	\$723,628	\$782,605	\$1,632,033
Actuarial value of plan assets (b)	-	-	-	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$785,142	\$723,628	\$782,605	\$1,632,033
Funded ratio (b)/(a)	0%	0%	0%	0%
Covered payroll (c)	\$6,900,000	\$6,446,000	\$7,134,999	\$6,741,735
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	12%	11%	12%	24%

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**OTHER SUPPLEMENTARY INFORMATION**

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**Combining Balance Sheet – General Fund Accounts - June 30, 2014**

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Drug &amp; Safety Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 292,578	\$ 12,937	\$ -	\$ 234,500	\$ 540,015
Investments	15,943	-	-	-	15,943
Receivables:					
Accounts receivable	105,341	-	-	-	105,341
Due from other funds	112,570	-	-	-	112,570
Due from other accounts	9,254	-	-	-	9,254
Receivable from other governments	685,162	-	-	5,931	691,093
Total assets	<u>1,220,848</u>	<u>12,937</u>	<u>-</u>	<u>240,431</u>	<u>1,474,216</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	176,043	3,488	-	4,005	183,536
Wages payable	139,550	-	-	-	139,550
Due to other funds	68,999	-	-	-	68,999
Due to other accounts	-	9,254	-	-	9,254
Total liabilities	<u>384,592</u>	<u>12,742</u>	<u>-</u>	<u>4,005</u>	<u>401,339</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	72,927	-	-	-	72,927
Fund balances:					
Restricted	5,137	-	-	-	5,137
Assigned	126,004	-	-	236,426	362,430
Unassigned	632,188	195	-	-	632,383
Total fund balances	<u>763,329</u>	<u>195</u>	<u>-</u>	<u>236,426</u>	<u>999,950</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,220,848</u>	<u>\$ 12,937</u>	<u>\$ -</u>	<u>\$ 240,431</u>	<u>\$ 1,474,216</u>

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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund  
Accounts – Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Drug &amp; Safety Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
<b>REVENUES</b>					
Taxes	\$ 5,421,936	\$ -	\$ -	\$ -	\$ 5,421,936
Intergovernmental	710,286	-	-	-	710,286
Charges for services	226,269	-	-	29,627	255,896
Fines and forfeitures	196,670	-	-	-	196,670
Licenses and permits	69,854	-	-	8,914	78,768
Investment income	10,206	-	-	-	10,206
Miscellaneous	111,691	-	-	-	111,691
Total revenues	<u>6,746,912</u>	<u>-</u>	<u>-</u>	<u>38,541</u>	<u>6,785,453</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,789,676	-	-	43,662	1,833,338
Public safety	4,806,742	-	314	-	4,807,056
Public works and streets	1,023,612	-	-	-	1,023,612
Culture and recreation	1,038,627	-	-	-	1,038,627
Economic development	421,946	-	-	-	421,946
Capital Outlay	192,100	-	-	-	192,100
Debt Service:					
Principal	67,040	-	-	-	67,040
Interest and fiscal charges	4,367	-	-	-	4,367
Total expenditures	<u>9,344,110</u>	<u>-</u>	<u>314</u>	<u>43,662</u>	<u>9,388,086</u>
Excess (deficiency) of revenues over expenditures	<u>(2,597,198)</u>	<u>-</u>	<u>(314)</u>	<u>(5,121)</u>	<u>(2,602,633)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term debt	94,641	-	-	-	94,641
Transfers in	6,728,873	-	-	100,000	6,828,873
Transfers out	(5,016,067)	-	-	-	(5,016,067)
Total other financing sources and uses	<u>1,807,447</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>1,907,447</u>
Net change in fund balances	(789,751)	-	(314)	94,879	(695,186)
Fund balances - beginning	1,553,080	195	314	141,547	1,695,136
Fund balances - ending	<u>\$ 763,329</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ 236,426</u>	<u>\$ 999,950</u>

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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2014**

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>FISHING LICENSE FUND</b>	<b>STREET AND ALLEY</b>	<b>DRUG FORFEITURE FUND</b>	<b>SUMMER RECREATION PROGRAM</b>	<b>FLOOD 2007 FUND</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 59,312	\$ 1,499,867	\$ 5,589	\$ 142,818	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	-	10,369	-	-	-
Due from other funds	-	36,574	-	-	-
Total assets	<u>\$ 59,312</u>	<u>\$ 1,546,810</u>	<u>\$ 5,589</u>	<u>\$ 142,818</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 22,627	\$ 916	\$ 17,356	\$ -
Wages payable	-	-	-	4,526	-
Due to other funds	-	-	-	-	9,413
Total liabilities	<u>-</u>	<u>22,627</u>	<u>916</u>	<u>21,882</u>	<u>9,413</u>
Deferred Inflows:					
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted	59,312	-	4,673	120,936	-
Committed	-	1,524,183	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(9,413)
Total fund balances	<u>59,312</u>	<u>1,524,183</u>	<u>4,673</u>	<u>120,936</u>	<u>(9,413)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 59,312</u>	<u>\$ 1,546,810</u>	<u>\$ 5,589</u>	<u>\$ 142,818</u>	<u>\$ -</u>

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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2014, Continued**

	<b>SPECIAL REVENUE FUNDS</b>						
	<b>RFC 07-09 GRANT FUND</b>	<b>MDA-HOUSING CONSTRUCTION FUND</b>	<b>HOUSING INFRASTRUCTURE FUND</b>	<b>COLEMAN PROJECT</b>	<b>AIRPORT T- HANGER TAXIWAY</b>	<b>POLICE GRANTS</b>	<b>SRL PROJECT FUND</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 17,693	\$ 94,584	\$ 8,345	\$ 49,762	\$ -	\$ 5,791	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 17,693</u>	<u>\$ 94,584</u>	<u>\$ 8,345</u>	<u>\$ 49,762</u>	<u>\$ -</u>	<u>\$ 5,791</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wages payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:							
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	17,693	94,584	8,345	49,762	-	5,791	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>17,693</u>	<u>94,584</u>	<u>8,345</u>	<u>49,762</u>	<u>-</u>	<u>5,791</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 17,693</u>	<u>\$ 94,584</u>	<u>\$ 8,345</u>	<u>\$ 49,762</u>	<u>\$ -</u>	<u>\$ 5,791</u>	<u>\$ -</u>

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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2014, Continued**

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	DARE FUND	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 48,918	\$ 129,070	\$ 45,292	\$ 1,073,546
Accounts receivable	-	-	-	-	-	51,775
Due from other governments	-	-	58,912	-	24,054	-
Due from other funds	-	-	-	-	-	6,657
Total assets	\$ -	\$ -	\$ 107,830	\$ 129,070	\$ 69,346	\$ 1,131,978
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,505
Wages payable	-	-	-	-	-	-
Due to other funds	-	4,023	-	-	-	36,574
Total liabilities	-	4,023	-	-	-	296,079
Deferred Inflows:						
Deferred revenue	-	-	58,647	-	24,054	-
Fund balances:						
Restricted	-	-	49,183	129,070	45,292	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	835,899
Unassigned (deficit)	-	(4,023)	-	-	-	-
Total fund balances	-	(4,023)	49,183	129,070	45,292	835,899
Total liabilities, deferred inflows and fund balances	\$ -	\$ -	\$ 107,830	\$ 129,070	\$ 69,346	\$ 1,131,978

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**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2014, 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	\$ 17,223	\$ 42,041	\$ 3,239,851
Accounts receivable	-	-	51,775
Due from other governments	-	-	93,335
Due from other funds	-	-	43,231
Total assets	\$ 17,223	\$ 42,041	\$ 3,428,192
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 300,404
Wages payable	-	-	4,526
Due to other funds	-	-	50,010
Total liabilities	-	-	354,940
Deferred Inflows:			
Deferred revenue	-	-	82,701
Fund balances:			
Restricted	17,223	42,041	643,905
Committed	-	-	1,524,183
Assigned	-	-	835,899
Unassigned (deficit)	-	-	(13,436)
Total fund balances	17,223	42,041	2,990,551
Total liabilities, deferred inflows and fund balances	\$ 17,223	\$ 42,041	\$ 3,428,192

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2014**

	SPECIAL REVENUE FUNDS				
	FISHING LICENSE FUND	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	FLOOD 2007 FUND
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	142,340	-	-	13,349
Charges for services	-	-	-	56,207	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	24,755	-	-
Total revenues	<u>5,000</u>	<u>142,340</u>	<u>24,755</u>	<u>56,207</u>	<u>13,349</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	5,988	-	-
Public works	-	150,063	-	-	-
Culture and recreation	4,680	-	-	42,294	-
Capital Outlay	-	32,636	24,307	-	-
Debt Service					
Principal retirement	-	116,119	-	-	-
Interest and fiscal charges	-	14,179	-	-	-
Total Expenditures	<u>4,680</u>	<u>312,997</u>	<u>30,295</u>	<u>42,294</u>	<u>-</u>
Revenues over (under) expenditures	320	(170,657)	(5,540)	13,913	13,349
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	500,000	-	-	-
Transfers out	-	-	-	-	(13,353)
Total other financing sources (uses)	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>(13,353)</u>
Net change in fund balances	320	329,343	(5,540)	13,913	(4)
Fund balances - beginning	58,992	1,194,840	10,213	107,023	(9,409)
Fund balances - ending	<u>\$ 59,312</u>	<u>\$ 1,524,183</u>	<u>\$ 4,673</u>	<u>\$ 120,936</u>	<u>\$ (9,413)</u>

(continued)

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2014,**  
**Continued**

	SPECIAL REVENUE FUNDS						
	RFC 07-09 GRANT FUND	MDA-HOUSING CONSTRUCTION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT T- HANGER TAXIWAY	POLICE GRANTS	SRL PROJECT FUND
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	15,022
Charges for services	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous	-	9,292	-	-	-	70	-
Total revenues	<u>-</u>	<u>9,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70</u>	<u>15,022</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	15,738	-	28	520	-	-
Public safety	15,160	-	-	-	-	400	4,184
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	<u>15,160</u>	<u>15,738</u>	<u>-</u>	<u>28</u>	<u>520</u>	<u>400</u>	<u>4,184</u>
Excess (deficiency) of revenues over expenditures	(15,160)	(6,446)	-	(28)	(520)	(330)	10,838
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	13,353	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>13,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,807)	(6,446)	-	(28)	(520)	(330)	10,838
Fund balances - beginning	19,500	101,030	8,345	49,790	520	6,121	(10,838)
Fund balances - ending	<u>\$ 17,693</u>	<u>\$ 94,584</u>	<u>\$ 8,345</u>	<u>\$ 49,762</u>	<u>\$ -</u>	<u>\$ 5,791</u>	<u>\$ -</u>

(continued)

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2014,**  
**Continued**

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	DARE FUND	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,827
Intergovernmental	-	-	-	-	-	605,589
Charges for services	-	-	-	10,412	-	-
Investment earnings	-	-	-	-	-	250
Miscellaneous	-	-	2,149	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>2,149</u>	<u>10,412</u>	<u>-</u>	<u>915,666</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	21	-	-	-	-	-
Public works	-	-	-	-	626	-
Culture and recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	10,000	9,355	714,796
Debt Service						
Principal retirement	-	-	-	-	-	133,031
Interest and fiscal charges	-	-	-	-	-	45,966
Total Expenditures	<u>21</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>9,981</u>	<u>893,793</u>
Excess (deficiency) of revenues over expenditures	(21)	-	2,149	412	(9,981)	21,873
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	395,685
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,685</u>
Net change in fund balances	(21)	-	2,149	412	(9,981)	417,558
Fund balances - beginning	21	(4,023)	47,034	128,658	55,273	418,341
Fund balances - ending	<u>\$ -</u>	<u>\$ (4,023)</u>	<u>\$ 49,183</u>	<u>\$ 129,070</u>	<u>\$ 45,292</u>	<u>\$ 835,899</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2014,**  
**Continued**

	<b>CAPITAL PROJECT FUNDS</b>		<b>TOTALS</b>
	<b>POOL IMPROVEMENT FUND</b>	<b>PARK DEPARTMENT PROJECTS</b>	
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 309,827
Intergovernmental	-	-	781,300
Charges for services	63,383	-	130,002
Investment earnings	-	-	250
Miscellaneous	-	-	36,266
Total revenues	<u>63,383</u>	<u>-</u>	<u>1,257,645</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	16,286
Public safety	-	-	25,753
Public works	-	-	150,689
Culture and recreation	-	-	46,974
Capital Outlay	-	-	791,094
Debt Service			
Principal retirement	-	-	249,150
Interest and fiscal charges	-	-	60,145
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,340,091</u>
Excess (deficiency) of revenues over expenditures	63,383	-	(82,446)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	909,038
Transfers out	-	-	(13,353)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>895,685</u>
Net change in fund balances	63,383	-	813,239
Fund balances - beginning	(46,160)	42,041	2,177,312
Fund balances - ending	<u>\$ 17,223</u>	<u>\$ 42,041</u>	<u>\$ 2,990,551</u>

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**Combining Schedule of Net Position – Special Utility Authority Accounts – June 30, 2014**

<b>Miami Special Utility Authority Accounts</b>					
	<b>SUA</b>	<b>Public Utilities</b>	<b>Utility Improvement Account</b>	<b>Rainy Day Account</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ -	\$ 1,201,283	\$ -	\$ 3,352,762	\$ 4,554,045
Cash and cash equivalents, restricted	-	307,458	171,933	-	479,391
Investments	-	-	-	2,655,657	2,655,657
Accounts receivable, net	-	3,208,477	-	-	3,208,477
Other receivable	-	332	-	-	332
Accrued interest receivable	-	809	-	-	809
Inventory	-	834,467	-	-	834,467
Due from other funds	-	33,700	-	-	33,700
Total current assets	<u>-</u>	<u>5,586,526</u>	<u>171,933</u>	<u>6,008,419</u>	<u>11,766,878</u>
Non-current assets:					
Cash and cash equivalents, restricted	-	619,500	-	-	619,500
Investments, restricted	-	186,554	-	-	186,554
Capital assets:					
Land, construction in progress, and water rights	-	1,062,298	-	-	1,062,298
Other capital assets, net of accumulated depreciation	-	14,210,937	-	-	14,210,937
Total non-current assets	<u>-</u>	<u>16,079,289</u>	<u>-</u>	<u>-</u>	<u>16,079,289</u>
Total assets	<u>-</u>	<u>21,665,815</u>	<u>171,933</u>	<u>6,008,419</u>	<u>27,846,167</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	-	1,367,907	1,000	-	1,368,907
Wages payable	-	69,389	-	-	69,389
Due to other funds	-	92,071	5,750	-	97,821
Accrued interest payable	-	50,827	-	-	50,827
Accrued compensated absences	-	16,000	-	-	16,000
Refundable deposits	-	42,242	-	-	42,242
Capital lease payable	-	146,118	-	-	146,118
Revenue bond payable	-	-	185,000	-	185,000
Notes payable	-	543,896	-	-	543,896
Total current liabilities	<u>-</u>	<u>2,328,450</u>	<u>191,750</u>	<u>-</u>	<u>2,520,200</u>
Non-current liabilities:					
Accrued compensated absences	-	143,998	-	-	143,998
Net pension obligation	-	123,554	-	-	123,554
Net OPEB obligation	-	187,024	-	-	187,024
Refundable deposits	-	380,179	-	-	380,179
Capital lease payable	-	97,833	-	-	97,833
Revenue bond payable	-	-	1,364,048	-	1,364,048
Notes payable, net	-	5,910,867	-	-	5,910,867
Total non-current liabilities	<u>-</u>	<u>6,843,455</u>	<u>1,364,048</u>	<u>-</u>	<u>8,207,503</u>
Total liabilities	<u>-</u>	<u>9,171,905</u>	<u>1,555,798</u>	<u>-</u>	<u>10,727,703</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	8,574,521	(1,487,814)	-	7,086,707
Restricted for debt service	-	692,285	110,699	-	802,984
Unrestricted (deficit)	-	3,227,104	(6,750)	6,008,419	9,228,773
Total net position	<u>\$ -</u>	<u>\$ 12,493,910</u>	<u>\$ (1,383,865)</u>	<u>\$ 6,008,419</u>	<u>\$ 17,118,464</u>

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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Special Utility Authority  
Accounts - Year Ended June 30, 2014**

	<u>Miami Special Utility Authority Accounts</u>				<u>Total</u>
	<u>SUA</u>	<u>Public Utilities</u>	<u>Utility Improvement Account</u>	<u>Rainy Day Account</u>	
<b>REVENUES</b>					
Charges for services	\$ -	\$ 23,245,737	\$ -	\$ -	\$ 23,245,737
Miscellaneous	-	762,599	-	-	762,599
Total operating revenues	<u>-</u>	<u>24,008,336</u>	<u>-</u>	<u>-</u>	<u>24,008,336</u>
<b>OPERATING EXPENSES</b>					
Personal services	-	3,824,559	-	-	3,824,559
Materials and supplies	-	11,999,220	-	-	11,999,220
Other services and charges	-	3,240,698	45,801	-	3,286,499
Depreciation expense	-	1,350,053	-	-	1,350,053
Total operating expenses	<u>-</u>	<u>20,414,530</u>	<u>45,801</u>	<u>-</u>	<u>20,460,331</u>
Operating income (loss)	<u>-</u>	<u>3,593,806</u>	<u>(45,801)</u>	<u>-</u>	<u>3,548,005</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	-	13	9	4,909	4,931
Miscellaneous	-	8,552	650	-	9,202
Interest expense and fiscal charges	-	(200,702)	(38,639)	-	(239,341)
Total non-operating revenue (expenses)	<u>-</u>	<u>(192,137)</u>	<u>(37,980)</u>	<u>4,909</u>	<u>(225,208)</u>
Income (loss) before contributions and transfers	<u>-</u>	<u>3,401,669</u>	<u>(83,781)</u>	<u>4,909</u>	<u>3,322,797</u>
Transfers in, interaccount	5,395,169	2,712,122	217,071	6,003,510	14,327,872
Transfers out, interaccount	(2,468,948)	(11,615,749)	(243,175)	-	(14,327,872)
Transfers in	-	6,205,467	-	-	6,205,467
Transfers out	-	(8,821,479)	-	-	(8,821,479)
Change in net position	<u>2,926,221</u>	<u>(8,117,970)</u>	<u>(109,885)</u>	<u>6,008,419</u>	<u>706,785</u>
Total net position - beginning, restated	<u>(2,926,221)</u>	<u>20,611,880</u>	<u>(1,273,980)</u>	<u>-</u>	<u>16,411,679</u>
Total net position - ending	<u>\$ -</u>	<u>\$ 12,493,910</u>	<u>\$ (1,383,865)</u>	<u>\$ 6,008,419</u>	<u>\$ 17,118,464</u>

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**Combining Schedule of Cash Flows – Special Utility Authority Accounts - Year Ended June 30, 2014**

	<b>Miami Special Utility Authority Accounts</b>				<b>Total</b>
	<b>Special Utility Authority</b>	<b>Public Utilities</b>	<b>Utility Improvement Account</b>	<b>Rainy Day Account</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ -	\$ 24,196,640	\$ 650	\$ -	\$ 24,197,290
Payments to suppliers	-	(15,141,919)	(65,665)	-	(15,207,584)
Payments to employees	-	(3,828,232)	-	-	(3,828,232)
Receipts from other funds	-	50,453	4,000	-	54,453
Payments to other funds	-	(22,117)	-	-	(22,117)
Receipts of customer meter deposits	-	191,415	-	-	191,415
Refunds of customer meter deposits	-	(241,630)	-	-	(241,630)
<b>Net cash provided by (used in) operating activities</b>	<b>-</b>	<b>5,204,610</b>	<b>(61,015)</b>	<b>-</b>	<b>5,143,595</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	-	6,205,467	-	-	6,205,467
Transfers to other funds	-	(8,821,479)	-	-	(8,821,479)
Interaccount transfer in	-	2,712,122	217,071	6,003,510	8,932,703
Interaccount transfer out	(2,468,948)	(6,220,580)	(243,175)	-	(8,932,703)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(2,468,948)</b>	<b>(6,124,470)</b>	<b>(26,104)</b>	<b>6,003,510</b>	<b>(2,616,012)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets purchased	-	(454,630)	-	-	(454,630)
Principal paid on debt	-	(736,118)	(180,000)	-	(916,118)
Interest and fiscal agent fees paid on debt	-	(195,732)	(37,162)	-	(232,894)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>-</b>	<b>(1,386,480)</b>	<b>(217,162)</b>	<b>-</b>	<b>(1,603,642)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale (Purchase) of investments	-	2,650,383	-	(2,655,657)	(5,274)
Interest and dividends	-	13	9	4,909	4,931
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>2,650,396</b>	<b>9</b>	<b>(2,650,748)</b>	<b>(343)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,468,948)</b>	<b>344,056</b>	<b>(304,272)</b>	<b>3,352,762</b>	<b>923,598</b>
<b>Balances - beginning of year</b>	<b>2,468,948</b>	<b>1,784,185</b>	<b>476,205</b>	<b>-</b>	<b>4,729,338</b>
<b>Balances - end of year</b>	<b>\$ -</b>	<b>\$ 2,128,241</b>	<b>\$ 171,933</b>	<b>\$ 3,352,762</b>	<b>\$ 5,652,936</b>
<b>Reconciliation to Statement of Net Position:</b>					
Cash and cash equivalents	\$ -	\$ 1,201,283	\$ -	\$ 3,352,762	\$ 4,554,045
Restricted cash and cash equivalents - current	-	307,458	171,933	-	479,391
Restricted cash and cash equivalents - noncurrent	-	619,500	-	-	619,500
<b>Total cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ 2,128,241</b>	<b>\$ 171,933</b>	<b>\$ 3,352,762</b>	<b>\$ 5,652,936</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ -	\$ 3,593,806	\$ (45,801)	\$ -	\$ 3,548,005
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	-	1,350,053	-	-	1,350,053
Other nonoperating revenue	-	8,552	650	-	9,202
Change in assets and liabilities:					
Receivables, net	-	180,084	-	-	180,084
Other receivable	-	(332)	-	-	(332)
Due from other funds	-	50,453	-	-	50,453
Inventory	-	209,874	-	-	209,874
Accounts payable	-	(111,875)	(19,864)	-	(131,739)
Due to other funds	-	(22,117)	4,000	-	(18,117)
Due to employees	-	2,249	-	-	2,249
Refundable deposits	-	(50,215)	-	-	(50,215)
Net pension obligation	-	(1)	-	-	(1)
Accrued compensated absences	-	(5,921)	-	-	(5,921)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ -</b>	<b>\$ 5,204,610</b>	<b>\$ (61,015)</b>	<b>\$ -</b>	<b>\$ 5,143,595</b>

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**Combining Statement of Net Position – Internal Service Funds – June 30, 2014**

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Worker's Compensation Fund</u>	<u>Unemployment Fund</u>	<u>Health Insurance Fund</u>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 988,955	\$ 121,922	\$ 130,661	\$ 1,241,538
Investments	608,307	-	-	608,307
Other receivable	1,353,866	-	-	1,353,866
Total current assets	<u>2,951,128</u>	<u>121,922</u>	<u>130,661</u>	<u>3,203,711</u>
Total assets	<u>2,951,128</u>	<u>121,922</u>	<u>130,661</u>	<u>3,203,711</u>
<b>LIABILITIES</b>				
Current liabilities:				
Claims liability	<u>1,817,883</u>	<u>773</u>	<u>82,740</u>	<u>1,901,396</u>
Total current liabilities	<u>1,817,883</u>	<u>773</u>	<u>82,740</u>	<u>1,901,396</u>
Total liabilities	<u>1,817,883</u>	<u>773</u>	<u>82,740</u>	<u>1,901,396</u>
<b>NET POSITION</b>				
Unrestricted	1,133,245	121,149	47,921	1,302,315
Total net position	<u>\$ 1,133,245</u>	<u>\$ 121,149</u>	<u>\$ 47,921</u>	<u>\$ 1,302,315</u>

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**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds -  
Year Ended June 30, 2014**

	<b>Internal Service Funds</b>			<b>Total</b>
	<b>Worker's Compensation Fund</b>	<b>Unemployment Fund</b>	<b>Health Insurance Fund</b>	
<b>REVENUES</b>				
Charges for services	\$ 394,735	\$ 24,990	\$ 2,190,839	\$ 2,610,564
Miscellaneous	5,582	-	119,279	124,861
Total operating revenues	<u>400,317</u>	<u>24,990</u>	<u>2,310,118</u>	<u>2,735,425</u>
<b>OPERATING EXPENSES</b>				
Other services and charges	99,571	-	-	99,571
Insurance claims and expense	139,675	1,301	1,278,572	1,419,548
Total operating expenses	<u>239,246</u>	<u>1,301</u>	<u>1,278,572</u>	<u>1,519,119</u>
Operating income	<u>161,071</u>	<u>23,689</u>	<u>1,031,546</u>	<u>1,216,306</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	1,185	-	-	1,185
Total non-operating revenue	<u>1,185</u>	<u>-</u>	<u>-</u>	<u>1,185</u>
Change in net position	162,256	23,689	1,031,546	1,217,491
Total net position - beginning	970,989	97,460	(983,625)	84,824
Total net position - ending	<u>\$ 1,133,245</u>	<u>\$ 121,149</u>	<u>\$ 47,921</u>	<u>\$ 1,302,315</u>

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**Combining Statement of Cash Flows – Internal Service Funds - Year Ended June 30, 2014**

	<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	\$ 1,039,869	\$ 24,990	\$ 2,310,118	\$ 3,374,977
Payments to other funds	-	-	(805,847)	(805,847)
Claims and benefits paid	(830,844)	(528)	(1,384,880)	(2,216,252)
Net Cash Provided by Operating Activities	<u>209,025</u>	<u>24,462</u>	<u>119,391</u>	<u>352,878</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	1,185	-	-	1,185
Purchase of investments	(1,185)	-	-	(1,185)
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>209,025</b>	<b>24,462</b>	<b>119,391</b>	<b>352,878</b>
<b>Balances - beginning of the year</b>	<b>779,930</b>	<b>97,460</b>	<b>11,270</b>	<b>888,660</b>
<b>Balances - end of the year</b>	<b><u>\$ 988,955</u></b>	<b><u>\$ 121,922</u></b>	<b><u>\$ 130,661</u></b>	<b><u>\$ 1,241,538</u></b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 988,955	\$ 121,922	\$ 130,661	\$ 1,241,538
Total cash and cash equivalents	<u>\$ 988,955</u>	<u>\$ 121,922</u>	<u>\$ 130,661</u>	<u>\$ 1,241,538</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 161,071	\$ 23,689	\$ 1,031,546	\$ 1,216,306
Change in assets and liabilities:				
Receivables, net	639,552	-	-	639,552
Due to other funds	-	-	(805,847)	(805,847)
Claims liability	(591,598)	773	(106,308)	(697,133)
Net Cash Provided by Operating Activities	<u>\$ 209,025</u>	<u>\$ 24,462</u>	<u>\$ 119,391</u>	<u>\$ 352,878</u>

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**Combining Schedule of Cash Flows – Discretely Presented Component Units - Year Ended June 30, 2014**

	<u>MCFA</u>	<u>MDRA</u>	<u>MIPFA</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 323,250	\$ 167,331	\$ 47,591	\$ 538,172
Payments to suppliers	867,141	(184,689)	(14,237)	668,215
Net Cash Provided by Operating Activities	<u>1,190,391</u>	<u>(17,358)</u>	<u>33,354</u>	<u>1,206,387</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(5,757,604)	-	-	(5,757,604)
Principal paid on capital debt	-	(2,000)	-	(2,000)
Interest and fiscal charges paid on capital debt	(2,284)	(3,765)	-	(6,049)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(5,759,888)</u>	<u>(5,765)</u>	<u>-</u>	<u>(5,765,653)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	143	-	154	297
Net Cash Provided by Investing Activities	<u>143</u>	<u>-</u>	<u>154</u>	<u>297</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(4,569,354)	(23,123)	33,508	(4,558,969)
<b>Balances - beginning of the year</b>	<u>8,195,294</u>	<u>52,369</u>	<u>131,921</u>	<u>8,379,584</u>
<b>Balances - end of the year</b>	<u>\$ 3,625,940</u>	<u>\$ 29,246</u>	<u>\$ 165,429</u>	<u>\$ 3,820,615</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 322,952	\$ 29,246	\$ 165,429	517,627
Restricted cash and cash equivalents	3,302,988	-	-	3,302,988
Total cash and cash equivalents	<u>\$ 3,625,940</u>	<u>\$ 29,246</u>	<u>\$ 165,429</u>	<u>\$ 3,820,615</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$346,750	(\$108,471)	\$11,873	\$250,152
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	-	2,526	21,481	24,007
Other nonoperating revenue	-	78,056	-	78,056
Change in assets and liabilities:				
Other receivable	(23,500)	-	-	(23,500)
Accounts payables	867,141	10,531	-	877,672
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,190,391</u>	<u>\$ (17,358)</u>	<u>\$ 33,354</u>	<u>\$ 1,206,387</u>

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**Debt Service Coverage Schedule - Year Ended June 30, 2014**

**DEBT SERVICE COVERAGE:**

	<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)	\$21,871,957	\$21,871,957
Investment income	4,931	4,931
Pledged sales tax	-	6,205,467
	21,876,888	28,082,355
<b>OPERATING EXPENSES:</b>		
Total Operating Expenses (excludes depreciation and amortization)	17,521,282	17,521,282
Net Revenue Available for Debt Service	\$4,355,606	\$10,561,073
<b>Maximum Annual Debt Service on all OWRB Obligations Payable From Revenues of the System</b>		
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
	\$786,377	\$2,130,735
Computed Coverage	554%	496%
Coverage Requirement	125%	125%

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

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

To the City Council  
City of Miami, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Miami, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Miami's basic financial statements and have issued our report thereon dated May 20, 2015.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

TURNER & ASSOCIATES, PLLC

Vinita, Oklahoma  
May 20, 2015



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

To the City Council  
City of Miami, Oklahoma

**Report on Compliance for Each Major Federal Program**

We have audited the City of Miami, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Miami, Oklahoma's major federal programs for the year ended June 30, 2014. The City of Miami's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Miami complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### ***Report on Internal Control Over Compliance***

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. A deficiency in internal control over compliance is described in finding 2014-1 of this report.

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

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements. We issued our report thereon dated May 20, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of

federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TURNER & Associates, PLC

Vinita, Oklahoma  
May 20, 2015

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**CITY OF MIAMI, OKLAHOMA  
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**City of Miami, Oklahoma  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant LD. 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-14-067	\$ 3,240	\$ 1,896
Grants to States	45.310	F-14-090	108	108
Grants to States	45.310	F-14-179	1,236	1,236
Grants to States	45.310	F-14-048	5,150	5,150
Pass through Oklahoma Humanities Council				
Promotion of the Humanities	45.168	Y13.065	974	974
			<u>10,708</u>	<u>9,364</u>
<u>Department of Homeland Security</u>				
Pass through Oklahoma Emergency Management				
Disaster Grants - Public Assistance	97.036	FEMA 4117	8,438	8,438
Emergency Management Performance Grant	97.042	EMPG 13	26,699	13,350
Emergency Management Performance Grant	97.042	EMPG 14	26,699	13,350
Emergency Management Performance Grant	97.042	EMPG 13-extra	13,350	13,350
Hazard Mitigation Grant	97.039	HMPG 1883	42,352	9,500
Hazard Mitigation Grant	97.039	HMPG 1985	110,264	23,839
Pass through Oklahoma Office Homeland Security				
Homeland Security Grant	97.037	260.21	5,589	5,589
Total Department of Homeland Security			<u>233,391</u>	<u>87,416</u>
<u>US Department of Transportation</u>				
Airport Improvement Program	20.106	3-40-0059-017-2013	2,433,345	1,334,485
			<u>2,433,345</u>	<u>1,334,485</u>
Total Federal Awards			<u>\$2,677,444</u>	<u>\$1,431,265</u>

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

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

**City of Miami, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of City of Miami.
2. No material deficiencies relating to the audit of the basic financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of City of Miami, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No deficiencies in internal control over major federal award programs during the audit is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
5. The auditor's report on compliance for the major federal award programs for City of Miami expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included: CFDA 20.106 – Airport Improvement Program
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, 2014**

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

2014-1 Not in Compliance with OMB Circular A-133, Federal Clearinghouse Deadline

**Criteria:**

The government's management is responsible for ensuring that all financial information is provided to ensure an audited financial report is submitted to the Federal Clearinghouse within nine months of the fiscal year end, as required by the Office of Management and Budget in Circular A-133 for all single audits.

**Condition:**

The City of Miami is not in compliance with this requirement. The audit was not completed within nine months of year end.

**Cause:**

The City has been trying to get current with audits for a number of years.

**Effect or Potential Effect:**

Noncompliance with this requirement prevents the City from being classified as a low-risk auditee for the next two fiscal years, resulting in a more time consuming audit.

**Recommendation:**

We recommend that all financial information be provided in a timely manner after year end to ensure that a completed audit can be submitted to the Federal Clearinghouse in the required timeframe.

**Client Response:**

The City of Miami continually strives to have the audit completed in a timely manner. The City of Miami is a beneficiary of seven (7) trusts that are components of the City's financial statements. Audits of those trusts must be completed before their financials can be listed within the City's financials. Waiting on the completion of the trust audits caused the City's audit to be put on hold. In the future, the City will request that the trusts complete their audits earlier, thereby allowing the City to do the same.

**City of Miami, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

There are no prior year findings.