



# **CITY OF MIAMI, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**



**THE CITY OF MIAMI, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor’s Report on Financial Statements</b> .....	5-6
<b>Management’s Discussion and Analysis</b> .....	7-17
<b>The Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	19
Statement of Activities .....	20
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet .....	22
Statement of Changes in Fund Balances.....	23
Reconciliation of Governmental Fund and Government-Wide Financial Statements.....	24-25
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Position.....	27
Statement of Changes in Net Position.....	28
Statement of Cash Flows.....	29
<b>Discretely Presented Component Units Combining Financial Statements:</b>	
Statement of Net Position.....	31
Statement of Changes in Net Position.....	32
<b>Footnotes to the Basic Financial Statements</b> .....	33-68
<b>Required Supplementary Information:</b>	
<b>Budgetary Comparison Information</b>	
Budgetary Comparison Schedule (Budgetary Basis) – General Fund.....	70
Footnotes to Budgetary Comparison Schedule.....	71
<b>Pension Plan Information</b>	
Schedules of Pension Information.....	72-75
Schedule of Funding Progress – OPEB.....	76

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

---

**Supplementary Information:**

Combining Balance Sheet – General Fund Accounts.....	78
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts .....	79
Combining Balance Sheet - Non-Major Governmental Funds.....	80-83
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds.....	84-87
Combining Schedule of Net Position – Miami Special Utilities Authority - Enterprise Fund Account.....	88
Combining Schedule of Revenues, Expenses and Changes in Net Position– Miami Special Utilities Authority – Enterprise Fund Accounts .....	89
Combining Schedule of Cash Flows – Miami Special Utilities Authority – Enterprise Fund Accounts.....	90
Combining Statement of Net Position – Internal Service Funds.....	91
Combining Statement of Revenues, Expenses and Changes in Net Position– Internal Service Funds.....	92
Combining Statement of Cash Flows – Internal Service Funds.....	93
Combining Statement of Cash Flows – Discretely Presented Component Units .....	94
Schedule of Expenditures of Federal Awards.....	95
Debt Service Coverage Schedule.....	96

**Internal Control and Compliance Information**

Independent Auditor’s Report on Internal Control and Compliance Over Financial Reporting in Accordance with Government Auditing Standards.....	99-100
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council of the  
City of Miami, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma, (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of the Miami Industrial Development Authority ("MIDA"), which represents 10 percent, 319 percent (due to accumulated deficits of other separate entities), and 17 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for MIDA, are based solely on the report of the other auditors. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the

business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



December 8, 2016

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

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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, 2016**

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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, 2016. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2016, the City's total net position increased by \$2,111,734 or 5.8% from the prior year.
- During the year, the City's expenses for governmental activities were \$12.2 million and were funded by program revenues of \$1.5 million and further funded with taxes and other general revenues that totaled \$7.4 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$5.4 million.
- At June 30, 2016, the General Fund reported an unassigned fund balance of \$43,293.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$162,885 or 2.1%, while expenditures were under the final appropriations by \$881,451 or 8.3%.

***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), and 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 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. The trust is currently inactive.

**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.

**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. The Authority issues separate financial statements.

**Using This Annual Report**

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

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

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

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

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- **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.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

*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 and deferred outflows exceeded liabilities and deferred inflows by \$38,271,970 at the close of the most recent fiscal year.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
Current assets	\$ 10,381	\$ 10,789	-4%	\$ 13,616	\$ 13,096	4%	\$ 23,997	\$ 23,885	0%
Capital assets, net	27,338	27,042	1%	18,491	18,581	0%	45,829	45,623	0%
<b>Total assets</b>	<b>37,719</b>	<b>37,831</b>	<b>0%</b>	<b>32,107</b>	<b>31,677</b>	<b>1%</b>	<b>69,826</b>	<b>69,508</b>	<b>0%</b>
<b>Deferred outflows</b>	<b>1,404</b>	<b>741</b>	<b>90%</b>	<b>679</b>	<b>314</b>	<b>116%</b>	<b>2,083</b>	<b>1,055</b>	<b>97%</b>
Current liabilities	3,494	2,860	22%	2,748	2,694	2%	6,242	5,554	12%
Non-current liabilities	16,521	17,173	-4%	9,283	9,797	-5%	25,804	26,970	-4%
<b>Total liabilities</b>	<b>20,015</b>	<b>20,033</b>	<b>0%</b>	<b>12,031</b>	<b>12,491</b>	<b>-4%</b>	<b>32,046</b>	<b>32,524</b>	<b>-1%</b>
<b>Deferred inflows</b>	<b>1,337</b>	<b>1,565</b>	<b>-15%</b>	<b>254</b>	<b>313</b>	<b>100%</b>	<b>1,591</b>	<b>1,878</b>	<b>-15%</b>
Net position									
Net investment capital assets	17,689	16,967	4%	11,463	10,621	8%	29,152	27,588	6%
Restricted	1,588	2,286	-31%	771	858	-10%	2,359	3,144	-25%
Unrestricted (deficit)	(1,506)	(2,279)	-34%	8,267	7,708	7%	6,761	5,429	25%
<b>Total net positin</b>	<b>\$ 17,771</b>	<b>\$ 16,974</b>	<b>5%</b>	<b>\$ 20,501</b>	<b>\$ 19,187</b>	<b>7%</b>	<b>\$ 38,272</b>	<b>\$ 36,161</b>	<b>6%</b>

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

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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 2016, the net investment in capital assets amounted to \$29,151,923. 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, \$2,358,141 also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$6,761,906, 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.

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

*Governmental Activities:*

Deferred outflows – Increases due to deferral related to fire, police, and non-uniformed employee pension.

Net position restricted – Decrease of \$.7 million (31%) due to the use of restricted construction proceeds.

Net position unrestricted – Increase of \$1.7 million (34%) due to an revenues exceeding expense in the current year and increase in deferred outflows.

*Business-Type Activities:*

Deferred outflows – Increases due to deferral related to non-uniformed employee pension.

**Changes in Net Position**

For the year ended June 30, 2016, net position of the primary government changed as follows:

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2016	2015		2016	2015		2016	2015	
<b>Revenues</b>									
Charges for service	\$ 709	\$ 683	4%	\$ 23,419	\$ 25,347	-8%	\$ 24,128	\$ 26,030	-7%
Operating grants and contributions	759	724	5%	2	-	-	761	724	5%
Capital grants and contributions	64	-	100%	532	1,357	-61%	596	1,357	-56%
Taxes	7,215	7,204	0%	-	-	-	7,215	7,204	0%
Investment income	15	13	15%	12	1	1100%	27	14	93%
Miscellaneous	185	200	-8%	1	22	-95%	186	222	-16%
<b>Total revenues</b>	<b>8,947</b>	<b>8,824</b>	<b>1%</b>	<b>23,966</b>	<b>26,727</b>	<b>-10%</b>	<b>32,913</b>	<b>35,551</b>	<b>-7%</b>
<b>Expenses</b>									
General government	2,411	2,067	17%	-	-	-	2,411	2,067	17%
Public safety	4,990	4,751	5%	-	-	-	4,990	4,751	5%
Streets	2,432	3,460	-30%	-	-	-	2,432	3,460	-30%
Culture and recreation	1,305	1,289	1%	-	-	-	1,305	1,289	1%
Economic development	507	585	-13%	-	-	-	507	585	-13%
Interest on debt	593	622	-5%	-	-	-	593	622	-5%
Water	-	-	-	1,553	1,597	-3%	1,553	1,597	-3%
Wastewater	-	-	-	1,429	1,436	-	1,429	1,436	-
Sanitation	-	-	-	1,506	1,513	0%	1,506	1,513	0%
Electric	-	-	-	13,660	15,848	-14%	13,660	15,848	-14%
Airport	-	-	-	415	235	77%	415	235	77%
<b>Total expenses</b>	<b>12,238</b>	<b>12,774</b>	<b>-4%</b>	<b>18,563</b>	<b>20,629</b>	<b>-10%</b>	<b>30,801</b>	<b>33,403</b>	<b>8%</b>
Excess (deficiency) before transfers	(3,291)	(3,950)	17%	5,403	6,098	-11%	2,112	2,148	-2%
Transfers	4,088	5,195	-21%	(4,088)	(5,195)	-21%	-	-	-
<b>Change in net position</b>	<b>\$ 797</b>	<b>\$ 1,245</b>	<b>-36%</b>	<b>\$ 1,315</b>	<b>\$ 903</b>	<b>46%</b>	<b>\$ 2,112</b>	<b>\$ 2,148</b>	<b>-2%</b>

Explanations of significant changes in Table 2 are as follows:

*Governmental Activities:*

General Government – Increase of \$.4 million (17%) due to an increase in operational cost.

Streets – Decrease of \$1 million (30%) due to a decrease in operational cost.

Transfers – Decrease in budgetary subsidy from the MSUA to the governmental funds.

*Business-Type Activities:*

Capital grants and contributions – Decrease of \$.8 million (61%) due to a decrease in airport grants.

Electric – Decrease of \$2 million (14%) due to a decrease in operational cost.

Transfers – Decrease in budgetary subsidy from the MSUA to the governmental funds.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

**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		
	2016	2015	2016	2015		
General government	\$ 2,411	\$ 2,067	17%	\$ (2,328)	\$ (1,932)	21%
Public safety	4,990	4,751	5%	(4,127)	(3,978)	4%
Streets	2,432	3,460	-30%	(2,154)	(3,230)	-33%
Culture, parks and recreation	1,305	1,289	1%	(1,029)	(1,028)	0%
Economic development	507	585	-13%	(474)	(576)	-18%
Interest on long-term debt	593	622	5%	(593)	(622)	-5%
<b>Total</b>	<b>\$ 12,238</b>	<b>\$ 12,774</b>	<b>-4%</b>	<b>(\$10,706)</b>	<b>\$ (11,366)</b>	<b>-6%</b>

For the year ended June 30, 2016 total expenses for governmental activities amounted to approximately \$12.2 million which was a decrease from the prior year of 4%. See Table 2 above for explanations of changes.

**Business-type Activities**

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

	Total Expense		% Inc. (Dec.)	Net Revenue (Expense)		% Inc. (Dec.)
	of Services			of Services		
	2016	2015	2016	2015		
Water	\$ 1,553	\$ 1,597	-3%	\$ 965	\$ 858	12%
Wastewater	1,429	1,436	-	672	338	99%
Sanitation	1,507	1,513	0%	774	716	8%
Electric	13,659	15,848	-14%	3,273	3,036	8%
Airport	415	235	77%	(295)	1,126	-126%
<b>Total</b>	<b>\$ 18,563</b>	<b>\$ 20,629</b>	<b>-10%</b>	<b>\$ 5,389</b>	<b>\$ 6,074</b>	<b>-11%</b>

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

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

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

- Total business-type activities reported net revenues of \$5,388,721 for the year ended June 30, 2016.
- Airport operational cost exceeded revenues due the completion of capital grants for airport construction.

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

As the City completed its 2016 fiscal year, the governmental funds reported a combined fund balance of \$6.9 million or a 12% decrease of approximately \$939,000 mainly due to a decrease in transfers from the enterprise fund for an operational subsidy. The enterprise funds reported combined net position of \$19.8 million or a 7.0% increase from 2015 mainly related to an increase in operational revenue and the decrease in operational transfers to the governmental funds.

<u>Fund Balance/Net Position</u>			
Governmental Funds		Proprietary Funds	
Restricted	\$ 1,843,214	Net investment in capital assets	\$ 11,463,032
Committed	2,830,627	Restricted for debt service and other	770,622
Assigned	2,163,322	Unrestricted	7,611,870
Unassigned	<u>43,293</u>		
Total Fund Balance	<u>\$ 6,880,456</u>	Total Net Position	<u>\$ 19,845,524</u>

**General Fund Budgetary Highlights**

For budgetary reporting purposes, the General Fund reported revenues under estimates of \$162,885 or 2.1%, while expenditures were under the final appropriations by \$881,451 or 8.3%.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets**

At the end of June 30, 2016, the City had \$45.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, electrical infrastructure, water lines and sewer lines. (See table below). This represents a net increase of \$.3 million or .4% from last year.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	2016	2015	2016	2015	2016	2015
Land	\$ 5,487	\$ 5,487	\$ 751	\$ 751	6,238	\$ 6,238
Buildings	4,597	4,932	9,851	7,528	14,448	12,460
Machinery, furniture and equipment	2,532	2,785	3,340	3,801	5,872	6,586
Infrastructure	13,714	11,697	4,004	3,238	17,718	14,935
Construction in progress	1,009	2,141	545	3,263	1,554	5,404
	<u>27,339</u>	<u>27,042</u>	<u>18,491</u>	<u>18,581</u>	<u>45,830</u>	<u>45,623</u>
<b>Totals</b>	<u>\$ 27,339</u>	<u>\$ 27,042</u>	<u>\$ 18,491</u>	<u>\$ 18,581</u>	<u>\$ 45,830</u>	<u>\$ 45,623</u>

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

This year's more significant capital asset additions placed into service included:

Sewer projects	\$489,960
Street projects	\$2,515,074
Airport improvement projects	\$2,815,298

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 \$17.7 million in long-term debt outstanding which represents a \$2.0 million decrease, or 10.3%, from the prior year. The City's changes in long-term debt by type of debt are as follows:

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accrued absences	\$ 585	\$ 595	\$ 183	\$ 176	\$ 768	\$ 771
Revenue Bonds	9,045	9,790	1,190	1,375	10,235	11,165
Bond Premium (Discount)	(58)	(64)	(8)	(9)	(66)	(73)
Notes Payable	-	-	5,306	5,887	5,306	5,887
Capital Leases	947	1,259	539	763	1,486	2,022
<b>Totals</b>	<b>\$ 10,519</b>	<b>\$ 11,580</b>	<b>\$ 7,210</b>	<b>\$ 8,192</b>	<b>\$ 17,729</b>	<b>\$ 19,772</b>

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 is expecting a \$1.5M dip in FY 2016-2017 utility revenue due to a negative Power Cost Adjustment from our wholesale electric supplier, Grand River Dam Authority, which is passed on to our customers. However, the expected purchase power expense is also projected to be lower by a minimum of \$500,000. Spending has been modified to compensate. The City will spend the upcoming year completing projects with an emphasis on facility's rehabilitation, which includes a large civic center rehabilitation project; implementing the approved comprehensive plan; street and utility improvements; installing a splash pad; and completing our new animal shelter.

The FY 2016-2017 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.

**CITY OF MIAMI, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2016**

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During FY 2016-2017 the City plans to combine the street program bonds with the stadium program bond anticipation notes and refinance into one set of bonds which will be repaid by the .65% sales tax. The City will also continue revenue bond projects on various utility improvements such as completing the well south of town and will start another utility improvement revenue bond project. Utility funds will continue to repay the debts.

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

**Contacting the City's Financial Management**

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

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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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, 2016

**Statement of Net Position– June 30, 2016**

	<u>Primary Government</u>			<u>Discretely Presented Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b>ASSETS</b>				
Cash and equivalents	\$ 8,122,699	\$ 5,657,814	\$ 13,780,513	\$ 689,681
Investments	634,823	2,856,074	3,490,897	-
Interest receivable	-	809	809	-
Accounts receivable, net	151,383	3,497,015	3,648,398	-
Due from other governments	876,562	4,731	881,293	-
Other receivables	1,223,523	17,678	1,241,201	700
Internal balances	(628,433)	628,433	-	-
Inventory	-	953,844	953,844	-
Capital Assets				
Land and construction in progress	6,495,788	1,295,580	7,791,368	247,946
Other capital assets, net of depreciation	20,842,628	17,195,004	38,037,632	9,475,679
<b>Total Assets</b>	<u>37,718,973</u>	<u>32,106,982</u>	<u>69,825,955</u>	<u>10,414,006</u>
<b>DEFERRED OUTFLOWS:</b>				
Deferred amounts related to pensions	<u>1,404,068</u>	<u>679,012</u>	<u>2,083,080</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	960,502	1,680,042	2,640,544	16,044
Claims liability	1,414,290	-	1,414,290	-
Accrued interest payable	27,127	41,818	68,945	2,445
Long-term liabilities				
Due within one year	1,092,279	1,025,781	2,118,060	9,566,480
Due in more than one year	16,520,902	9,282,844	25,803,746	657,033
<b>Total liabilities</b>	<u>20,015,100</u>	<u>12,030,485</u>	<u>32,045,585</u>	<u>10,242,002</u>
<b>DEFERRED INFLOWS:</b>				
Deferred amounts related to pensions	<u>1,337,429</u>	<u>254,051</u>	<u>1,591,480</u>	<u>-</u>
Total deferred inflows	<u>1,337,429</u>	<u>254,051</u>	<u>1,591,480</u>	<u>-</u>
<b>NET POSITION:</b>				
Net investment in capital assets	17,688,891	11,463,032	29,151,923	(394,671)
Net Position:				
Restricted	1,587,519	770,622	2,358,141	-
Unrestricted (deficit)	(1,505,898)	8,267,804	6,761,906	566,675
<b>Total net position</b>	<u>\$ 17,770,512</u>	<u>\$ 20,501,458</u>	<u>\$ 38,271,970</u>	<u>\$ 172,004</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, 2016

**Statement of Activities –Year Ended June 30, 2016**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 2,411,358	\$ 74,978	\$ 7,994	\$ -	\$ (2,328,386)	\$ -	\$ (2,328,386)	\$ -
Public Safety	4,990,387	295,683	567,365	-	(4,127,339)	-	(4,127,339)	-
Public Works and Streets	2,432,057	88,151	125,521	63,905	(2,154,480)	-	(2,154,480)	-
Culture and Recreation	1,304,931	217,463	58,222	-	(1,029,246)	-	(1,029,246)	-
Economic Development	506,839	33,091	-	-	(473,748)	-	(473,748)	-
Interest on long-term Debt	592,820	-	-	-	(592,820)	-	(592,820)	-
Total governmental activities	12,238,392	709,366	759,102	63,905	(10,706,019)	-	(10,706,019)	-
Business-type activities								
Water	1,552,682	2,314,954	-	202,535	-	964,807	964,807	-
Wastewater	1,429,098	1,775,841	-	324,934	-	671,677	671,677	-
Sanitation	1,506,567	2,280,751	-	-	-	774,184	774,184	-
Electric	13,659,504	16,932,905	-	-	-	3,273,401	3,273,401	-
Airport	415,009	113,205	1,725	4,731	-	(295,348)	(295,348)	-
Total business-type activities	18,562,860	23,417,656	1,725	532,200	-	5,388,721	5,388,721	-
Total primary government	\$ 30,801,252	\$ 24,127,022	\$ 760,827	\$ 596,105	(10,706,019)	5,388,721	(5,317,298)	-
<b>Component Units</b>								
Culture and Recreation	\$ 790,406	\$ 298,608	\$ 177,374	\$ -	-	-	-	(314,424)
Economic Development	88,902	115,188	-	-	-	-	-	26,286
Total component units	\$ 879,308	\$ 413,796	\$ 177,374	\$ -	-	-	-	(288,138)
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					6,679,232	-	6,679,232	-
Property tax					18,517	-	18,517	-
Franchise and public service taxes					306,304	-	306,304	-
Hotel/motel taxes					210,624	-	210,624	-
Investment income					15,020	12,239	27,259	216
Miscellaneous					185,656	1,440	187,096	-
Transfers - internal activity					4,087,574	(4,087,574)	-	-
Total general revenues and transfers					11,502,927	(4,073,895)	7,429,032	216
Change in net position					796,908	1,314,826	2,111,734	(287,922)
Net position - beginning					16,973,604	19,186,632	36,160,236	459,926
Net position - ending					\$ 17,770,512	\$ 20,501,458	\$ 38,271,970	\$ 172,004

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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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, 2016**

**Governmental Funds Balance Sheet - June 30, 2016**

	<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	\$ 1,130,271	\$ 951,767	\$ 4,822,096	\$ 6,904,134
Investments	18,417	-	-	18,417
Receivables:				
Accounts receivable	117,627	-	33,756	151,383
Due from other funds	95,295	-	43,231	138,526
Due from other governments and entities	674,152	136,585	65,825	876,562
Total assets	<u>\$ 2,035,762</u>	<u>\$ 1,088,352</u>	<u>\$ 4,964,908</u>	<u>\$ 8,089,022</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 132,162	\$ 12,700	\$ 579,381	\$ 724,243
Wages payable	223,764	-	11,872	235,636
Due to other funds	66,964	-	36,574	103,538
Total liabilities	<u>422,890</u>	<u>12,700</u>	<u>627,827</u>	<u>1,063,417</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	<u>89,739</u>	<u>-</u>	<u>55,410</u>	<u>145,149</u>
Fund balances:				
Restricted	7,639	1,075,652	759,923	1,843,214
Committed	-	-	2,830,627	2,830,627
Assigned	1,472,201	-	691,121	2,163,322
Unassigned	43,293	-	-	43,293
Total fund balances	<u>1,523,133</u>	<u>1,075,652</u>	<u>4,281,671</u>	<u>6,880,456</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,035,762</u>	<u>\$ 1,088,352</u>	<u>\$ 4,964,908</u>	<u>\$ 8,089,022</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, 2016**

**Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2016**

	<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	\$ 5,578,456	\$ 1,127,514	\$ 366,322	\$ 7,072,292
Intergovernmental	765,478	-	210,926	976,404
Charges for services	218,751	-	126,747	345,498
Fines and forfeitures	225,796	-	-	225,796
Licenses and permits	65,328	-	-	65,328
Investment income	14,679	53	288	15,020
Miscellaneous	188,802	-	73,296	262,098
Total revenues	<u>7,057,290</u>	<u>1,127,567</u>	<u>777,579</u>	<u>8,962,436</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,327,098	-	1,768	2,328,866
Public Safety	5,066,228	-	18,025	5,084,253
Public works and streets	1,233,102	16,254	215,955	1,465,311
Culture and recreation	1,086,491	-	73,587	1,160,078
Economic development	433,370	-	-	433,370
Capital Outlay	7,488	543,053	1,479,880	2,030,421
Debt Service:				
Principal	166,593	745,000	145,431	1,057,024
Interest and other charges	36,755	337,028	9,868	383,651
Total expenditures	<u>10,357,125</u>	<u>1,641,335</u>	<u>1,944,514</u>	<u>13,942,974</u>
Excess (deficiency) of revenues over	(3,299,835)	(513,768)	(1,166,935)	(4,980,538)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,143,848	1,136,171	1,481,691	11,761,710
Transfers out	(6,345,498)	(1,130,020)	(245,521)	(7,721,039)
Total other financing sources and uses	<u>2,798,350</u>	<u>6,151</u>	<u>1,236,170</u>	<u>4,040,671</u>
Net change in fund balances	(501,485)	(507,617)	69,235	(939,867)
Fund balances - beginning	2,024,618	1,583,269	4,212,436	7,820,323
Fund balances - ending	<u>\$ 1,523,133</u>	<u>\$ 1,075,652</u>	<u>\$ 4,281,671</u>	<u>\$ 6,880,456</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, 2016**

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

**Fund Balance – Net Position Reconciliation:**

Total fund balance, governmental funds	\$	6,880,456
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.		27,338,416
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.		145,149
Certain other long-term assets are not available to pay current period expenditures and therefore they, along with deferred outflows, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Pension related deferred outflows		1,404,068
Some liabilities are not due and payable in the current period and, along with deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Capital lease obligations		(946,768)
Interest payable		(27,127)
Net pension liability		(6,731,660)
Pension related deferred inflows		(1,337,429)
Other post employment benefit obligation		(362,834)
Accrued compensated absences		(585,184)
Unamortized debt discount		58,265
Note payable		(9,045,000)
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 net position of the internal service funds are reported in governmental activities:		
Internal service fund net position		980,160
Net Position of Governmental Activities in the Statement of Net Position	\$	17,770,512

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds:	\$	(939,867)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized		1,879,639
Capital assets donated		46,903
Depreciation expense		(1,630,124)
<p>In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as expenditures. This amount represents the difference between pension contributions and calculated pension expense.</p>		
		504,900
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		17,756
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Capital lease principal payments		312,024
Revenue bond principal payments		745,000
<p>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:</p>		
Change in accrued interest payable		1,334
Change in accrued compensated absences		10,267
Change in other post employment benefits		(147,588)
Change in amortization of bond discount		(6,188)
<p>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:</p>		
Total change in net position for internal service funds		2,852
Change in net position of governmental activities	\$	796,908

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Proprietary Funds Statement of Net Position - June 30, 2016**

	<u>Enterprise Funds</u>			
	<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	\$ 4,458,553	\$ 1,969	\$ 4,460,522	\$ 1,218,565
Cash and cash equivalents, restricted	761,770	-	761,770	-
Investments	2,668,606	-	2,668,606	616,406
Accounts receivable, net	3,460,653	36,362	3,497,015	-
Other receivable	436	21,973	22,409	1,223,523
Accrued interest receivable	809	-	809	-
Inventory	927,789	26,055	953,844	-
Due from other funds	30,571	30,128	60,699	-
Total current assets	<u>12,309,187</u>	<u>116,487</u>	<u>12,425,674</u>	<u>3,058,494</u>
Non-current assets:				
Cash and cash equivalents, restricted	435,522	-	435,522	-
Investments, restricted	187,468	-	187,468	-
Capital assets:				
Land, construction in progress, and water rights	1,277,719	17,861	1,295,580	-
Other capital assets, net of accumulated depreciation	13,686,926	3,508,078	17,195,004	-
Total non-current assets	<u>15,587,635</u>	<u>3,525,939</u>	<u>19,113,574</u>	<u>-</u>
Total assets	<u>27,896,822</u>	<u>3,642,426</u>	<u>31,539,248</u>	<u>3,058,494</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	<u>646,690</u>	<u>32,322</u>	<u>679,012</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,540,576	9,895	1,550,471	623
Claims liability	-	-	-	1,414,290
Wages payable	128,656	915	129,571	-
Due to other funds	86,495	1,705	88,200	7,487
Accrued interest payable	41,818	-	41,818	-
Accrued compensated absences	18,289	-	18,289	-
Refundable deposits	39,958	-	39,958	-
Capital lease payable	187,906	-	187,906	-
Revenue bond payable	190,000	-	190,000	-
Notes payable	589,628	-	589,628	-
Total current liabilities	<u>2,823,326</u>	<u>12,515</u>	<u>2,835,841</u>	<u>1,422,400</u>
Non-current liabilities:				
Accrued compensated absences	164,603	-	164,603	-
Net pension liability	2,455,775	46,689	2,502,464	-
Net OPEB obligation	196,136	-	196,136	-
Refundable deposits	359,622	-	359,622	-
Capital lease payable	351,580	-	351,580	-
Revenue bond payable	992,002	-	992,002	-
Notes payable, net	4,716,437	-	4,716,437	-
Total non-current liabilities	<u>9,236,155</u>	<u>46,689</u>	<u>9,282,844</u>	<u>-</u>
Total liabilities	<u>12,059,481</u>	<u>59,204</u>	<u>12,118,685</u>	<u>1,422,400</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	<u>249,311</u>	<u>4,740</u>	<u>254,051</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,937,093	3,525,939	11,463,032	-
Restricted for debt service	770,622	-	770,622	-
Unrestricted	<u>7,527,005</u>	<u>84,865</u>	<u>7,611,870</u>	<u>1,636,094</u>
Total net position	<u>\$ 16,234,720</u>	<u>\$ 3,610,804</u>	<u>19,845,524</u>	<u>\$ 1,636,094</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

	655,934
Total net position per Government-Wide financial statements	\$ 20,501,458

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2016**

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal Service Fund</u>
	<u>Miami Special Utility Authority</u>	<u>Airport Fund</u>		
<b>REVENUES</b>				
Charges for services	\$ 22,396,293	\$ 113,649	\$ 22,509,942	\$ 2,048,699
Fees, licenses and permits	135,562	-	135,562	-
Miscellaneous	765,917	-	765,917	1,150,686
Total operating revenues	<u>23,297,772</u>	<u>113,649</u>	<u>23,411,421</u>	<u>3,199,385</u>
<b>OPERATING EXPENSES</b>				
Personal services	3,889,924	74,403	3,964,327	-
Materials and supplies	10,292,429	83,786	10,376,215	-
Other services and charges	2,613,607	43,578	2,657,185	505,936
Insurance claims and expense	-	-	-	2,673,112
Depreciation expense	1,238,851	213,242	1,452,093	-
Total operating expenses	<u>18,034,811</u>	<u>415,009</u>	<u>18,449,820</u>	<u>3,179,048</u>
Operating income (loss)	<u>5,262,961</u>	<u>(301,360)</u>	<u>4,961,601</u>	<u>20,337</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	12,239	-	12,239	5,825
Miscellaneous	7,686	1,714	9,400	-
Interest expense and fiscal charges	(183,253)	-	(183,253)	-
Total non-operating revenue (expenses)	<u>(163,328)</u>	<u>1,714</u>	<u>(161,614)</u>	<u>5,825</u>
Income (loss) before contributions and transfers	<u>5,099,633</u>	<u>(299,646)</u>	<u>4,799,987</u>	<u>26,162</u>
Contributed capital revenue	682,751	30,296	713,047	-
Transfers in	6,406,149	-	6,406,149	330,000
Transfers out	(10,627,667)	-	(10,627,667)	(330,000)
Change in net position	<u>1,560,866</u>	<u>(269,350)</u>	<u>1,291,516</u>	<u>26,162</u>
Total net position - beginning	14,673,854	3,880,154	18,554,008	1,609,932
Total net position - ending	<u>\$ 16,234,720</u>	<u>\$ 3,610,804</u>	<u>\$ 19,845,524</u>	<u>\$ 1,636,094</u>
Change in net position above			1,291,516	
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			23,310	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 1,314,826</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, 2016

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2016**

	<b>Enterprise Funds</b>			
	<b>Miami</b>		<b>Total</b>	<b>Internal Service Fund</b>
	<b>Special Utility Authority</b>	<b>Airport Fund</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 23,290,366	\$ 132,657	\$ 23,423,023	\$ 2,733,232
Payments to suppliers	(12,938,594)	(109,961)	(13,048,555)	(505,936)
Payments to employees	(3,815,767)	(70,214)	(3,885,981)	-
Receipts from other funds	31,992	117	32,109	7,487
Payments to other funds	(28,449)	-	(28,449)	-
Receipts of customer meter deposits	172,509	-	172,509	-
Refunds of customer meter deposits	(197,730)	-	(197,730)	-
Claims and judgments paid	-	-	-	(2,433,418)
<b>Net cash provided by (used in) operating activities</b>	<b>6,514,327</b>	<b>(47,401)</b>	<b>6,466,926</b>	<b>(198,635)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	6,406,149	-	6,406,149	330,000
Transfers to other funds	(10,627,667)	-	(10,627,667)	(330,000)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(4,221,518)</b>	<b>-</b>	<b>(4,221,518)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(850,516)	(5,000)	(855,516)	-
Principal paid on debt	(989,834)	-	(989,834)	-
Proceeds of capital grants	202,535	4,731	207,266	-
Interest and fiscal agent fees paid on debt	(186,895)	-	(186,895)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,824,710)</b>	<b>(269)</b>	<b>(1,824,979)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale (Purchase) of investments	(12,788)	-	(12,788)	(5,825)
Interest and dividends	12,240	-	12,240	5,825
<b>Net cash provided by (used in) investing activities</b>	<b>(548)</b>	<b>-</b>	<b>(548)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>467,551</b>	<b>(47,670)</b>	<b>419,881</b>	<b>(198,635)</b>
<b>Balances - beginning of year</b>	<b>5,188,294</b>	<b>49,639</b>	<b>5,237,933</b>	<b>1,417,200</b>
<b>Balances - end of year</b>	<b>\$ 5,655,845</b>	<b>\$ 1,969</b>	<b>\$ 5,657,814</b>	<b>\$ 1,218,565</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 4,458,553	\$ 1,969	\$ 4,460,522	\$ 1,218,565
Restricted cash and cash equivalents - current	761,770	-	761,770	-
Restricted cash and cash equivalents - noncurrent	435,522	-	435,522	-
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 5,655,845</b>	<b>\$ 1,969</b>	<b>\$ 5,657,814</b>	<b>\$ 1,218,565</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 5,262,961	\$ (301,360)	\$ 4,961,601	\$ 20,337
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,238,851	213,242	1,452,093	-
Other nonoperating revenue	7,686	1,714	9,400	-
Change in assets and liabilities:				
Receivables, net	(14,988)	1,472	(13,516)	(466,153)
Other receivable	(104)	15,822	15,718	-
Due from other funds	7,222	-	7,222	-
Inventory	(80,582)	10,528	(70,054)	-
Deferred outflows related to pension	(174,954)	(30,191)	(205,145)	-
Accounts payable	48,024	6,875	54,899	623
Claims liability	-	-	-	239,071
Due to other funds	(3,679)	117	(3,562)	7,487
Due to employees	28,274	(569)	27,705	-
Refundable deposits	(25,221)	-	(25,221)	-
Unfunded OPEB obligation	79,781	-	79,781	-
Net pension liability	355,978	32,335	388,313	-
Accrued compensated absences	6,829	-	6,829	-
Deferred inflows related to pension	(221,751)	2,614	(219,137)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,514,327</b>	<b>\$ (47,401)</b>	<b>\$ 6,466,926</b>	<b>\$ (198,635)</b>
<b>Noncash activities:</b>				
Asset contributed by others	\$ 1,102,792	\$ 25,565	\$ 1,128,357	\$ -
	<u>\$ 1,102,792</u>	<u>\$ 25,565</u>	<u>\$ 1,128,357</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Discretely Presented Component Units Combining Statement of Net Position - June 30, 2016**

	<u>MCFA</u>	<u>MDRA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 251,539	\$ 30,180	\$ 183,790	\$ 224,172	\$ 689,681
Receivables:					
Other receivable	700	-	-	-	700
Total current assets	<u>252,239</u>	<u>30,180</u>	<u>183,790</u>	<u>224,172</u>	<u>690,381</u>
Non-current assets:					
Capital assets:					
Land, construction in progress, and water rights	-	-	103,517	144,429	247,946
Other capital assets, net of accumulated depreciation	8,356,287	15,152	808,541	295,699	9,475,679
Total non-current assets	<u>8,356,287</u>	<u>15,152</u>	<u>912,058</u>	<u>440,128</u>	<u>9,723,625</u>
Total assets	<u>8,608,526</u>	<u>45,332</u>	<u>1,095,848</u>	<u>664,300</u>	<u>10,414,006</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	1,371	11,673	-	3,000	16,044
Interest payable	814	-	1,631	-	2,445
Accrued compensated absences	-	2,217	-	-	2,217
Notes payable	9,409,785	103,000	51,478	-	9,564,263
Total current liabilities	<u>9,411,970</u>	<u>116,890</u>	<u>53,109</u>	<u>3,000</u>	<u>9,584,969</u>
Non-current liabilities:					
Notes payable, net	163,845	-	493,188	-	657,033
Total non-current liabilities	<u>163,845</u>	<u>-</u>	<u>493,188</u>	<u>-</u>	<u>657,033</u>
Total liabilities	<u>9,575,815</u>	<u>116,890</u>	<u>546,297</u>	<u>3,000</u>	<u>10,242,002</u>
<b>NET POSITION</b>					
Net investment in capital assets	(1,217,343)	15,152	367,392	440,128	(394,671)
Unrestricted (deficit)	250,054	(86,710)	182,159	221,172	566,675
Total net position	<u>\$ (967,289)</u>	<u>\$ (71,558)</u>	<u>\$ 549,551</u>	<u>\$ 661,300</u>	<u>\$ 172,004</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Discretely Presented Component Units Combining Statement of Changes in Net Position - Year Ended June 30, 2016**

	<u>MCFA</u>	<u>MDRA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
<b>REVENUES</b>					
Charges for services	\$ 140,625	\$ 157,983	\$ 72,722	\$ 42,466	\$ 413,796
Total operating revenues	<u>140,625</u>	<u>157,983</u>	<u>72,722</u>	<u>42,466</u>	<u>413,796</u>
<b>OPERATING EXPENSES</b>					
Personal services	-	118,139	-	-	118,139
Materials and supplies	1,710	24,134	3,194	-	29,038
Other services and charges	49,793	186,335	9,108	16,161	261,397
Depreciation expense	<u>177,793</u>	<u>2,526</u>	<u>20,727</u>	<u>19,681</u>	<u>220,727</u>
Total operating expenses	<u>229,296</u>	<u>331,134</u>	<u>33,029</u>	<u>35,842</u>	<u>629,301</u>
Operating income (loss)	<u>(88,671)</u>	<u>(173,151)</u>	<u>39,693</u>	<u>6,624</u>	<u>(215,505)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	-	-	1	215	216
Miscellaneous income	1,400	175,974	-	-	177,374
Bond issuance cost	-	-	-	-	-
Interest expense and fiscal charges	<u>(224,755)</u>	<u>(5,221)</u>	<u>(20,031)</u>	<u>-</u>	<u>(250,007)</u>
Total non-operating revenue (expenses)	<u>(223,355)</u>	<u>170,753</u>	<u>(20,030)</u>	<u>215</u>	<u>(72,417)</u>
Change in net position	(312,026)	(2,398)	19,663	6,839	(287,922)
Total net position - beginning	(655,263)	(69,160)	529,888	654,461	459,926
Total net position - ending	<u>\$ (967,289)</u>	<u>\$ (71,558)</u>	<u>\$ 549,551</u>	<u>\$ 661,300</u>	<u>\$ 172,004</u>

**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. The trust is currently inactive.

**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.

**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.

*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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

---

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, Grant Fund, RFC 07-09 Grant, MDA Housing Construction, Housing Infrastructure, Coleman Project, Police Grant, and Cemetery Perpetual Care Interest.

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

Capital Project Funds:

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

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

---

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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**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 component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2016 by these entities are as follows:

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less Than One
Demand deposits	\$ 12,205,428	N/A	\$ 12,205,428	\$ -
Cash on hand	2,346	N/A	2,346	-
Time deposits	3,490,897	N/A	-	3,490,897
Money Market Funds	1,572,739	Not rated	-	1,572,739
Sub-Total	<u>\$ 17,271,410</u>		<u>\$ 12,207,774</u>	<u>\$ 5,063,636</u>

**Reconciliation to Financial Statements:**

Cash and cash equivalents	\$ 13,780,513
Investments	3,490,897
	<u>\$ 17,271,410</u>

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, during the fiscal year ended June 30, 2016, which among other things, established a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

- Money Market Mutual Funds of \$1,572,739 valued using quoted market prices (Level 1 inputs).

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

---

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, 2016, the City was not exposed to custodial credit risk.

*Component Unit:*

The bank deposit of the MDRA component unit of \$30,180 at June 30, 2016 was fully insured by the F.D.I.C.

The bank deposits of the MCFA component unit of \$251,539 at June 30, 2016 was fully insured by the F.D.I.C.

The bank deposits of the MIPFA component unit of \$224,172 at June 30, 2016 was fully insured by the F.D.I.C.

The bank deposits of the MIDA component unit of \$183,790 at June 30, 2016 was fully insured by the F.D.I.C.

*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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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As noted in the schedule of deposits and investments above, at June 30, 2016, the investments held by the City mature between 2016 through 2017.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed).

**Restricted Cash and Investments**

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the 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, 2016 are as follows:

Cash and cash equivalents:	
Cash Restricted for Refundable deposits	\$ 49,524
Restricted for Construction	334,133
Money Markets Restricted for Debt Service	378,113
	<u>\$ 761,770</u>
Cash and cash equivalents, noncurrent:	
Money Markets Restricted for Debt Service	\$ 434,327
Cash Restricted for Refundable deposits	1,195
	<u>\$ 435,522</u>
Investments:	
Refundable deposits	\$ 187,468
	<u>\$ 187,468</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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 909,288	\$ -	\$ 909,288
Due from other governments	1,030	-	1,030
Court fines	317,682	(213,358)	104,324
Other	1,236,826	-	1,236,826
Total Governmental Activities	<u>\$ 2,464,826</u>	<u>\$ (213,358)</u>	<u>\$ 2,251,468</u>
Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 151,383
Due from other governmental agencies			876,562
Other receivable			1,223,523
Total			<u>\$ 2,251,468</u>
Business-Type Activities:			
Utilities	<u>\$ 5,018,389</u>	<u>\$ (1,521,374)</u>	<u>\$ 3,497,015</u>

## 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, 2016, capital assets balances changed as follows:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,487,269	\$ -	\$ -	\$ 5,487,269
Construction in progress	2,141,253	1,382,339	2,515,073	1,008,519
Total capital assets not being depreciated	<u>7,628,522</u>	<u>1,382,339</u>	<u>2,515,073</u>	<u>6,495,788</u>
Other capital assets:				
Buildings	19,899,989	-	-	19,899,989
Infrastructure	42,023,489	2,842,465	-	44,865,954
Machinery, furniture and equipment	11,014,388	216,811	-	11,231,199
Total other capital assets at historical cost	<u>72,937,866</u>	<u>3,059,276</u>	<u>-</u>	<u>75,997,142</u>
Less accumulated depreciation for:				
Buildings	14,968,370	334,459	-	15,302,829
Infrastructure	30,326,970	825,288	-	31,152,258
Machinery, furniture and equipment	8,229,050	470,377	-	8,699,427
Total accumulated depreciation	<u>53,524,390</u>	<u>1,630,124</u>	<u>-</u>	<u>55,154,514</u>
Other capital assets, net	<u>19,413,476</u>	<u>1,429,152</u>	<u>-</u>	<u>20,842,628</u>
Governmental activities capital assets, net	<u>\$ 27,041,998</u>	<u>\$ 2,811,491</u>	<u>\$ 2,515,073</u>	<u>\$ 27,338,416</u>

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 750,530	\$ -	\$ -	\$ 750,530
Construction in progress	3,263,321	656,123	3,374,394	545,050
Total capital assets not being depreciated	<u>4,013,851</u>	<u>656,123</u>	<u>3,374,394</u>	<u>1,295,580</u>
Other capital assets:				
Buildings and utility infrastructure	17,538,564	2,815,298	-	20,353,862
Machinery, furniture and equipment	13,672,013	211,712	-	13,883,725
Infrastructure	15,658,858	1,052,556	-	16,711,414
Total other capital assets at historical cost	<u>46,869,435</u>	<u>4,079,566</u>	<u>-</u>	<u>50,949,001</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	10,009,256	493,697	-	10,502,953
Machinery, furniture and equipment	9,871,500	672,575	-	10,544,075
Infrastructure	12,421,149	285,820	-	12,706,969
Total accumulated depreciation	<u>32,301,905</u>	<u>1,452,092</u>	<u>-</u>	<u>33,753,997</u>
Other capital assets, net	<u>14,567,530</u>	<u>2,627,474</u>	<u>-</u>	<u>17,195,004</u>
Business-type activities capital assets, net	<u>\$ 18,581,381</u>	<u>\$ 3,283,597</u>	<u>\$ 3,374,394</u>	<u>\$ 18,490,584</u>

**Depreciation:**

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

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

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

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	\$ 38,270
Public Safety	175,369
Streets	904,151
Culture and Recreation	453,390
Economic Development	58,944
Total	\$ 1,630,124

**Business-Type Activities:**

Airport	\$ 213,242
Electric	502,425
Water	240,600
Wastewater	465,347
Sanitation	30,478
Total	\$ 1,452,092

Capital assets of the component units were:

MIDA

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
<i>MIDA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 103,517	\$ -	\$ -	\$ 103,517
Total capital assets not being depreciated	103,517	-	-	103,517
Other capital assets:				
Buildings and utility infrastructure	1,036,353	-	-	1,036,353
Less accumulated depreciation for:				
Buildings and utility infrastructure	207,085	20,727	-	227,812
Other capital assets, net	829,268	(20,727)	-	808,541
MIDA capital assets, net	\$ 932,785	\$ (20,727)	\$ -	\$ 912,058

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
<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	25,256	-	-	25,256
Less accumulated depreciation for:				
Buildings	1,950	650	-	2,600
Machinery, furniture and equipment	5,628	1,876	-	7,504
Total accumulated depreciation	7,578	2,526	-	10,104
Other capital assets, net	17,678	(2,526)	-	15,152
MDRA capital assets, net	\$ 17,678	\$ (2,526)	\$ -	\$ 15,152

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
<i>MIPFA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 144,429	\$ -	\$ -	\$ 144,429
Total capital assets not being depreciated	144,429	-	-	144,429
Other capital assets:				
Buildings	574,724	-	-	574,724
Machinery, furniture and equipment	75,000	-	-	75,000
Total other capital assets at historical cost	649,724	-	-	649,724
Less accumulated depreciation for:				
Buildings	259,334	19,691	-	279,025
Machinery, furniture and equipment	75,000	-	-	75,000
Total accumulated depreciation	334,334	19,691	-	354,025
Other capital assets, net	315,390	(19,691)	-	295,699
MIPFA capital assets, net	\$ 459,819	\$ (19,691)	\$ -	\$ 440,128

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
<i>MCFA - Discreetly Presented Component unit</i>				
Construction in progress	\$ 8,528,830	\$ 5,250	\$ 8,534,080	\$ -
Total capital assets not being depreciated	8,528,830	5,250	8,534,080	-
Other capital assets:				
Buildings	-	8,534,080	-	8,534,080
Less accumulated depreciation for:				
Buildings	-	177,793	-	177,793
Other capital assets, net	-	8,356,287	-	8,356,287
MCFA capital assets, net	\$ 8,528,830	\$ 8,361,537	\$ 8,534,080	\$ 8,356,287

## 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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	* Insurance Fund	7,487	To cover negative balance in pooled cash
General Fund	* Airport Fund	1,313	Payroll reimbursement
General Fund	* MSUA	86,495	Payroll reimbursement
Street and Alley	Capital Improvement Fund	36,574	Expense reimbursement
Capital Improvement Fund	General Fund	6,657	Reclassification
MSUA	Airport Fund	392	Expense reimbursement
MSUA	* General Fund	30,179	Expense reimbursement
MSUA	General Fund	30,128	Posting correction
Total		<u>\$ 199,225</u>	

\* Denotes major fund.

	Due From Other Funds	Due To Other Funds	Net Internal Balances
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 138,526	\$ (103,538)	\$ 34,988
Proprietary Funds	60,699	(88,200)	(27,501)
Internal Service Funds	-	(7,487)	(7,487)
Total	<u>\$ 199,225</u>	<u>\$ (199,225)</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:

Net Internal Balances	\$ (27,501)
Internal Service Fund Activity reported in Business-type Activities	655,934
Net Internal Balance	<u>\$ 628,433</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, 2016 were as follows:

Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
* General Fund	* MSUA	\$ 8,013,828	Operating subsidy/pledged sales tax
* General Fund	* Street Project	1,130,020	Pledged sales tax
Cemetery Perpetual Care Interest	Cemetery Perpetual Care	4,023	A/B Closing of fund
Street and alley	* MSUA	1,000,000	A Operating subsidy
Capital Improvement Fund	* MSUA	44,992	A Debt Service payments
Capital Improvement Fund	* MSUA	432,676	A Operating subsidy
Capital Improvement Fund	* MSUA	180,847	A Capital project
* MSUA	Street Project	1,136,171	Pledged sales tax
* MSUA	Capital Improvement Fund	60,651	B Capital project
* MSUA	* General Fund	6,345,498	Operating subsidy/pledged sales tax
		<u>\$ 18,348,706</u>	
* Denotes Major Fund	Subtotal non-major Governmental Funds transfers in	\$ 1,481,691	A
	Subtotal non-major Governmental Funds transfers out	\$ 64,674	B

Reconciliation to fund financial statements:	Transfers to Other Funds	Transfers from Other Funds	Net Transfers
Governmental Funds	\$ (7,721,039)	\$ 11,761,710	\$ 4,040,671
Enterprise Funds	(10,627,667)	6,406,149	(4,221,518)
Totals	<u>\$ (18,348,706)</u>	<u>\$ 18,167,859</u>	<u>\$ (180,847)</u>

Reconciliation to Statement of Activities:

Net Transfers		
Transfer of capital assets		(4,221,518)
Transfer of assets from Governmental Activities to Business Type Activities		180,847
Transfer of assets from Business-type activities to Governmental activities		(46,903)
Transfers - Internal Activity		<u>\$ (4,087,574)</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**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, 2016, the City's long-term debt balances changed as follows:

**Primary Government:**

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Revenue Bond Discount	\$ (64,453)	\$ -	\$ (6,187)	\$ (58,266)	\$ -
Revenue Bonds	9,790,000	-	745,000	9,045,000	770,000
Capital Lease Obligations	1,258,792	-	312,024	946,768	263,761
Accrued Compensated Absences	595,451	-	10,266	585,185	58,518
Total Governmental Activities	<u>\$ 11,579,790</u>	<u>\$ -</u>	<u>\$ 1,061,103</u>	\$ 10,518,687	\$ 1,092,279
Plus: Net OPEB obligation				362,834	-
Net pension liability				6,731,660	-
				<u>\$ 17,613,181</u>	<u>\$ 1,092,279</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,092,279	
Due in more than one year				16,520,902	
				<u>\$ 17,613,181</u>	

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 5,887,061	\$ -	\$ 580,995	\$ 5,306,066	\$ 589,628
Unamortized Bond Discount	(9,476)	-	(1,477)	(7,999)	-
Revenue Bonds	1,375,000	-	185,000	1,190,000	190,000
Capital Lease Obligations	763,325	-	223,838	539,487	187,906
Accrued Compensated Absences	176,063	6,828	-	182,891	18,289
Total Business-Type Activities	<u>\$ 8,191,973</u>	<u>\$ 6,828</u>	<u>\$ 988,356</u>	\$ 7,210,445	\$ 985,823
Plus: OPEB obligation				196,136	-
Net pension obligation				2,502,464	-
Refundable deposits				399,580	39,958
				<u>\$ 10,308,625</u>	<u>\$ 1,025,781</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,025,781	
Due in more than one year				9,282,844	
				<u>\$ 10,308,625</u>	

*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.

\$9,045,000

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	Current portion	\$770,000
	Non-current portion	<u>8,275,000</u>
		<u>\$9,045,000</u>
<b>Capital Lease Obligations:</b>		
\$109,380 capital lease obligation for the purchase of a 2013 loader, matures January 2018 with a stated interest rate of 2.79%.		\$36,220
\$100,362 capital lease obligation for the purchase of a dump truck, matures March 2017 with a stated interest rate of 2.79%.		15,942
\$86,689 capital lease obligation for the purchase of a boom mower, matures August 2018 with a stated interest rate of 3.77%.		28,123
\$95,400 capital lease obligation for the purchase of a backhoe/loader, matures November 2016 with a stated interest rate of 3.24%.		8,516
\$42,200 capital lease obligation for the purchase of a caterpillar drum roller, matures September 2016 with a stated interest rate of 3.24%.		2,257
\$90,154 capital lease obligation for the purchase of a crawler/dozer, matures September 2021 with a stated interest rate of 3.81%.		51,539
\$100,495 capital lease obligation for the purchase of a wheel loader, matures June 2017 with a stated interest rate of 4.45%		16,339
\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020 with a stated interest rate of 5.00%		596,899
\$220,000 capital lease obligation for the purchase of the a gradall excavator, matures January 2017 with a stated interest rate of 4.40%		21,026
\$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%		15,914
\$158,325 capital lease obligation for the purchase of street sweeper, matures May 29, 2018 with a stated interest rate of 1.94%.		62,511
\$113,194 capital lease obligation for the purchase of two Torro mowers, matures July 2020 with a stated interest rate of 2.15%		<u>91,482</u>
Total capital lease obligations		<u>\$946,768</u>
	Current portion	\$263,761
	Non-current portion	<u>683,007</u>
		<u>\$946,768</u>

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

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

**Capital Lease Obligation:**

\$127,450 capital lease obligation for the purchase of a sanitation truck, matures October 2016 with a stated interest rate of 3.24%	\$9,065
\$209,365 capital lease obligation for the purchase of a bucket truck, matures October 2019 with a stated interest rate of 2.300%	141,913
\$503,720 capital lease obligation for the purchase of a trash truck, matures July 2019 with a stated interest rate of 1.97%	316,435
\$82,210 capital lease obligation for the purchase of a work truck, matures July 2019 with a stated interest rate of 2.13%	51,756
\$115,100 capital lease obligation for the purchase of a digger derrick truck, matures April 2017 with a stated interest rate of 2.96%	<u>20,318</u>
Total Capital Leases	<u>\$539,487</u>
Current portion	\$187,906
Non-current portion	<u>351,581</u>
	<u>\$539,487</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>\$1,190,000</u>
Current portion	\$190,000
Non-current portion	<u>1,000,000</u>
	<u>\$1,190,000</u>

**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.	\$660,000
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.	1,496,140
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.	638,215
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.	1,373,860

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

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. 838,941

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. 298,910

Total Notes Payable – Oklahoma Water Resources Board \$5,306,066

Current portion \$589,628  
 Non-current portion 4,716,438  
\$5,306,066

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

**Governmental-Type Activities**

Year Ending June 30,	Revenue Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2017	\$ 770,000	\$ 316,665	\$ 263,761	\$ 35,076
2018	785,000	297,213	178,024	27,145
2019	810,000	274,061	127,225	20,974
2020	845,000	247,141	131,654	15,317
2021	880,000	216,936	243,562	1,292
2022-2025	<u>4,955,000</u>	<u>529,319</u>	<u>2,542</u>	<u>17</u>
Total	<u>\$ 9,045,000</u>	<u>\$ 1,881,335</u>	<u>\$ 946,768</u>	<u>\$ 99,821</u>

**Business-Type Activities**

Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 589,628	\$ 140,211	\$ 190,000	\$ 25,460	\$ 187,906	\$ 6,804
2018	602,819	120,341	190,000	22,230	161,717	3,508
2019	630,255	100,182	195,000	18,473	164,976	1,010
2020	641,594	85,068	200,000	14,025	24,888	64
2021	658,023	68,507	205,000	8,857	-	-
2022-2025	<u>2,183,747</u>	<u>93,031</u>	<u>210,000</u>	<u>3,045</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,306,066</u>	<u>\$ 607,340</u>	<u>\$ 1,190,000</u>	<u>\$ 92,090</u>	<u>\$ 539,487</u>	<u>\$ 11,386</u>

**MDRA Debt:**

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
MDRA notes payable	\$ 122,650	\$ -	\$ 19,650	\$ 103,000	\$ 103,000

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 fiscal 2016 accreted interest added to the value of the note totaled \$193,590. The note carries an accretion rate of 2.10%. The note is to be used for the purpose of constructing, equipping and improving a community center and stadium complex to be located on the Northeastern Oklahoma A&M College Campus. The note is an unsecured indebtedness.

The MCFA issued a note payable for \$403,000 in October 2014 for the purchase of a scoreboard at the football facility. The note matures in June 2019.

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
MCFA Bond Anticipation Note	\$ 9,174,382	\$ 193,590	\$ -	\$ 9,367,972	\$ 9,367,972
MCFA Bond Anticipation Note Discount	(54,658)	-	15,997	(38,661)	(38,661)
Note payable	321,929	-	77,610	244,319	80,474
	<u>\$ 9,441,653</u>	<u>\$ 193,590</u>	<u>\$ 61,613</u>	<u>\$ 9,573,630</u>	<u>\$ 9,409,785</u>

**Component Unit - MCFA**

<u>Year Ending June 30,</u>	<u>Bond Anticipation Note</u>		<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 9,367,972	\$ -	\$ 80,474	\$ 9,771
2018	-	-	83,981	6,541
2019	-	-	79,864	3,182
Total	<u>\$ 9,367,972</u>	<u>\$ -</u>	<u>\$ 244,319</u>	<u>\$ 19,494</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 \$289,627

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 199,294

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 55,745

Total debt outstanding – MIDA - current \$544,666

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
MIDA Note payable	\$ 594,383	\$ -	\$ 49,717	\$ 544,666	\$ 51,478

<u>Component Unit - MIDA</u>		
<u>Year Ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 51,478	\$ 18,412
2018	53,261	16,629
2019	55,123	14,766
2020	384,804	7,794
Total	<u>\$ 544,666</u>	<u>\$ 57,601</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 \$5,913,406. Net utility revenues received in the current year were \$5,324,958. Debt service payments of \$737,569 for the current fiscal year were 13.9% of pledged net utility revenues.

*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 \$12,208,425. Pledged sales taxes received in the current year were \$6,345,498. Net revenues and sales tax pledged during the year was \$11,670,456. Debt service payments of \$1,655,101 for the current fiscal year were 14.2% of the pledged revenue.

**9. 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.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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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, 2016 net position restricted by enabling legislation totaled \$137,006.

*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.

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	General Fund	Major Capital Project Fund		Other Governmental Fund	Total
		2010 Street Bond Project			
Fund Balance:					
Restricted For:					
Police operations - grants	\$ -	\$ -	\$ -	\$ 3,385	\$ 3,385
General obligation debt service	-	-	463,047	87,988	551,035
Capital improvements	-	-	-	325,184	325,184
Street improvements	-	-	612,605	-	612,605
Culture and rec programs	7,639	-	-	240,341	247,980
Economic development	-	-	-	97,911	97,911
Police - drug programs	-	-	-	5,114	5,114
Sub-total restricted	7,639	-	1,075,652	759,923	1,843,214
Committed for:					
Street operations	-	-	-	2,830,627	2,830,627
Assigned for:					
Capital improvements	-	-	-	-	-
Demolition	136,888	-	-	691,121	828,009
Culture and rec programs	13,772	-	-	-	13,772
Supplement next year's budget	1,321,541	-	-	-	1,321,541
Sub-total assigned	1,472,201	-	-	691,121	2,163,322
Unassigned:	43,293	-	-	-	43,293
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,523,133</b>	<b>\$ 1,075,652</b>	<b>\$ 4,281,671</b>	<b>\$ 6,880,456</b>	

## 11. Revenues

### Program Revenues:

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

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

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

### Sales Tax Revenue:

Sales tax revenue represents a 3.65 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City. 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 initially reported in the General Fund is then transferred to the MSUA per the bond indenture pledge then transferred back to the appropriate funds. The .65 cents is legally restricted for street purposes by a vote of the citizens.

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

**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, 2016, 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.
- 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 two fiscal years.

	<u>Worker's</u> <u>Compensation</u>	<u>Health</u> <u>Care</u>	<u>Unemployment</u> <u>Fund</u>	<u>Total</u>
Claim liability, June 30, 2014	\$ 1,817,883	\$ 82,740	\$ 773	\$ 1,901,396
Claims and changes in estimates	(173,237)	1,689,513	16,205	1,532,481
Claims payments	<u>(681,521)</u>	<u>(1,565,813)</u>	<u>(11,324)</u>	<u>(2,258,658)</u>
Claim liability, June 30, 2015	963,125	206,440	5,654	1,175,219
Claims and changes in estimates	578,902	2,086,774	7,466	2,673,142
Claims payments	<u>(175,687)</u>	<u>(2,245,573)</u>	<u>(12,811)</u>	<u>(2,434,071)</u>
Claim liability, June 30, 2016	<u>\$ 1,366,340</u>	<u>\$ 47,641</u>	<u>\$ 309</u>	<u>\$ 1,414,290</u>

**13. Retirement Plan Participation**

**Oklahoma Municipal Retirement Plan (OkMRF) – Defined Benefit Plan**

**A. Plan Description**

The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

**B. Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s plan and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans’ fiduciary net position is available in the separately issued OkMRF financial report.

**C. Eligibility Factors and Benefit Provisions**

<u>Provision</u>	<u>As of 07/01/15 OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	10 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement upon disability with 10 years of service -Death benefit with 10 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods: Normal Retirement	-1.875% of final average salary multiplied by credited years of service

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 10 Years Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

**D. Employees Covered by Benefit Terms**

Active Employees	117
Deferred Vested Former Employees	5
Retirees or Retiree Beneficiaries	<u>82</u>
Total	<u>204</u>

**E. Contribution Requirements**

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 13.22% of covered payroll as of 7-1-15. For the year ended June 30, 2016, the City recognized \$643,059 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$4,849,681. Employees contribute 3.75% to the plan in accordance with the plan provisions adopted by the City Council. Employee contributions for fiscal 2016 were \$181,865.

**F. Actuarial Assumptions**

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement cost-of-Living Increase	None

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown  Additional rates per thousand are added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

**G. Discount Rate –**

The discount rate used to value benefits was the long-term expected rate of return on plan investments of 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2015 are summarized in the following table:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>3.00%</u>
Long-term expected return			<u>7.75%</u>

**H.** Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2015 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2015 and the City's report ending date of June 30, 2016, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances Beginning of Year</b>	\$ 13,878,678	\$ 9,519,259	\$ 4,359,419
<b>Changes for the Year:</b>			
Service cost	308,701	-	308,701
Interest expense	1,037,326	-	1,037,326
Experience losses (gains) - (amortized over avg remain svc period of actives & inactive)	102,207	-	102,207
Changes of assumptions	-	-	-
Contributions--City	-	618,748	(618,748)
Contributions--members	-	175,420	(175,420)
Net investment income	-	261,920	(261,920)
Benefits paid	(1,006,438)	(1,006,438)	-
Plan administrative expenses	-	(19,533)	19,533
<b>Net Changes</b>	<u>441,796</u>	<u>30,117</u>	<u>411,679</u>
<b>Balances End of Year</b>	<u>\$ 14,320,474</u>	<u>\$ 9,549,376</u>	<u>\$ 4,771,098</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	\$ 6,486,464	\$ 4,711,098	\$ 3,357,578

The City reported \$474,894 in pension expense for the year ended June 30, 2016. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,245	\$ -
Net difference between projected and actual earnings on pension plan investments	310,835	484,363
Changes in proportion and differences between City contributions and proportionate share of contributions	135,027	135,027
City contributions subsequent to the measurement date	643,059	-
<b>Total</b>	<u>\$ 1,172,166</u>	<u>\$ 619,390</u>

The \$643,059 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Year ended June 30:**

	2017	\$	(64,783)
	2018		(64,783)
	2019		(64,783)
	2020		96,668
	2021		7,398
		\$	(90,283)

**Oklahoma Firefighter’s Pension – Statewide Cost Sharing Plan**

**Plan description** - The City of Miami, as the employer, participates in the Firefighters Pension & Retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs)

**Summary Significant Accounting Policies** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and additions to/deductions from FPRS’s fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Benefits provided** - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee’s final average compensation times the employee’s years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee’s final average compensation times the employee’s years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$162,264. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$398,704 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$382,236. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2016, the City reported a liability of \$4,446,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was .4190%.

For the year ended June 30, 2016, the City recognized pension expense of \$387,933. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,855	\$ -
Net difference between projected and actual earnings on pension plan investments	157,641	489,119
Changes in proportion and differences between City contributions and proportionate share of contributions	56,379	-
City contributions during the measurement date	-	2,202
City contributions subsequent to the measurement date	162,264	-
Total	\$ 464,139	\$ 491,321

The \$162,264 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(92,659)
2017		(92,659)
2018		(92,659)
2019		70,380
2020		14,738
Thereafter		3,413
Total	\$	(189,446)

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

---

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.13%
Domestic equity	37%	8.02%
International equity	20%	9.94%
Real estate	10%	7.47%
Other assets	13%	6.25%

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 5,773,720	\$ 4,446,809	\$ 3,333,930

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Oklahoma Police Pension – Statewide Cost Sharing Plan**

**Plan description** - The City of Miami, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS)

**Summary of significant accounting policies** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$156,178. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$157,143 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$141,144. These on-behalf payments did not meet the criteria of a special funding situation.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2016, the City reported a liability of \$16,217 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information, the City's proportion was .3977%.

For the year ended June 30, 2016, the City recognized pension expense of \$52,730. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ -	\$ 89,669	
Net difference between projected and actual earnings on pension plan investments	290,597	352,980	
Changes in proportion and differences between City contributions and proportionate share of contributions	-	36,219	
City contributions during measurement date		1,901	
City contributions subsequent to the measurement date	156,178	-	
<b>Total</b>	<b>\$ 446,775</b>	<b>\$ 480,769</b>	

The \$156,178 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$	(74,256)
2017		(74,256)
2018		(74,256)
2019		45,521
2020		(12,925)
<b>Total</b>	<b>\$</b>	<b>(190,172)</b>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private Equity	5.80%
Commodities	2.96%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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

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

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

	1% Decrease (-6.5%)	Current Discount Rate (7.5%)	1% Increase (-8.5%)
Employers' net pension liability (asset)	\$ 974,417	\$ 16,217	\$ (791,613)

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

**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, 2016, employees contributed \$75,383 and the employer contributed \$0 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 zero percent by employee contributions. Employee and employer contributions to the plan for the year ended June 30, 2016, there were no contributions to the plan. 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 amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying the premium rate. Benefits are paid from general operating assets of the City.

***Funding Policy.*** The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the actuarially expected City contribution in the form of net age adjustment was \$206,267 to the Plan. Plan members receiving benefits contributed zero of the total premiums, through their payment of the full determined premium in FY 2016.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

*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, 2016:

Normal Cost		\$ 459,133
Interest on ARC		12,601
Amortization of Actuarial Accrued Liability (AAL)		<u>(38,098)</u>
Annual OPEB cost (expense)		433,636
Employer Contributions		<u>(206,267)</u>
Increase in net OPEB obligation		227,369
Net OPEB obligation - beginning of year		<u>331,601</u>
Net OPEB obligation - end of year		<u><u>\$ 558,970</u></u>

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
6/30/15	195,104	100%	331,601
6/30/16	433,636	47.5%	558,970

*Funded Status and Funding Progress.* As of July 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$2,718,703, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,718,703. The covered payroll (annual payroll of active employees covered by the plan) was \$7.2 million, and the ratio of the UAAL to the covered payroll was 38 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, 2015, 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 2015. 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, 2015, 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 2016, the City's involvement in federal and state award programs is relatively material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2016**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,547,738	\$ 1,553,233	\$ 1,657,630	\$ 104,397
<b>Resources (Inflows):</b>				
Taxes and assessments	6,662,500	6,857,998	6,862,409	4,411
Fees, licenses and permits	69,550	69,830	57,813	(12,017)
Charges for services	168,650	177,874	168,601	(9,273)
Fines and forfeitures	215,000	215,000	221,773	6,773
Interest earned	11,000	11,000	14,506	3,506
Miscellaneous	16,000	34,644	162,603	127,959
Intergovernmental	96,699	121,999	163,525	41,526
<b>Total Resources (Inflows)</b>	<u>7,239,399</u>	<u>7,488,345</u>	<u>7,651,230</u>	<u>162,885</u>
<b>Amounts available for appropriation</b>	<u>8,787,137</u>	<u>9,041,578</u>	<u>9,308,860</u>	<u>267,282</u>
<b>Charges to Appropriations (Outflows):</b>				
General Government				
Municipal Court	175,741	175,741	164,920	10,821
General Government	1,336,108	1,615,548	1,424,913	190,635
MCVB	391,633	427,962	432,916	(4,954)
Community Development				-
Human Resources	364,530	344,118	341,450	2,668
Legal	216,661	217,269	215,958	1,311
Economic Development	113,588	113,588	106,619	6,969
Public Safety				
Police	2,716,102	2,336,316	2,102,019	234,297
Fire	1,944,952	1,944,952	1,862,106	82,846
Emergency Management	204,527	103,992	93,156	10,836
Police Communications	-	392,936	391,889	1,047
Code Enforcement	-	105,280	87,932	17,348
Risk Management	-	90,434	86,282	4,152
Public Works and Streets				
Streets	722,771	722,771	676,590	46,181
Cemetery	298,438	320,614	310,337	10,277
Municipal Building	336,258	336,258	265,277	70,981
Culture and Recreation				
Parks	483,086	589,284	466,842	122,442
Swimming Pool	-	193,802	155,522	38,280
Library	502,038	524,512	489,198	35,314
<b>Total Charges to Appropriations</b>	<u>9,806,433</u>	<u>10,555,377</u>	<u>9,673,926</u>	<u>881,451</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	7,469,296	8,013,828	8,013,828	-
Transfers to other funds	(6,150,000)	(6,345,498)	(6,345,498)	-
<b>Total other financing sources (uses)</b>	<u>1,319,296</u>	<u>1,668,330</u>	<u>1,668,330</u>	<u>-</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 300,000</u>	<u>\$ 154,531</u>	<u>\$ 1,303,264</u>	<u>\$ 1,148,733</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**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:

	<u>Fund Balance July 1, 2015</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2016</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$2,024,618	(\$501,485)	\$1,523,133
Increases (Decreases):			
Revenues:			
Receivable from other governments and entities	(809,311)	10,894	(798,417)
Accounts receivable	(99,931)	(17,696)	(117,627)
State on behalf pension payments	(535,363)	(20,484)	(555,847)
Combining accounts	(220,154)	83,071	(137,083)
Expenditures:			
Accrued payroll	188,796	34,968	223,764
Other expenditures	573,612	35,882	609,494
State on behalf pension payments	535,363	20,484	555,847
Fund Balance - Budgetary Basis	<u>\$1,657,630</u>	<u>(\$354,366)</u>	<u>\$1,303,264</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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**Pension Information**

**Schedules of Required Supplementary Information  
SCHEDULE OF THE CITY OF MIAMI'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability	0.413176%	0.418954%
City's proportionate share of the net pension liability	\$ 4,887,039	\$ 4,446,809
City's covered-employee payroll	\$ 1,144,680	\$ 1,159,023
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	427%	384%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the previous two fiscal years are presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years**

	<u>2014</u>	<u>2015</u>
Statutorily required contribution	\$ 160,255	\$ 162,264
Contributions in relation to the statutorily required contribution	<u>160,255</u>	<u>162,264</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,144,680	\$ 1,159,023
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

**Notes to Schedule:**

Only the previous two fiscal years are presented because 10-year data is not yet available.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY OF MIAMI PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

**Last 10 Fiscal Years\***

	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.4416%	0.3977%
City's proportionate share of the net pension liability (asset)	\$ (148,685)	\$ 16,217
City's covered-employee payroll	\$ 1,131,472	\$ 1,201,369
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	13.14%	1.35%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the previous two fiscal years are presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS  
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years**

	<u>2014</u>	<u>2015</u>
Statutorially required contribution	\$ 145,903	\$ 156,178
Contributions in relation to the statutorially required contribution	<u>145,903</u>	<u>156,178</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,131,472	\$ 1,201,369
Contributions as a percentage of covered-employee payroll	12.89%	13.00%

**Notes to Schedule:**

Only the previous two fiscal years are presented because 10-year data is not yet available.

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Required Supplementary Information**  
**Oklahoma Municipal Retirement Fund**

Schedule of Changes in Net Pension Liability and Related Ratios	Last Fiscal Year	
	2014	2015
<b>Total pension liability</b>		
Service cost	\$ 276,403	\$ 308,701
Interest	1,034,763	1,037,326
Changes of benefit terms	-	
Differences between expected and actual experience	-	102,207
Changes of assumptions	-	
Benefit payments, including refunds of member contributions	(997,138)	(1,006,438)
<b>Net change in total pension liability</b>	314,028	441,796
<b>Total pension liability - beginning</b>	13,564,650	13,878,678
<b>Total pension liability - ending (a)</b>	\$ 13,878,678	\$ 14,320,474
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 569,542	\$ 618,748
Contributions - member	166,578	175,420
Net investment income	1,363,071	261,920
Benefit payments, including refunds of member contributions	(997,138)	(1,006,438)
Administrative expense	(20,151)	(19,533)
Other	-	-
<b>Net change in plan fiduciary net position</b>	1,081,902	30,117
<b>Plan fiduciary net position - beginning</b>	8,437,357	9,519,259
<b>Plan fiduciary net position - ending (b)</b>	\$ 9,519,259	\$ 9,549,376
<b>Net pension liability - ending (a) - (b)</b>	\$ 4,359,419	\$ 4,771,098
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	68.59%	66.68%
<b>Covered employee payroll</b>	\$ 4,461,027	\$ 4,742,831
<b>Net pension liability as a percentage of covered-employee payroll</b>	97.72%	100.60%

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the previous two fiscal years are presented because 10-year data is not yet available.

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Required Supplementary Information  
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Fiscal Year	
	2014	2015
Actuarially determined contribution	\$ 616,160	\$ 643,059
Contributions in relation to the actuarially determined contribution	616,160	643,059
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 4,661,027	\$ 4,849,681
Contributions as a percentage of covered-employee payroll	13.22%	13.26%

**Notes to Schedule:**

1. Only the previous two fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2015
3. Actuarially determined contribution rate is calculated as of July 1, 2015  
July 2015 through June 2016 contributions were at a rate of 13.26%.
4. Methods and assumptions used to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percent of payroll, closed
  - Remaining amortization period - 29 years
  - Asset valuation method - Actuarial:
    - Smoothing period - 4 years
    - Recognition method - Non-asymptotic
    - Corridor - 70% - 130%
  - Salary increases - 4.00% to 7.42% (varies by attained age)
  - Investment rate of return - 7.50%

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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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	July 1, 2015
Actuarial accrued liability - AAL (a)	\$ 785,142	\$ 723,628	\$ 782,605	\$ 1,632,033	\$ 2,718,703
Actuarial value of plan assets (b)	-	-	-	-	-
Unfunded actuarial accrued liability - UAAL (funding excess) (a) - (b)	\$ 785,142	\$ 723,628	\$ 782,605	\$ 1,632,033	\$ 2,718,703
Funded ratio (b)/(a)	0%	0%	0%	0%	0%
Covered payroll (c)	\$ 6,900,000	\$ 6,446,000	\$ 7,134,999	\$ 6,741,735	\$ 7,200,000
UAAL (funding excess) as a % of covered payroll [UAAL/ (c)]	12%	11%	11%	24%	38%

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

**Combining Balance Sheet – General Fund Accounts - June 30, 2016**

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 971,556	\$ 20,929	\$ 137,786	\$ 1,130,271
Investments	18,417	-	-	18,417
Receivables:				
Accounts receivable	117,627	-	-	117,627
Due from other funds	95,295	-	-	95,295
Due from other accounts	10,838	-	-	10,838
Receivable from other governments	673,122	-	1,030	674,152
Total assets	<u>\$ 1,886,855</u>	<u>\$ 20,929</u>	<u>\$ 138,816</u>	<u>\$ 2,046,600</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 120,338	\$ 9,896	\$ 1,928	\$ 132,162
Wages payable	223,764	-	-	223,764
Due to other funds	66,964	-	-	66,964
Due to other accounts	-	10,838	-	10,838
Total liabilities	<u>411,066</u>	<u>20,734</u>	<u>1,928</u>	<u>433,728</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	<u>89,739</u>	<u>-</u>	<u>-</u>	<u>89,739</u>
Fund balances:				
Restricted	7,639	-	-	7,639
Assigned	1,335,313	-	136,888	1,472,201
Unassigned	43,098	195	-	43,293
Total fund balances	<u>1,386,050</u>	<u>195</u>	<u>136,888</u>	<u>1,523,133</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,886,855</u>	<u>\$ 20,929</u>	<u>\$ 138,816</u>	<u>\$ 2,046,600</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund**  
**Accounts – Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
<b>REVENUES</b>				
Taxes	\$ 5,578,456	\$ -	\$ -	\$ 5,578,456
Intergovernmental	765,478	-	-	765,478
Charges for services	218,751	-	-	218,751
Fines and forfeitures	220,755	-	5,041	225,796
Licenses and permits	59,580	-	5,748	65,328
Investment income	14,679	-	-	14,679
Miscellaneous	188,802	-	-	188,802
Total revenues	<u>7,046,501</u>	<u>-</u>	<u>10,789</u>	<u>7,057,290</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,233,238	-	93,860	2,327,098
Public safety	5,066,228	-	-	5,066,228
Public works and streets	1,233,102	-	-	1,233,102
Culture and recreation	1,086,491	-	-	1,086,491
Economic development	433,370	-	-	433,370
Capital Outlay	7,488	-	-	7,488
Debt Service:				
Principal	166,593	-	-	166,593
Interest and fiscal charges	36,755	-	-	36,755
Total expenditures	<u>10,263,265</u>	<u>-</u>	<u>93,860</u>	<u>10,357,125</u>
Excess (deficiency) of revenues over expenditures	<u>(3,216,764)</u>	<u>-</u>	<u>(83,071)</u>	<u>(3,299,835)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,143,848	-	-	9,143,848
Transfers out	<u>(6,345,498)</u>	<u>-</u>	<u>-</u>	<u>(6,345,498)</u>
Total other financing sources and uses	<u>2,798,350</u>	<u>-</u>	<u>-</u>	<u>2,798,350</u>
Net change in fund balances	(418,414)	-	(83,071)	(501,485)
Fund balances - beginning	1,804,464	195	219,959	2,024,618
Fund balances - ending	<u>\$ 1,386,050</u>	<u>\$ 195</u>	<u>\$ 136,888</u>	<u>\$ 1,523,133</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2016**

	<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>GRANT FUND</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 51,792	\$ 2,963,562	\$ 5,114	\$ 160,449	\$ 9,755
Accounts receivable	-	-	-	-	-
Due from other governments	-	10,415	-	-	-
Due from other funds	-	36,574	-	-	-
Total assets	\$ 51,792	\$ 3,010,551	\$ 5,114	\$ 160,449	\$ 9,755
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 179,924	\$ -	\$ 11,571	\$ 253
Wages payable	-	-	-	11,872	-
Due to other funds	-	-	-	-	-
Total liabilities	-	179,924	-	23,443	253
Deferred Inflows:					
Deferred revenue	-	-	-	-	-
Fund balances:					
Restricted	51,792	-	5,114	137,006	9,502
Committed	-	2,830,627	-	-	-
Assigned	-	-	-	-	-
Total fund balances	51,792	2,830,627	5,114	137,006	9,502
Total liabilities, deferred inflows and fund balances	\$ 51,792	\$ 3,010,551	\$ 5,114	\$ 160,449	\$ 9,755

(continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2016, 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>POLICE GRANTS</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,045	\$ 91,716	\$ -	\$ 18,850	\$ 3,385
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 11,045</u>	<u>\$ 91,716</u>	<u>\$ -</u>	<u>\$ 18,850</u>	<u>\$ 3,385</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,850	\$ -	\$ -	\$ -	\$ -
Wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>4,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:					
Deferred revenue	-	-	-	-	-
Fund balances:					
Restricted	6,195	91,716	-	18,850	3,385
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>6,195</u>	<u>91,716</u>	<u>-</u>	<u>18,850</u>	<u>3,385</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,045</u>	<u>\$ 91,716</u>	<u>\$ -</u>	<u>\$ 18,850</u>	<u>\$ 3,385</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2016, Continued**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	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	\$ -	\$ 87,988	\$ 145,285	\$ 67,776	\$ 1,070,065
Accounts receivable	-	-	-	-	33,756
Due from other governments	-	55,410	-	-	-
Due from other funds	-	-	-	-	6,657
Total assets	<u>\$ -</u>	<u>\$ 143,398</u>	<u>\$ 145,285</u>	<u>\$ 67,776</u>	<u>\$ 1,110,478</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 382,783
Wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	36,574
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,357</u>
Deferred Inflows:					
Deferred revenue	-	55,410	-	-	-
Fund balances:					
Restricted	-	87,988	145,285	67,776	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	691,121
Total fund balances	<u>-</u>	<u>87,988</u>	<u>145,285</u>	<u>67,776</u>	<u>691,121</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 143,398</u>	<u>\$ 145,285</u>	<u>\$ 67,776</u>	<u>\$ 1,110,478</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2016, 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	\$ 93,273	\$ 42,041	\$ 4,822,096
Accounts receivable	-	-	33,756
Due from other governments	-	-	65,825
Due from other funds	-	-	43,231
Total assets	\$ 93,273	\$ 42,041	\$ 4,964,908
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 579,381
Wages payable	-	-	11,872
Due to other funds	-	-	36,574
Total liabilities	-	-	627,827
Deferred Inflows:			
Deferred revenue	-	-	55,410
Fund balances:			
Restricted	93,273	42,041	759,923
Committed	-	-	2,830,627
Assigned	-	-	691,121
Total fund balances	93,273	42,041	4,281,671
Total liabilities, deferred inflows and fund balances	\$ 93,273	\$ 42,041	\$ 4,964,908

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2016**

	SPECIAL REVENUE FUNDS				
	FISHING LICENSE FUND	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	GRANT FUND
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	125,521	-	-	16,500
Charges for services	-	-	-	55,194	-
Investment income	-	-	-	-	-
Miscellaneous	-	20,216	2,367	-	10,648
Total revenues	<u>5,000</u>	<u>145,737</u>	<u>2,367</u>	<u>55,194</u>	<u>27,148</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	920	-	-
Public works	-	215,955	-	-	-
Culture and recreation	8,760	-	-	47,181	17,646
Capital Outlay	-	330,294	-	-	-
Debt Service					
Principal retirement	-	102,567	-	-	-
Interest and fiscal charges	-	6,841	-	-	-
Total Expenditures	<u>8,760</u>	<u>655,657</u>	<u>920</u>	<u>47,181</u>	<u>17,646</u>
Revenues over (under) expenditures	(3,760)	(509,920)	1,447	8,013	9,502
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,000,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,760)	490,080	1,447	8,013	9,502
Fund balances - beginning	55,552	2,340,547	3,667	128,993	-
Fund balances - ending	<u>\$ 51,792</u>	<u>\$ 2,830,627</u>	<u>\$ 5,114</u>	<u>\$ 137,006</u>	<u>\$ 9,502</u>

(continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2016,**  
**Continued**

	SPECIAL REVENUE FUNDS				
	RFC 07-09 GRANT FUND	MDA-HOUSING CONSTRUCTION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	POLICE GRANTS
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	41,421	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	5,607	-	-	-	-
Total revenues	<u>5,607</u>	<u>41,421</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	1,768	-	-	-
Public safety	17,105	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital Outlay	-	28,155	8,345	-	-
Debt Service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>17,105</u>	<u>29,923</u>	<u>8,345</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(11,498)	11,498	(8,345)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11,498)	11,498	(8,345)	-	-
Fund balances - beginning	17,693	80,218	8,345	18,850	3,385
Fund balances - ending	<u>\$ 6,195</u>	<u>\$ 91,716</u>	<u>\$ -</u>	<u>\$ 18,850</u>	<u>\$ 3,385</u>

(continued)

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2016,**  
**Continued**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
<b>REVENUES</b>					
Taxes	\$ -	\$ 18,517	\$ -	\$ -	\$ 347,805
Intergovernmental	-	-	-	22,484	-
Charges for services	-	-	9,313	-	-
Investment earnings	-	-	-	-	288
Miscellaneous	-	2,472	-	-	31,986
Total revenues	<u>-</u>	<u>20,989</u>	<u>9,313</u>	<u>22,484</u>	<u>380,079</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	1,064,086
Debt Service					
Principal retirement	-	-	-	-	42,864
Interest and fiscal charges	-	899	-	-	2,128
Total Expenditures	<u>-</u>	<u>899</u>	<u>-</u>	<u>-</u>	<u>1,109,078</u>
Excess (deficiency) of revenues over expenditures	-	20,090	9,313	22,484	(728,999)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	4,023	-	-	-	477,668
Transfers out	-	-	(4,023)	-	(241,498)
Total other financing sources and uses	<u>4,023</u>	<u>-</u>	<u>(4,023)</u>	<u>-</u>	<u>236,170</u>
Net change in fund balances	4,023	20,090	5,290	22,484	(492,829)
Fund balances - beginning	(4,023)	67,898	139,995	45,292	1,183,950
Fund balances - ending	<u>\$ -</u>	<u>\$ 87,988</u>	<u>\$ 145,285</u>	<u>\$ 67,776</u>	<u>\$ 691,121</u>

(continued)

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2016,  
Continued**

	<u>CAPITAL PROJECT FUNDS</u>		<u>TOTALS</u>
	<u>POOL IMPROVEMENT FUND</u>	<u>PARK DEPARTMENT PROJECTS</u>	
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 366,322
Intergovernmental	-	-	210,926
Charges for services	62,240	-	126,747
Investment earnings	-	-	288
Miscellaneous	-	-	73,296
Total revenues	<u>62,240</u>	<u>-</u>	<u>777,579</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	1,768
Public safety	-	-	18,025
Public works	-	-	215,955
Culture and recreation	-	-	73,587
Capital Outlay	49,000	-	1,479,880
Debt Service			
Principal retirement	-	-	145,431
Interest and fiscal charges	-	-	9,868
Total Expenditures	<u>49,000</u>	<u>-</u>	<u>1,944,514</u>
Excess (deficiency) of revenues over expenditures	13,240	-	(1,166,935)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	1,481,691
Transfers out	-	-	(245,521)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,236,170</u>
Net change in fund balances	13,240	-	69,235
Fund balances - beginning	80,033	42,041	4,212,436
Fund balances - ending	<u>\$ 93,273</u>	<u>\$ 42,041</u>	<u>\$ 4,281,671</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Schedule of Net Position – Special Utility Authority Accounts – June 30, 2016**

	<u>Miami Special Utility Authority Accounts</u>				<u>Total</u>
	<u>Public Utilities</u>	<u>Utility Improvement Account</u>	<u>Stormwater Account</u>	<u>Rainy Day Account</u>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 727,044	\$ -	\$ 95,846	\$ 3,635,663	\$ 4,458,553
Cash and cash equivalents, restricted	314,551	447,219	-	-	761,770
Investments	-	-	-	2,668,606	2,668,606
Accounts receivable, net	3,460,653	-	-	-	3,460,653
Other receivable	436	-	-	-	436
Accrued interest receivable	809	-	-	-	809
Inventory	927,789	-	-	-	927,789
Due from other accounts	31,992	-	-	-	31,992
Due from other funds	30,571	-	-	-	30,571
Total current assets	<u>5,493,845</u>	<u>447,219</u>	<u>95,846</u>	<u>6,304,269</u>	<u>12,341,179</u>
Non-current assets:					
Cash and cash equivalents, restricted	435,522	-	-	-	435,522
Investments, restricted	187,468	-	-	-	187,468
Capital assets:					
Land, construction in progress, and water rights	1,277,719	-	-	-	1,277,719
Other capital assets, net of accumulated depreciation	13,686,926	-	-	-	13,686,926
Total non-current assets	<u>15,587,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,587,635</u>
Total assets	<u>21,081,480</u>	<u>447,219</u>	<u>95,846</u>	<u>6,304,269</u>	<u>27,928,814</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred amounts related to pension	646,690	-	-	-	646,690
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	1,489,178	51,398	-	-	1,540,576
Wages payable	128,656	-	-	-	128,656
Due to other accounts	-	-	31,992	-	31,992
Due to other funds	86,495	-	-	-	86,495
Accrued interest payable	41,818	-	-	-	41,818
Accrued compensated absences	18,289	-	-	-	18,289
Refundable deposits	39,958	-	-	-	39,958
Capital lease payable	187,906	-	-	-	187,906
Revenue bond payable	-	190,000	-	-	190,000
Notes payable	589,628	-	-	-	589,628
Total current liabilities	<u>2,581,928</u>	<u>241,398</u>	<u>31,992</u>	<u>-</u>	<u>2,855,318</u>
Non-current liabilities:					
Accrued compensated absences	164,603	-	-	-	164,603
Net pension liability	2,455,775	-	-	-	2,455,775
Net OPEB obligation	196,136	-	-	-	196,136
Refundable deposits	359,622	-	-	-	359,622
Capital lease payable	351,580	-	-	-	351,580
Revenue bond payable	-	992,002	-	-	992,002
Notes payable, net	4,716,437	-	-	-	4,716,437
Total non-current liabilities	<u>8,244,153</u>	<u>992,002</u>	<u>-</u>	<u>-</u>	<u>9,236,155</u>
Total liabilities	<u>10,826,081</u>	<u>1,233,400</u>	<u>31,992</u>	<u>-</u>	<u>12,091,473</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred amounts related to pensions	249,311	-	-	-	249,311
<b>NET POSITION</b>					
Net investment in capital assets	9,119,095	(1,182,002)	-	-	7,937,093
Restricted for debt service	657,536	113,086	-	-	770,622
Unrestricted	876,147	282,735	63,854	6,304,269	7,527,005
Total net position	<u>\$ 10,652,778</u>	<u>\$ (786,181)</u>	<u>\$ 63,854</u>	<u>\$ 6,304,269</u>	<u>\$ 16,234,720</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Schedule of Revenues, Expenses and Changes in Net Position – Special Utility Authority**  
**Accounts - Year Ended June 30, 2016**

	<b>Miami Special Utility Authority Accounts</b>				<b>Total</b>
	<b>Utility</b>				
	<b>Public Utilities</b>	<b>Improvement Account</b>	<b>Stormwater Account</b>	<b>Rainy Day Account</b>	
<b>REVENUES</b>					
Charges for services	\$ 22,396,293	\$ -	\$ -	\$ -	\$ 22,396,293
Fees, licenses and permits	-	-	135,562	-	135,562
Miscellaneous	765,917	-	-	-	765,917
Total operating revenues	<u>23,162,210</u>	<u>-</u>	<u>135,562</u>	<u>-</u>	<u>23,297,772</u>
<b>OPERATING EXPENSES</b>					
Personal services	3,856,774	-	33,150	-	3,889,924
Materials and supplies	10,277,587	-	14,842	-	10,292,429
Other services and charges	2,589,891	-	23,716	-	2,613,607
Depreciation expense	1,238,851	-	-	-	1,238,851
Total operating expenses	<u>17,963,103</u>	<u>-</u>	<u>71,708</u>	<u>-</u>	<u>18,034,811</u>
Operating income	<u>5,199,107</u>	<u>-</u>	<u>63,854</u>	<u>-</u>	<u>5,262,961</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	109	8	-	12,122	12,239
Miscellaneous	7,686	-	-	-	7,686
Interest expense and fiscal charges	(151,455)	(31,798)	-	-	(183,253)
Total non-operating revenue (expenses)	<u>(143,660)</u>	<u>(31,790)</u>	<u>-</u>	<u>12,122</u>	<u>(163,328)</u>
Income (loss) before contributions and transfers	<u>5,055,447</u>	<u>(31,790)</u>	<u>63,854</u>	<u>12,122</u>	<u>5,099,633</u>
Transfers in, interaccount	622,575	216,012	-	134,870	973,457
Transfers out, interaccount	(350,882)	(622,575)	-	-	(973,457)
Contributed capital revenue	480,216	202,535	-	-	682,751
Transfers in	6,345,498	60,651	-	-	6,406,149
Transfers out	(10,627,667)	-	-	-	(10,627,667)
Change in net position	<u>1,525,187</u>	<u>(175,167)</u>	<u>63,854</u>	<u>146,992</u>	<u>1,560,866</u>
Total net position - beginning	9,127,591	(611,014)	-	6,157,277	14,673,854
Total net position - ending	<u>\$ 10,652,778</u>	<u>\$ (786,181)</u>	<u>\$ 63,854</u>	<u>\$ 6,304,269</u>	<u>\$ 16,234,720</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2016**

**Combining Schedule of Cash Flows – Special Utility Authority Accounts - Year Ended June 30, 2016**

	<b>Miami Special Utility Authority Accounts</b>				<b>Total</b>
	<b>Public Utilities</b>	<b>Utility Improvement Account</b>	<b>Stormwater Account</b>	<b>Rainy Day Account</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 23,154,804	\$ -	\$ 135,562	\$ -	\$ 23,290,366
Payments to suppliers	(12,920,790)	20,754	(38,558)	-	(12,938,594)
Payments to employees	(3,782,617)	-	(33,150)	-	(3,815,767)
Receipts from other funds	-	-	31,992	-	31,992
Payments to other funds	(28,449)	-	-	-	(28,449)
Receipts of customer meter deposits	172,509	-	-	-	172,509
Refunds of customer meter deposits	(197,730)	-	-	-	(197,730)
<b>Net cash provided by operating activities</b>	<b>6,397,727</b>	<b>20,754</b>	<b>95,846</b>	<b>-</b>	<b>6,514,327</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	6,345,498	60,651	-	-	6,406,149
Transfers to other funds	(10,627,667)	-	-	-	(10,627,667)
Interaccount transfer in	-	216,012	-	134,870	350,882
Interaccount transfer out	(350,882)	-	-	-	(350,882)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(4,633,051)</b>	<b>276,663</b>	<b>-</b>	<b>134,870</b>	<b>(4,221,518)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital assets purchased	(227,940)	(622,576)	-	-	(850,516)
Principal paid on debt	(804,834)	(185,000)	-	-	(989,834)
Proceeds of capital grants	-	202,535	-	-	202,535
Interest and fiscal agent fees paid on debt	(156,574)	(30,321)	-	-	(186,895)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,189,348)</b>	<b>(635,362)</b>	<b>-</b>	<b>-</b>	<b>(1,824,710)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale (Purchase) of investments	(839)	-	-	(11,949)	(12,788)
Interest and dividends	109	9	-	12,122	12,240
<b>Net cash provided by (used in) investing activities</b>	<b>(730)</b>	<b>9</b>	<b>-</b>	<b>173</b>	<b>(548)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>574,598</b>	<b>(337,936)</b>	<b>95,846</b>	<b>135,043</b>	<b>467,551</b>
<b>Balances - beginning of year</b>	<b>902,519</b>	<b>785,155</b>	<b>-</b>	<b>3,500,620</b>	<b>5,188,294</b>
<b>Balances - end of year</b>	<b>\$ 1,477,117</b>	<b>\$ 447,219</b>	<b>\$ 95,846</b>	<b>\$ 3,635,663</b>	<b>\$ 5,655,845</b>
<b>Reconciliation to Statement of Net Position:</b>					
Cash and cash equivalents	\$ 727,044	\$ -	\$ 95,846	\$ 3,635,663	\$ 4,458,553
Restricted cash and cash equivalents - current	314,551	447,219	-	-	761,770
Restricted cash and cash equivalents - noncurrent	435,522	-	-	-	435,522
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 1,477,117</b>	<b>\$ 447,219</b>	<b>\$ 95,846</b>	<b>\$ 3,635,663</b>	<b>\$ 5,655,845</b>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>					
Operating income	\$ 5,199,107	\$ -	\$ 63,854	\$ -	\$ 5,262,961
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,238,851	-	-	-	1,238,851
Other nonoperating revenue	7,686	-	-	-	7,686
Change in assets and liabilities:					
Receivables, net	(14,988)	-	-	-	(14,988)
Other receivable	(104)	-	-	-	(104)
Due from other funds	(24,770)	-	31,992	-	7,222
Inventory	(80,582)	-	-	-	(80,582)
Deferred outflows related to pension	(174,954)	-	-	-	(174,954)
Accounts payable	27,270	20,754	-	-	48,024
Due to other funds	(3,679)	-	-	-	(3,679)
Due to employees	28,274	-	-	-	28,274
Refundable deposits	(25,221)	-	-	-	(25,221)
Unfunded OPEB obligation	79,781	-	-	-	79,781
Net pension obligation	355,978	-	-	-	355,978
Accrued compensated absences	6,829	-	-	-	6,829
Deferred inflows related to pension	(221,751)	-	-	-	(221,751)
<b>Net cash provided by operating activities</b>	<b>\$ 6,397,727</b>	<b>\$ 20,754</b>	<b>\$ 95,846</b>	<b>\$ -</b>	<b>\$ 6,514,327</b>
<b>Noncash activities:</b>					
Asset contributed by others	\$ 1,102,792	\$ -	\$ -	\$ -	\$ 1,102,792
	<b>\$ 1,102,792</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,102,792</b>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Combining Statement of Net Position – Internal Service Funds – June 30, 2016**

	<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	\$ 1,065,659	\$ 145,863	\$ 7,043	\$ 1,218,565
Investments	616,406	-	-	616,406
Other receivable	1,223,523	-	-	1,223,523
Total current assets	<u>2,905,588</u>	<u>145,863</u>	<u>7,043</u>	<u>3,058,494</u>
Total assets	<u>2,905,588</u>	<u>145,863</u>	<u>7,043</u>	<u>3,058,494</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	-	-	623	623
Claims liability	1,366,340	309	47,641	1,414,290
Due to other funds	-	-	7,487	7,487
Total liabilities	<u>1,366,340</u>	<u>309</u>	<u>55,751</u>	<u>1,422,400</u>
<b>NET POSITION</b>				
Unrestricted (deficit)	<u>1,539,248</u>	<u>145,554</u>	<u>(48,708)</u>	<u>1,636,094</u>
Total net position	<u>\$ 1,539,248</u>	<u>\$ 145,554</u>	<u>\$ (48,708)</u>	<u>\$ 1,636,094</u>

**CITY OF MIAMI, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2016

**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds -  
Year Ended June 30, 2016**

	<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	\$ 383,335	\$ 24,752	\$ 1,640,612	\$ 2,048,699
Miscellaneous	989,570	-	161,116	1,150,686
Total operating revenues	<u>1,372,905</u>	<u>24,752</u>	<u>1,801,728</u>	<u>3,199,385</u>
<b>OPERATING EXPENSES</b>				
Other services and charges	505,936	-	-	505,936
Insurance claims and expense	578,902	7,466	2,086,744	2,673,112
Total operating expenses	<u>1,084,838</u>	<u>7,466</u>	<u>2,086,744</u>	<u>3,179,048</u>
Operating income (loss)	<u>288,067</u>	<u>17,286</u>	<u>(285,016)</u>	<u>20,337</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	5,825	-	-	5,825
Total non-operating revenue	<u>5,825</u>	<u>-</u>	<u>-</u>	<u>5,825</u>
Income (loss) before contributions and transfers	<u>293,892</u>	<u>17,286</u>	<u>(285,016)</u>	<u>26,162</u>
Transfers in	-	-	330,000	330,000
Transfers out	<u>(330,000)</u>	<u>-</u>	<u>-</u>	<u>(330,000)</u>
Change in net position	<u>(36,108)</u>	<u>17,286</u>	<u>44,984</u>	<u>26,162</u>
Total net position - beginning	1,575,356	128,268	(93,692)	1,609,932
Total net position - ending	<u>\$ 1,539,248</u>	<u>\$ 145,554</u>	<u>\$ (48,708)</u>	<u>\$ 1,636,094</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2016**

	WORKER'S COMPENSATION FUND	UNEMPLOYMENT FUND	HEALTH INSURANCE FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 906,752	\$ 24,752	\$ 1,801,728	\$ 2,733,232
Payments to suppliers	(505,936)	-	-	(505,936)
Payments to other funds	-	-	7,487	7,487
Claims and benefits paid	(175,687)	(12,811)	(2,244,920)	(2,433,418)
Net Cash Provided by (Used in) Operating Activities	<u>225,129</u>	<u>11,941</u>	<u>(435,705)</u>	<u>(198,635)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	330,000	330,000
Transfers to other funds	(330,000)	-	-	(330,000)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(330,000)</u>	<u>-</u>	<u>330,000</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	5,825	-	-	5,825
Sale (Purchase) of investments	(5,825)	-	-	(5,825)
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(104,871)</u>	<u>11,941</u>	<u>(105,705)</u>	<u>(198,635)</u>
<b>Balances - beginning of the year</b>	<u>1,170,530</u>	<u>133,922</u>	<u>112,748</u>	<u>1,417,200</u>
<b>Balances - end of the year</b>	<u>\$ 1,065,659</u>	<u>\$ 145,863</u>	<u>\$ 7,043</u>	<u>\$ 1,218,565</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 1,065,659	\$ 145,863	\$ 7,043	\$ 1,218,565
Total cash and cash equivalents	<u>\$ 1,065,659</u>	<u>\$ 145,863</u>	<u>\$ 7,043</u>	<u>\$ 1,218,565</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 288,067	\$ 17,286	\$ (285,016)	\$ 20,337
Change in assets and liabilities:				
Receivables, net	(466,153)	-	-	(466,153)
Accounts payable	-	-	623	623
Due to other funds	-	-	7,487	7,487
Claims liability	403,215	(5,345)	(158,799)	239,071
Net Cash Provided by (Used in) Operating Activities	<u>\$ 225,129</u>	<u>\$ 11,941</u>	<u>\$ (435,705)</u>	<u>\$ (198,635)</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Combining Schedule of Cash Flows – Discretely Presented Component Units - Year Ended June 30, 2016**

	<u>MCFA</u>	<u>MDRA</u>	<u>MIPFA</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 141,325	\$ 333,957	\$ 42,466	\$ 517,748
Payments to suppliers	(89,162)	(205,823)	(14,661)	(309,646)
Payments to employees	-	(115,922)	-	(115,922)
Net Cash Provided by Operating Activities	<u>52,163</u>	<u>12,212</u>	<u>27,805</u>	<u>92,180</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(5,250)	-	-	(5,250)
Principal paid on capital debt	(77,610)	(19,650)	-	(97,260)
Proceeds from issuance of long term debt	-	-	-	-
Interest and fiscal charges paid on capital debt	(15,412)	(5,221)	-	(20,633)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(98,272)</u>	<u>(24,871)</u>	<u>-</u>	<u>(123,143)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	-	-	215	215
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>215</u>	<u>215</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(46,109)	(12,659)	28,020	(30,748)
<b>Balances - beginning of the year</b>	<u>297,648</u>	<u>42,839</u>	<u>196,152</u>	<u>536,639</u>
<b>Balances - end of the year</b>	<u>\$ 251,539</u>	<u>\$ 30,180</u>	<u>\$ 224,172</u>	<u>\$ 505,891</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 251,539	\$ 30,180	\$ 224,172	505,891
Restricted cash and cash equivalents	-	-	-	-
Total cash and cash equivalents	<u>\$ 251,539</u>	<u>\$ 30,180</u>	<u>\$ 224,172</u>	<u>\$ 505,891</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	(88,671)	(173,151)	6,624	(\$255,198)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	177,793	2,526	19,681	200,000
Other nonoperating revenue	1,400	175,974	-	177,374
Change in assets and liabilities:				
Other receivable	(700)	-	-	(700)
Accounts payables	(37,659)	4,646	1,500	(31,513)
Accrued compensated absences	-	2,217	-	2,217
Net Cash Provided by Operating Activities	<u>\$ 52,163</u>	<u>\$ 12,212</u>	<u>\$ 27,805</u>	<u>\$ 92,180</u>

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

**Schedule of Federal Awards:**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant ID. 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-16-165	\$ 605	\$ 443
Grants to States	45.310	F-16-078	1,000	7,032
Grants to States	45.310	F-16-116	6,500	3,136
Pass through Oklahoma Humanities Council				
Promotion of the Humanities	45.168	Y-16.013	1,000	1,000
Total Institute of Museum and Library Sciences			<u>9,105</u>	<u>11,611</u>
<u>Department of Homeland Security</u>				
Pass through Oklahoma Emergency Management				
Disaster Grants - Public Assistance	97.036	FEMA 4222	23,058	23,058
Emergency Management Performance Grant	97.042	EMPG 15	26,699	13,350
Emergency Management Performance Grant	97.042	EMPG 16	26,699	13,350
Hazard Mitigation Grant	97.039	HMPG 1985	<u>110,264</u>	<u>2,000</u>
Total Department of Homeland Security			<u>186,720</u>	<u>51,758</u>
<u>Department of Housing and Urban Development</u>				
Pass through Oklahoma Department of Commerce				
Community Development Block Grant	14.228	12989 CD 96	<u>400,000</u>	<u>41,421</u>
Total Department of Housing and Urban Development			<u>400,000</u>	<u>41,421</u>
Total Federal Awards			<u>\$595,825</u>	<u>\$104,790</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 Uniform Guidance.



**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

**CITY OF MIAMI, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2016**

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

To the Honorable Mayor and Members of the City Council of the  
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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2016. Other auditors audited the financial statements of the Miami Industrial Development Authority ("MIDA"), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Arledge & Associates, P.C.*

December 8, 2016