



THE CITY OF MIAMI, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Miami, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Miami, Oklahoma, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Miami, Oklahoma's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each fund of the City of Miami, Oklahoma as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011, on our consideration of the City of Miami, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information of pages 7 through 18 and 61 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

As discussed in Note 9 to the financial statements, the 2009-2010 financial statements have been restated to correct misstatements.

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

TURNER & Associates, PLLC

Vinita, OK
December 13, 2011

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

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, 2010. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2010, the City's total net assets decreased by \$0.3 million or .7% from the prior year.
- During the year, the City's expenses for governmental activities were \$12.1 million and were funded by program revenues of \$3.1 million and further funded with taxes and other general revenues that totaled \$6.3 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$2.3 million.
- Sales and use taxes decreased by \$201,908 or 3.8% over the prior fiscal year. Considering the City's sales tax rate of 3% in effect for both years, this translates into a decrease in taxable sales of \$6.7 million from the prior year.
- At June 30, 2010, the General Fund reported an unreserved, undesignated fund balance of \$0.8 million, which is a decrease of 27% from the prior year.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$295,940 or 4.8%, while expenditures were under the final appropriations by \$431,530 or 5.5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

About the City

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

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

The City's Financial Reporting Entity

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

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

Primary Government:

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

Blended Component Units:

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

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

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

Using This Annual Report

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

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

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

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

- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Supplemental Schedules** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information, and capital assets and long-term debt information.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, electric, and sanitation activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

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

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

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$45,021,752 at the close of the most recent fiscal year.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

Table 1
Net Assets
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	(Restated)			(Restated)			(Restated)		
	2010	2009		2010	2009		2010	2009	
Current and other assets	\$ 7,017	\$ 8,494	-17%	\$ 11,502	\$ 10,376	11%	\$ 18,519	\$ 18,870	-2%
Capital assets	23,185	21,901	6%	19,548	20,021	-2%	42,733	41,922	2%
Total assets	30,202	30,395	-1%	31,050	30,397	2%	61,252	60,792	1%
Long-term debt outstanding	2,452	1,342	83%	9,063	9,647	-6%	11,515	10,989	5%
Other liabilities	2,256	2,416	-7%	2,460	2,206	12%	4,716	4,622	2%
Total liabilities	4,708	3,758	25%	11,523	11,853	-3%	16,231	15,611	4%
Net assets:									
Invested in capital assets, net of debt	21,015	20,716	1%	10,338	10,332	0%	31,353	31,048	1%
Restricted	1,464	1,415	3%	689	557	24%	2,153	1,972	9%
Unrestricted	3,015	4,506	-33%	8,500	7,655	11%	11,515	12,161	-5%
Total net assets	\$ 25,494	\$ 26,637	-4%	\$ 19,527	\$ 18,544	5%	\$ 45,021	\$ 45,181	0%

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2010, the investment in capital assets, net of related debts amounted to \$31,353,139. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net assets, \$2,153,503 also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$11,515,110, may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

Governmental Activities:

Current and other assets – Decrease of \$1.4 million (17%) due to a decrease in available cash.

Long-term debt outstanding – Increase of \$1.1 million (83%) due to purchase of equipment through capital leases.

Unrestricted Net Assets – Decrease of \$1.5 million (33%) due mainly to a decrease in restricted grant funds.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

Business-Type Activities:

Restricted Net Assets – Increase of \$0.1 million (24%) due mainly to a increase in amounts held for debt payments.

Changes in Net Assets

For the year ended June 30, 2010, net assets of the primary government changed as follows:

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2010	2009		2010	2009		2010	2009	
Revenues:									
Program revenues:									
Charges for services	\$ 1,306	\$ 929	41%	\$ 20,691	\$ 19,436	6%	\$ 21,997	\$ 20,365	8%
Operating grants and contributions	910	1,003	-9%	-	-	-100%	910	1,003	-9%
Capital grants and contributions	890	846	5%	-	-	-100%	890	846	5%
General revenues:									
Sales and use taxes	5,162	5,364	-4%	-	-	-	5,162	5,364	-4%
Other taxes	713	622	15%	-	-	-	713	622	15%
Other general revenue	411	300	37%	90	155	-42%	501	455	10%
Total revenues	<u>9,392</u>	<u>9,064</u>	4%	<u>20,781</u>	<u>19,591</u>	6%	<u>30,173</u>	<u>28,655</u>	5%
Program expenses:									
General government	2,771	2,825	-2%	-	-	-	2,771	2,825	-2%
Public safety	4,611	4,284	8%	-	-	-	4,611	4,284	8%
Public works and streets	2,417	2,343	3%	-	-	-	2,417	2,343	3%
Cultural, parks and recreation	2,010	1,517	32%	-	-	-	2,010	1,517	32%
Economic development	236	59	300%	-	-	-	236	59	300%
Airport	36	29	24%	-	-	-	36	29	24%
Interest	41	42	-2%	-	-	-	41	42	-2%
Water	-	-	-	1,454	1,427	2%	1,454	1,427	2%
Electric	-	-	-	13,420	13,260	1%	13,420	13,260	1%
Sewer	-	-	-	1,581	1,444	9%	1,581	1,444	9%
Sanitation	-	-	-	1,641	2,205	-26%	1,641	2,205	-26%
Airport	-	-	-	195	324	-40%	195	324	-40%
Industrial	-	-	-	72	37	95%	72	37	95%
Total expenses	<u>12,122</u>	<u>11,099</u>	9%	<u>18,363</u>	<u>18,697</u>	-2%	<u>30,485</u>	<u>29,796</u>	2%
Excess (deficiency) before transfers	(2,730)	(2,035)	-34%	2,418	894	170%	(312)	(1,141)	-73%
Transfers	1,434	1,480	-3%	(1,434)	(1,480)	-3%	-	-	-
Increase (decrease) in net assets	<u>(\$ 1,296)</u>	<u>(\$ 555)</u>	134%	<u>\$ 984</u>	<u>\$ (586)</u>	268%	<u>\$ (312)</u>	<u>(\$ 1,141)</u>	-73%

Explanations of significant changes in Table 2 are as follows:

Governmental Activities:

Charges for services – Increase of \$0.3 million (41%) due to the inclusion of the activity of the Coleman Theater for the first time.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

Economic Development Expenses – Increase of \$0.2 million (300%) due to moving the Miami Convention and Visitor Bureau to the General Fund.

Culture, parks and recreation – Increase of \$0.5 million (32%) due to the activity of the Coleman Theater.

Business-Type Activities:

Water, Sanitation, Electric, and Sewer Expenses – Decrease of \$0.2 million due primarily to decrease in operating expenses related to uncapitalized capital outlay and a decrease in interest expense.

Airport expenses – Decrease of \$0.1 million due to moving airport salaries to the general fund.

Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2010	2009		2010	2009	
General government	\$2,771	\$2,825	-2%	(\$1,799)	(\$1,373)	31%
Public safety	4,611	4,284	8%	(3,897)	(3,666)	6%
Public works and streets	2,417	2,343	3%	(2,292)	(2,097)	9%
Culture, parks and recreation	2,010	1,517	32%	(756)	(1,201)	-37%
Airport	36	29	24%	6	117	-95%
Economic Development	236	59	300%	(236)	(59)	300%
Interest on long-term debt	41	42	-2%	(41)	(42)	-2%
Total	\$12,122	\$11,099	9%	(\$9,015)	(\$8,321)	8%

For the year ended June 30, 2010 total expenses for governmental activities amounted to \$12.1 million which was an increase from the prior year of 9%. See Table 2 above for explanations of changes.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2010	2009		2010	2009	
Water	\$ 1,454	\$ 1,427	2%	\$ 186	\$ 75	148%
Wastewater	1,581	1,444	9%	(213)	(203)	5%
Sanitation	1,641	2,205	-26%	302	(470)	-164%
Electric	13,420	13,260	1%	2,034	1,445	41%
Airport	195	324	-40%	35	(72)	-149%
Industrial	72	37	95%	(16)	(37)	-57%
Total	\$ 18,363	\$ 18,697	-2%	\$ 2,328	\$ 738	215%

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

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

- Total business-type activities reported net revenues of \$2,328,117 for the year ended June 30, 2010.
- Electric activities reported significant net revenues for the year ended June 30, 2010, related to a rate increase.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2010 fiscal year, the governmental funds reported a combined fund balance of \$4.2 million or a 26.8% decrease of approximately \$1,540,000 mainly due to an decrease in taxes and grant revenue. The enterprise funds reported combined net assets of \$19.2 million or a 5.8% increase from 2009.

Other fund highlights include:

- For the year ended June 30, 2010, the General Fund's total fund balance decreased by \$305,786 or 27%.

Fund Balance/Net Assets

Governmental Funds		Proprietary Funds	
Reserved for encumbrances and other purposes	\$ 1,191,789	Invested in capital assets, net of related debt	\$ 10,338,324
Unreserved	3,163,069	Restricted for debt service and other	689,462
		Unrestricted	8,132,073
Total Fund Balance	\$ 4,354,858	Total Net Assets	\$ 19,159,859

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

General Fund Budgetary Highlights

General Fund reported revenues below estimates of \$295,940 or 4.8%, while expenditures were under the final appropriations by \$431,530 or 5.5%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2010, the City had \$42.7 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 \$0.9 million or 2.1% over last year.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Restated					
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 5,205	\$ 4,451	\$ 836	\$ 836	\$ 6,041	\$ 5,287
Buildings and utility infrastructure	4,088	4,240	8,737	8,911	12,825	13,151
Machinery, furniture and equipment	4,330	3,188	4,697	4,812	9,027	8,000
Infrastructure	8,113	9,467	5,001	5,295	13,114	14,762
Construction in progress	1,449	497	277	167	1,726	664
Totals	\$ 23,185	\$ 21,843	\$ 19,548	\$ 20,021	\$ 42,733	\$ 41,864

This year's more significant capital asset additions included:

Land acquisition \$733,000
Fire apparatus \$993,730

See Note 5 to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$12.1 million in long-term debt outstanding which represents a \$0.6 million or 5.5% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2010**

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

	Governmental Activities		Business-Type Activities		Total	
	(Restated)					
	2010	2009	2010	2009	2010	2009
Accrued absences	\$ 552,637	\$ 530,161	\$ 212,063	\$ 223,919	\$ 764,700	\$ 754,080
General Obligation Bonds	670,000	885,000	-	-	670,000	885,000
General Obligation Bond Premium	4,988	6,859	-	-	4,988	6,859
Notes Payable	55,137	35,000	8,717,986	9,149,869	8,773,123	9,184,869
Capital Leases	1,445,158	149,928	491,509	539,134	1,936,667	689,062
Totals	\$ 2,727,920	\$ 1,606,948	\$ 9,421,558	\$ 9,912,922	\$ 12,149,478	\$ 11,519,870

See Note 7 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Upcoming Year

The City of Miami continues to experience level operational revenues. The City will spend the upcoming year completing projects with an emphasis on city wide beautification and streets.

The FY 2010-2011 budget will remain level. This is the result of a series of economic changes and labor costs. Examples include the continuing rising cost of fuel, natural gas, electricity, chemicals needed for water treatment, construction materials, etc. In addition, the City expects to continue to be impacted by a struggling economy and a decrease in sales tax, the main operating revenue source of the general fund.

During FY 2010-2011 the City will go to the voters for an increase in sales tax restricted for street improvements. The city will issue revenue bonds to begin the improvements within 2011 and use the tax monies to repay the debt.

The City of Miami continues to be impacted by many "Unfunded Mandates" from both State and Federal agencies. As a result many economic factors are "unforeseen" and adjustments have to be made in future budgets to meet these requirements. The primary sources of revenue for the City of Miami are Sales Tax and water and electric revenue. Sales tax requires a vote of the people and cannot be adjusted without the people's consent. The City continues to look for ways to enhance our revenue base through grants that will assist in the completion of major infrastructure and development projects.

Contacting the City's Financial Management

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

Director of Management and Budget
City of Miami
PO Box 1288
Miami, OK 74355-1288

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Statement of Net Assets– June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Miami Educational Facilities Authority
ASSETS:				
Cash and cash equivalents	\$3,434,504	\$3,731,171	\$7,165,675	\$5,720
Investments	781,622	3,301,557	4,083,179	162,624
Interest receivable	-	809	809	85,964
Accounts receivable, net	134,012	3,022,671	3,156,683	-
Notes receivable, net	999,183	-	999,183	-
Inventory	-	892,269	892,269	-
Due from other governments	1,028,085	-	1,028,085	3,190,000
Other receivable	844,572	65,867	910,439	1,000
Internal balances	(219,364)	219,364	-	-
Capital assets:				
Land and construction in progress	6,654,340	1,112,474	7,766,814	-
Other capital assets, net of depreciation	16,530,770	18,435,345	34,966,115	-
Unamortized bond issuance costs	14,582	268,746	283,328	49,741
Total assets	30,202,306	31,050,273	61,252,579	3,495,049
LIABILITIES:				
Accounts payable and accrued liabilities	766,405	1,548,829	2,315,234	
Claims liability	1,087,695	-	1,087,695	
Accrued interest payable	7,602	50,704	58,306	
Deferred revenue	-	1,765	1,765	43,929
Long-term liabilities:				
Due within one year	389,275	858,470	1,247,745	570,000
Due in more than one year	2,457,119	9,062,963	11,520,082	3,058,299
Total liabilities	4,708,096	11,522,731	16,230,827	3,672,228
NET ASSETS:				
Invested in capital assets, net of related debt	21,014,815	10,338,324	31,353,139	-
Restricted for:				
Debt service	272,252	689,462	961,714	-
Grantor purposes	1,191,789	-	1,191,789	-
Unrestricted	3,015,354	8,499,756	11,515,110	(177,179)
Total net assets	\$25,494,210	\$19,527,542	\$45,021,752	(\$177,179)

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Statement of Activities – Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Miami Educational Facilities Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental activities								
General government	\$2,770,871	\$542,575	\$197,493	\$231,775	(\$1,799,028)	-	(\$1,799,028)	-
Public safety	4,611,314	244,642	466,941	2,923	(3,896,808)	-	(\$3,896,808)	-
Public works and streets	2,416,532	-	124,982	-	(2,291,950)	-	(\$2,291,950)	-
Culture and recreation	2,009,782	\$19,024	121,261	613,259	(756,238)	-	(\$756,238)	-
Airport	76,561	-	-	42,515	5,954	-	\$5,954	-
Economic development	236,282	-	-	-	(236,282)	-	(\$236,282)	-
Interest on long-term debt	40,703	-	-	-	(40,703)	-	(\$40,703)	-
Total governmental activities	12,122,045	1,306,241	910,277	890,472	(9,015,055)	-	(9,015,055)	-
Business-type activities								
Water	1,453,598	1,639,380	-	-	-	\$185,822	185,822	-
Wastewater	1,581,231	1,368,341	-	-	-	(212,890)	(212,890)	-
Sanitation	1,640,662	1,942,578	-	-	-	301,916	301,916	-
Electric	13,419,770	15,453,495	-	-	-	2,033,825	2,033,825	-
Airport	195,261	230,802	-	-	-	35,541	35,541	-
Industrial	72,116	56,019	-	-	-	(16,097)	(16,097)	-
Total business-type activities	18,362,598	20,690,715	-	-	-	2,328,117	2,328,117	-
Total primary government	\$30,484,643	\$21,996,956	\$910,277	\$890,472	(9,015,055)	2,328,117	(6,686,938)	-
Component Unit								
Education	\$150,156	\$3,000	-	-	-	-	-	(147,156)
General revenues:								
Taxes								
Sales and use taxes	-	-	-	-	5,161,802	-	5,161,802	-
Property tax	-	-	-	-	253,895	-	253,895	-
Franchise and public service taxes	-	-	-	-	328,816	-	328,816	-
Hotel/motel taxes	-	-	-	-	129,946	-	129,946	-
Investment income	-	-	-	-	77,691	85,650	163,349	46,043
Miscellaneous	-	-	-	-	332,917	4,211	337,128	-
Transfers - Internal activity	-	-	-	-	1,433,801	(1,433,801)	-	-
Total general revenues and transfers	-	-	-	-	7,718,868	(1,343,932)	6,374,936	46,043
Change in net assets	-	-	-	-	(1,296,187)	984,185	(312,002)	(101,113)
Net assets - beginning, restated	-	-	-	-	26,790,397	18,543,357	45,333,754	(76,066)
Net assets - ending	-	-	-	-	\$25,494,210	\$19,527,542	\$45,021,752	(\$177,179)

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Governmental Funds Balance Sheet - June 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$154,182	\$2,553,586	\$2,707,768
Investments	-	181,009	181,009
Receivables:			
Accounts receivable	86,731	47,281	134,012
Notes receivable	-	999,183	999,183
Due from other funds	460,438	61,754	522,192
Due from other governments and entities	670,505	357,580	1,028,085
 Total assets	 \$1,371,856	 \$4,200,393	 \$5,572,249
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable and accrued liabilities	\$84,031	\$365,738	\$449,769
Wages payable	306,005	10,631	316,636
Due to other funds	86,765	302,282	389,047
Deferred revenue	51,516	10,423	61,939
 Total liabilities	 528,317	 689,074	 1,217,391
Fund Balances:			
Reserved for:			
Grant programs	-	1,191,789	1,191,789
Unreserved	843,539	-	843,539
Unreserved, reported in:			
Special Revenue Funds	-	1,535,425	1,535,425
Capital Project Funds	-	511,853	511,853
Debt Service Funds	-	272,252	272,252
 Total fund balances	 843,539	 3,511,319	 4,354,858
 Total liabilities and fund balances	 \$1,371,856	 \$4,200,393	 \$5,572,249

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2010

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$5,175,789	\$576,306	\$5,752,095
Intergovernmental	498,424	1,282,429	1,780,853
Charges for services	261,341	793,638	1,054,979
Fines and forfeitures	155,497	-	155,497
Licenses and permits	32,796	15	32,811
Investment income	23,315	54,376	77,691
Miscellaneous	233,593	308,825	542,418
Total Revenues	<u>6,380,755</u>	<u>3,015,589</u>	<u>9,396,344</u>
Expenditures:			
Current:			
General government	2,098,316	562,195	2,660,511
Public safety	4,068,083	178,003	4,246,086
Streets	665,834	156,208	822,042
Culture and recreation	1,143,539	420,016	1,563,555
Airport	28,996	1,623	30,619
Economic development	176,746	-	176,746
Capital outlay	53,732	3,479,908	3,533,640
Debt service:			
Principal retirement	5,848	612,839	618,687
Interest and fiscal charges	809	44,058	44,867
Total Expenditures	<u>8,241,903</u>	<u>5,454,850</u>	<u>13,696,753</u>
Excess (deficiency) of revenues over expenditures	(1,861,148)	(2,439,261)	(4,300,409)
Other Financing Sources (Uses):			
Capital lease and note proceeds	-	1,611,398	1,611,398
Transfers in	1,614,456	637,270	2,251,726
Transfers out	(59,094)	(1,044,389)	(1,103,483)
Total Other Financing Sources (Uses)	<u>1,555,362</u>	<u>1,204,279</u>	<u>2,759,641</u>
Net change in fund balances	(305,786)	(1,234,982)	(1,540,768)
Fund balances - beginning, restated	1,149,325	4,746,301	5,895,626
Fund balances - ending	<u>\$843,539</u>	<u>\$3,511,319</u>	<u>\$4,354,858</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, 2010**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Assets Reconciliation:

Fund balances of governmental funds	\$4,354,858
 Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$37,720,830.	<u>23,185,110</u>
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unamortized bond issuance costs	14,582
Receivable from court	1,422
Receivable from other governments	<u>60,517</u>
	<u>76,521</u>
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>731,717</u>
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
General obligation bonds payable	(670,000)
Unamortized debt premium	(4,988)
Capital lease payables	(1,445,158)
Accrued compensated absences	(552,637)
Notes payable	(55,137)
Net pension obligation	(35,859)
Unfunded OPEB Obligations	(82,615)
Interest payable	<u>(7,602)</u>
	<u>(2,853,996)</u>
 Net assets of governmental activities	 <u><u>\$25,494,210</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, 2010**

Changes in Fund Balances – Changes in Net Assets Reconciliation:

Net change in fund balances - total governmental funds (\$1,540,768)

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

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

Capital asset purchases capitalized	3,521,161
Capital assets donated	201,777
Capital assets donated to other funds	(77,609)
Depreciation expense	(2,360,556)
	1,284,773

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

Deferred revenue	(4,286)
------------------	---------

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

Debt proceeds	(1,611,398)
Capital lease principal payments	62,355
Note payable principal payments, long-term	4,863
Note payable principal payments, short-term	336,468
General obligation bond principal payments	215,000
	(992,712)

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

Change in accrued interest payable	2,293
Change in accrued compensated absences	(22,475)
Change in amortization of bond premium	1,870
Change in amortization of bond issue costs	(5,273)
Change in net pension obligations	(25,176)
Change in unfunded OPEB obligation	(42,259)
	(91,020)

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

Total change in net assets for internal service funds	47,826
	47,826

Change in net assets of governmental activities (\$1,296,187)

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010

Proprietary Funds Statement of Net Assets - June 30, 2010

	Special Utility Authority	Department Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$1,053,136	\$1,446,704	\$320,198	\$2,820,038	\$726,736
Cash and cash equivalents, restricted	689,462	40,971	-	730,433	-
Investments	-	3,113,521	-	3,113,521	600,613
Accounts receivable, net	211,244	2,756,479	54,948	3,022,671	-
Other receivable	172	65,695	-	65,867	844,572
Accrued interest receivable	680	129	-	809	-
Inventory	-	852,792	39,477	892,269	-
Due from other funds	-	468,689	110,988	579,677	55,174
Total current assets	<u>1,954,694</u>	<u>8,744,980</u>	<u>525,611</u>	<u>11,225,285</u>	<u>2,227,095</u>
Noncurrent Assets:					
Cash and cash equivalents, restricted	-	180,700	-	180,700	-
Investments, restricted	-	188,036	-	188,036	-
Unamortized bond and note issue costs	268,746	-	-	268,746	-
Land, construction in progress, and water rights	3	755,266	357,205	1,112,474	-
Other capital assets, net	2,165,181	15,394,179	875,985	18,435,345	-
Total noncurrent assets	<u>2,433,930</u>	<u>16,518,181</u>	<u>1,233,190</u>	<u>20,004,601</u>	<u>-</u>
Total assets	<u>4,388,624</u>	<u>25,263,161</u>	<u>1,758,801</u>	<u>31,229,886</u>	<u>2,227,095</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable and accrued liabilities	52,246	1,389,575	23,184	1,465,005	-
Claims liability	-	-	-	-	108,766
Wages payable	16,885	66,940	-	83,825	-
Due to other funds	610,292	87,198	30,505	727,995	40,001
Accrued interest payable	50,704	-	-	50,704	-
Accrued compensated absences	2,583	18,623	-	21,206	-
Deferred revenue	1,765	-	-	1,765	-
Refundable deposits	-	40,971	-	40,971	-
Capital lease payable	107,681	126,746	-	234,427	-
Notes payable	533,760	-	28,106	561,866	-
Total current liabilities	<u>1,375,916</u>	<u>1,730,053</u>	<u>81,795</u>	<u>3,187,764</u>	<u>148,767</u>
Noncurrent liabilities:					
Accrued compensated absences	23,247	167,610	-	190,857	-
Claims liability	-	-	-	-	978,929
Net pension obligation	7,587	32,951	-	40,538	-
Unfunded OPEB obligation	9,251	40,379	-	49,630	-
Refundable deposits	-	368,736	-	368,736	-
Capital lease payable	121,536	135,547	-	257,083	-
Notes payable	8,106,710	-	49,409	8,156,119	-
Total noncurrent liabilities	<u>8,268,331</u>	<u>745,223</u>	<u>49,409</u>	<u>9,062,963</u>	<u>978,929</u>
Total liabilities	<u>9,644,247</u>	<u>2,475,276</u>	<u>131,204</u>	<u>12,250,727</u>	<u>1,127,696</u>
NET ASSETS:					
Invested in capital assets, net of related debt	(6,704,503)	15,887,152	1,155,675	10,338,324	-
Restricted for debt service	689,462	-	-	689,462	-
Unrestricted	759,418	6,900,733	471,922	8,132,073	1,099,399
Total net assets	<u>(\$5,255,623)</u>	<u>\$22,787,885</u>	<u>\$1,627,597</u>	<u>\$19,159,859</u>	<u>\$1,099,399</u>

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund balances are included with business-type activities and reported as interfund balances 367,683

Total net assets per Government-Wide financial statements \$19,527,542

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Proprietary Funds Statement of Changes in Net Assets - Year Ended June 30, 2010

	<u>Special Utility Authority</u>	<u>Department Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues:					
Charges for services	\$1,453,809	\$18,429,852	\$230,802	\$20,114,463	\$1,300,810
Fees, licenses and permits	468,287	-	-	468,287	-
Grant revenue	-	-	-	-	-
Miscellaneous	20,482	35,674	-	56,156	7,446
Total operating revenues	<u>1,942,578</u>	<u>18,465,526</u>	<u>230,802</u>	<u>20,638,906</u>	<u>1,308,256</u>
Operating Expenses:					
Personal services	696,728	2,959,194	484	3,656,406	-
Materials and supplies	156,213	11,395,298	127,025	11,678,536	-
Other services and charges	528,976	746,892	74,064	1,349,932	-
Insurance claims and expense	-	-	-	-	-
Depreciation and amortization expense	246,032	1,061,479	62,116	1,369,627	1,485,028
Total operating expenses	<u>1,627,949</u>	<u>16,162,863</u>	<u>263,689</u>	<u>18,054,501</u>	<u>1,485,028</u>
Operating income (loss)	314,629	2,302,663	(32,887)	2,584,405	(176,772)
Non-Operating Revenues (Expenses):					
Investment income	2,589	81,871	1,198	85,658	4,344
Miscellaneous	-	-	56,019	56,019	-
Interest expense and fiscal charges	(234,210)	(11,332)	(3,688)	(249,230)	-
Total non-operating revenues (expenses)	<u>(231,621)</u>	<u>70,539</u>	<u>53,529</u>	<u>(107,553)</u>	<u>4,344</u>
Net income (loss) before transfers	83,008	2,373,202	20,642	2,476,852	(172,428)
Contributed capital revenue	-	29,075	77,608	106,683	-
Transfers in	746,556	10,367	-	756,923	161,391
Transfers out	(29,075)	(2,268,332)	-	(2,297,407)	-
Change in net assets	800,489	144,312	98,250	1,043,051	(11,037)
Total net assets - beginning	(6,056,112)	22,643,573	1,529,347	18,116,808	1,110,436
Total net assets - ending	<u>(\$5,255,623)</u>	<u>\$22,787,885</u>	<u>\$1,627,597</u>	<u>\$19,159,859</u>	<u>\$1,099,399</u>
Change in net assets per above				1,043,051	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities				<u>(58,866)</u>	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements				<u>984,185</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, 2010**

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2010

	Special Utility Authority	Department Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,933,053	\$ 17,775,781	\$ 267,153	\$ 19,975,987	\$ 1,873,583
Payments to suppliers	(693,531)	(11,760,926)	(217,553)	(12,672,010)	-
Payments to employees	(693,472)	(2,918,841)	(883)	(3,613,196)	-
Receipts from other funds	793	58,678	-	59,471	-
Payments to other funds	-	(5,257)	-	(5,257)	(21,812)
Receipt of customer deposits	-	133,571	27	133,598	-
Return of customer deposits	-	(158,589)	-	(158,589)	-
Claims and benefits paid	-	-	-	-	(1,792,304)
Net Cash Provided by Operating Activities	<u>546,843</u>	<u>3,124,417</u>	<u>48,744</u>	<u>3,720,004</u>	<u>59,467</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	746,556	10,367	-	756,923	161,391
Transfers to other funds	(29,075)	(2,239,257)	-	(2,268,332)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>717,481</u>	<u>(2,228,890)</u>	<u>-</u>	<u>(1,511,409)</u>	<u>161,391</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets purchased	(39,550)	(744,647)	(14,800)	(798,997)	-
Principal paid on capital debt	(540,281)	(132,654)	(40,979)	(713,914)	-
Proceeds from issuance of long term debt	29,097	205,308	-	234,405	-
Interest and fiscal charges paid on capital debt	(235,130)	(11,332)	(3,688)	(250,150)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(785,864)</u>	<u>(683,325)</u>	<u>(59,467)</u>	<u>(1,528,656)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of investments	-	(3,515)	-	(3,515)	(600,614)
Interest and dividends	2,589	81,870	1,197	85,656	4,344
Net Cash Provided by (Used in) Investing Activities	<u>2,589</u>	<u>78,355</u>	<u>1,197</u>	<u>82,141</u>	<u>(596,270)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	481,049	290,557	(9,526)	762,080	(375,412)
Balances - beginning of the year	<u>1,261,549</u>	<u>1,377,818</u>	<u>329,724</u>	<u>2,969,091</u>	<u>1,102,148</u>
Balances - end of the year	<u>\$ 1,742,598</u>	<u>\$ 1,668,375</u>	<u>\$ 320,198</u>	<u>\$ 3,731,171</u>	<u>\$ 726,736</u>
Reconciliation to Statement of Net Assets:					
Cash and cash equivalents	\$ 1,053,136	\$ 1,446,704	\$ 320,198	2,820,038	\$ 726,736
Restricted cash and cash equivalents	689,462	221,671	-	911,133	-
Total cash and cash equivalents	<u>\$ 1,742,598</u>	<u>\$ 1,668,375</u>	<u>\$ 320,198</u>	<u>\$ 3,731,171</u>	<u>\$ 726,736</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 314,629	\$ 2,302,663	(\$ 32,887)	\$ 2,584,405	(176,772)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	226,447	1,061,479	62,116	1,350,042	-
Amortization expense	19,585	-	-	19,585	-
Other nonoperating revenue	-	-	56,019	56,019	-
Change in assets and liabilities:					
Receivables, net	(9,525)	(653,077)	(19,668)	(682,270)	565,327
Other receivable	-	(36,668)	-	(36,668)	-
Due from other funds	-	58,676	-	58,676	(21,812)
Inventory	-	236,651	(11,875)	224,776	-
Accounts payables	(8,342)	144,615	(4,589)	131,684	-
Claims liability	-	-	-	-	(307,276)
Due to other funds	793	(5,257)	27	(4,437)	-
Due to employees	(784)	4,802	(399)	3,619	-
Refundable deposits	-	(25,018)	-	(25,018)	-
Unfunded OPEB obligation	4,780	19,083	-	23,863	-
Net pension obligation	5,293	22,291	-	27,584	-
Accrued compensated absences	(6,033)	(5,823)	-	(11,856)	-
Net Cash Provided by Operating Activities	<u>\$ 546,843</u>	<u>\$ 3,124,417</u>	<u>\$ 48,744</u>	<u>\$ 3,720,004</u>	<u>\$ 59,467</u>
Non-cash activity:					
Capital assets donated	<u>\$ -</u>	<u>\$ 29,075</u>	<u>\$ 77,608</u>	<u>\$ 106,683</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS - FIDUCIARY FUNDS

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Fiduciary Funds Statement of Net Assets - June 30, 2010

	City Employees Retirement Trust Fund
ASSETS:	
Cash and cash equivalents	\$1,282,706
Investments, at market value:	
Common stock	1,159,458
Corporate bonds and notes	4,020,151
Certificates of deposit	796,153
Interest receivable	46,875
Total assets	<u>\$7,305,343</u>
LIABILITIES:	
Total liabilities	<u>-</u>
NET ASSETS:	
Held in trust for pension benefits	<u>\$7,305,343</u>

See accompanying notes to the basic financial statements.

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Pension Trust Fund Statement of Changes in Plan Net Assets – Year Ended June 30, 2010

	City Employees Retirement Trust Fund
ADDITIONS:	
Contributions:	
Members	\$ 139,455
Employer	419,173
Total Contributions	558,628
Investment Income (Loss):	
Net decrease in fair value of investments	(119,948)
Interest, dividends, and other	562,450
Miscellaneous	-
Total investment income (loss)	442,502
Total Additions	1,001,130
DEDUCTIONS:	
Benefits paid to participants or beneficiaries	573,607
Refunds and transfers to other systems	116,677
Administrative expense	44,422
Total Deductions	734,706
Change in net assets held in trust for employees' pension benefits	266,424
Net assets--beginning	7,038,919
Net assets--ending	\$ 7,305,343

See accompanying notes to the basic financial statements.

FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" 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, parks and recreation, and administrative activities.

The City of Miami is an incorporated municipality with a population of approximately 13,500 located in northeastern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

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

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

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

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

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

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt

and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

2. Basis of Presentation and Accounting

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

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

Government-Wide Financial Statements:

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

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

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

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

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

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds.

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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

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

Special Revenue Funds include the Economic Development Incentive Fund, Fishing License Fund, Street and Alley, Drug Forfeiture Fund, Summer Recreation Program, December 2007 Ice Storm, RFC 06-08 Grant, RFC 07-09 Grant, MDA Housing Construction, MDRA, CDBG Revolving Loan, Housing Rehabilitation, Housing Infrastructure, Airport Taxiway, Airport T-Hanger Taxiway, EDA Revolving Loan, Police Grant, State Revolving Loan (SRL Project), Concession Fund, Economic Development, Drug and Safety, DARE Fund, Library Fund, Coleman Project, Demolition Fund, Literacy Grant, Flood 2007, Micro Loan Program, Library Memorial Trust, VFW Fund, Lead Remediation Fund, OK/LEAP CDBG Loan, 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.
- Baseball Fields 13 and 14 accounts for construction of the Francis Morgan baseball fields.
- Parks Department Projects accounts for general obligation bond proceeds used to acquire, construct, and equip city park and recreation facilities.
- City Building Projects accounts for general obligation bond proceeds used to acquire, construct, and equip city facility improvements.
- 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.
- GRDA Settlement accounts for funds related to a lawsuit settlement.

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

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

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. For the enterprise funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The City's proprietary funds include the following:

Enterprise Funds

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

Internal Service Funds (combined for reporting purposes)

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

Fiduciary Funds:

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

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

Pension Trust Fund

City Employees Retirement Trust Fund – accounts for assets and changes therein of the City's single employer defined benefit plan.

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3. Cash and Cash Equivalents, Deposits and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

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

Deposits and Investments Risks

The City of Miami primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2010 by these entities are as follows:

Schedule of Deposits and Investments by Type - June 30, 2010

Type	Fair Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 6,308,355		\$ 6,308,355	\$ -	\$ -	\$ -	\$ -
Time deposits	4,893,021		-	4,700,297	192,725	-	-
Government Money Market Accounts	689,462		689,462	-	-	-	-
Corporate bonds and notes	4,020,151	A-BBB	-	-	-	4,020,151	-
Sub-Total	\$ 15,910,989		\$ 6,997,817	\$ 4,700,297	\$ 192,725	\$ 4,020,151	\$ -
Mutual Funds	1,436,875						
Common Stock	1,159,458						
Total Deposits and Investments	\$ 18,507,322						
Reconciliation to Financial Statements:							
Cash and cash equivalents	\$ 7,165,675						
Investments	4,083,179						
Retirement fund investments:							
Certificates of deposit	796,153						
Common stock	1,159,458						
Corporate bonds and notes	4,020,151						
Retirement fund cash and cash equivalents	1,282,706						
	\$ 18,507,322						

Component Unit:

The bank deposit of the MEFA component unit \$5,720 at June 30, 2010 and were fully insured by the F.D.I.C.

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 102% of the uninsured deposits and accrued interest thereon. The City’s policy limits acceptable collateral to U.S. Treasury securities, federally

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insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma.

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

At June 30, 2010, neither the City or the MEFT was not exposed to custodial credit risk.

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

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

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

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

The MEFA is invested in Federated Treasury Obligations. According to the Federated Treasury Obligation Fund portfolio, 8.7% of the investments are subject to repurchase agreements. The Authority’s investments are collateralized by Treasury securities; however, current and future holdings are subject to risk.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the schedule of deposits and investments above, at June 30, 2010, the investments held by the City mature between 2010 through 2016.

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Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

Restricted Cash and Investments

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

Cash and cash equivalents:	
Cash Restricted for Refundable deposits	\$ 40,971
Money Markets Restricted for Debt Service	689,462
	<u>\$ 730,433</u>
Cash and cash equivalents, noncurrent:	
Cash Restricted for Refundable deposits	<u>\$ 180,700</u>
Investments:	
Refundable deposits	\$ 188,036
	<u>\$ 188,036</u>

4. 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.

5. 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, 2010, capital assets balances changed as follows:

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	Restated, Balance at July 1, 2009	Additions	Deductions	Balance at June 30, 2010
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,450,699	\$ 754,625	\$ -	\$ 5,205,324
Construction in progress	497,046	1,018,192	66,232	1,449,006
Total capital assets not being depreciated	<u>4,947,745</u>	<u>1,772,817</u>	<u>66,232</u>	<u>6,654,330</u>
Other capital assets:				
Buildings	17,329,033	123,012	-	17,452,045
Infrastructure	29,748,276	110,379	-	29,858,655
Machinery, furniture and equipment	8,368,810	1,762,691	24,078	10,107,423
Total other capital assets at historical cost	<u>55,446,119</u>	<u>1,996,082</u>	<u>24,078</u>	<u>57,418,123</u>
Less accumulated depreciation for:				
Buildings	13,088,994	275,435	-	13,364,429
Infrastructure	20,280,916	1,464,842	-	21,745,758
Machinery, furniture and equipment	5,180,965	620,279	24,078	5,777,166
Total accumulated depreciation	<u>38,550,875</u>	<u>2,360,556</u>	<u>24,078</u>	<u>40,887,353</u>
Other capital assets, net	16,895,244	(364,474)	-	16,530,770
Governmental activities capital assets, net	<u>\$ 21,842,989</u>	<u>\$ 1,408,343</u>	<u>\$ 66,232</u>	<u>\$ 23,185,100</u>

	Balance at July 1, 2009	Additions	Deductions	Balance at June 30, 2010
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 835,531	\$ -	\$ -	\$ 835,531
Construction in progress	166,935	110,008	-	276,943
Total capital assets not being depreciated	<u>1,002,466</u>	<u>110,008</u>	<u>-</u>	<u>1,112,474</u>
Other capital assets:				
Buildings and utility infrastructure	17,078,179	160,656	-	17,238,835
Machinery, furniture and equipment	10,943,482	531,840	-	11,475,322
Infrastructure	15,512,450	74,101	-	15,586,551
Total other capital assets at historical cost	<u>43,534,111</u>	<u>766,597</u>	<u>-</u>	<u>44,300,708</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	8,167,395	334,507	-	8,501,902
Machinery, furniture and equipment	6,130,893	646,896	-	6,777,789
Infrastructure	10,217,033	368,639	-	10,585,672
Total accumulated depreciation	<u>24,515,321</u>	<u>1,350,042</u>	<u>-</u>	<u>25,865,363</u>
Other capital assets, net	19,018,790	(583,445)	-	18,435,345
Business-type activities capital assets, net	<u>\$ 20,021,256</u>	<u>\$ (473,437)</u>	<u>\$ -</u>	<u>\$ 19,547,819</u>

Depreciation:

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

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

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

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Governmental Activities:	
General Government	\$ 39,032
Public Safety	266,502
Streets	1,571,324
Culture and Recreation	424,755
Economic Development	58,943
Total	<u>\$ 2,360,556</u>
Business-Type Activities:	
Airport	\$ 36,885
Electric	490,735
Water	160,465
Wastewater	410,279
Sanitation	226,447
Industrial development	25,231
Total	<u>\$ 1,350,042</u>

6. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

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

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Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance	
General Fund	Airport Fund	\$ 28,742	Salary reimbursement	
General Fund	Department of Public Utilities	87,199	Salary reimbursement	
General Fund	Special Utility Authority	297,536	Salary reimbursement	
General Fund	Pool improvements	3,264	To cover negative balance in pooled cash	
General Fund	Insurance Fund	40,000	To cover negative balance in pooled cash	
General Fund	SLR	3,697	To cover negative balance in pooled cash	
Capital Improvement Fund	Airport T Hanger	60,018	To cover negative balance in pooled cash	
Airport Taxiway Fund	Airport Fund	411	To correct misposting	
Airport T-Hanger	Airport Fund	1,325	To cover negative balance in pooled cash	
MIPFA	General Fund	10,988	Salary reimbursement	
MIPFA	Special Utility Authority	100,000	Expense reimbursement	
Department of Public Utilities	General Fund	30,777	Expense reimbursement	
Department of Public Utilities	Special Utility Authority	202,582	Sanitation payable	
Department of Public Utilities	Airport Fund	27	To correct misposting	
Department of Public Utilities	Pool improvements	235,303	Long-term loan for pool improvements	
Insurance Fund	Special Utility Authority	10,174	Insurance fees payable	
Insurance Fund	General Fund	45,000	Insurance fees payable	
Total		<u>\$ 1,157,043</u>		
		Due From	Due To	Net Internal
		Other Funds	Other Funds	Balances
Reconciliation to Fund Financial Statements:				
Governmental Funds		\$ 522,192	\$ 389,047	\$ 133,145
Proprietary Funds		579,677	727,995	\$ (148,318)
Internal Service Funds		55,174	40,001	\$ 15,173
Total		<u>\$ 1,157,043</u>	<u>\$ 1,157,043</u>	<u>\$ -</u>
Reconciliation to Statement of Net Assets:				
Net Internal Balances		\$ (148,318)		
Internal Service Fund Activity reported in Business-type Activities		367,682		
Net Internal Balance		<u>\$ 219,364</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, 2010 were as follows:

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<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
General Fund	Utility Fund	\$ 1,170,000	Operating subsidy
General Fund	MDRA	4,680	Operating subsidy
General Fund	Concession fund	74,092	Closing of fund
General Fund	VFW Building	26,631	Closing of fund
General Fund	GRDSA Settlement	50,050	Closing of fund
General Fund	Literacy Grant	1,367	Closing of fund
General Fund	Housing Infrastructure	500	Administrative fees
General Fund	Lead Remediation	14,646	Closing of fund
General Fund	December 07 Ice Storm	238,717	Closing of fund
General Fund	Library Fund	9,409	Closing of fund
General Fund	Library Memorial Trust	24,364	Closing of fund
Housing Rehab	Housing Infrastructure	2,500	Expense Reimbursement
Insurance Fund	December 07 Ice Storm	161,391	Closing of fund
Main Street Project	Utility Fund	30,000	Expense Reimbursement
RFC 06-08	December 07 Ice Storm	22,289	Closing of fund
Economic Development Incentive	General Fund	2,000	Administrative fees
Demolition Account	Utility Fund	120,000	Operating subsidy
Police Grant	General Fund	4,882	Grant match
City Building Fund	December 07 Ice Storm	782	Closing of fund
Lead Remediation	General Fund	5,712	Expense Reimbursement
Baseball Field	December 07 Ice Storm	94,890	Closing of fund
Coleman Project	MDRA	302,377	Grant match
Utility Fund	Housing Infrastructure	10,367	Capital purchases
Utility Fund	Special Utility Authority	29,075	Capital purchases
Special Utility Authority	Utility Fund	746,556	Debt service
MDRA	GRDSA Settlement	5,338	Operating subsidy
MDRA	General Fund	46,500	Operating subsidy
		<u>\$ 3,199,115</u>	

<u>Reconciliation to fund financial statements:</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>	<u>Net Transfers</u>
Governmental Funds	\$ (1,103,483)	\$ 2,251,726	\$ 1,148,243
Enterprise Funds	(2,297,407)	756,923	(1,540,484)
Internal Service Funds	-	161,391	161,391
Totals	<u>\$ (3,400,890)</u>	<u>\$ 3,170,040</u>	<u>\$ (230,850)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (230,850)
Capital contributions transferred from governmental funds	(77,609)
Capital contributions transferred from proprietary funds funds	308,459
Transfers - Internal Activity	<u>\$ -</u>

7. Long-Term Debt

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

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For the year ended June 30, 2010, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 885,000	\$ -	\$ 215,000	670,000	\$ 215,000
General Obligation Bond Premium	6,859	-	1,871	4,988	-
Notes payable	35,000	25,000	4,863	55,137	-
Capital Lease Obligations	149,928	1,357,586	62,356	1,445,158	119,011
Accrued Compensated Absences	530,161	22,476	-	552,637	55,264
Total Governmental Activities	<u>\$ 1,606,948</u>	<u>\$ 1,405,062</u>	<u>\$ 284,090</u>	<u>\$ 2,727,920</u>	<u>\$ 389,275</u>
Plus: OPEB obligation				82,615	-
Net pension obligation				35,859	-
Short-term debt				-	-
				<u>\$ 2,846,394</u>	<u>\$ 389,275</u>
Reconciliation to Statement of Net Assets:					
Due within one year				\$ 389,275	
Due in more than one year				2,457,119	
				<u>\$ 2,846,394</u>	

<u>Type of Debt</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable	\$ 9,149,570		\$ 431,584	\$ 8,717,986	\$ 561,866
Capital Lease Obligations	543,120	234,406	286,017	491,509	234,427
Accrued Compensated Absences	223,919		11,856	212,063	21,206
Total Business-Type Activities	<u>\$ 9,916,609</u>	<u>\$ 234,406</u>	<u>\$ 729,457</u>	<u>\$ 9,421,558</u>	<u>\$ 817,499</u>
Plus: OPEB obligation				49,630	-
Net pension obligation				40,538	-
Refundable deposits				409,707	40,971
				<u>\$ 9,921,433</u>	<u>\$ 858,470</u>
Reconciliation to Statement of Net Assets:					
Due within one year				\$ 858,470	
Due in more than one year				9,062,963	
				<u>\$ 9,921,433</u>	

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

General Obligation Bonds:

\$1,960,000 general obligation bonds dated March 1, 2003, payable in annual installments of \$215,000, with interest rates of 2.5% to 5.125%, repaid by property tax levies	\$670,000
Unamortized General Obligation Bond Premium	4,988
Total general obligation bonds	<u>\$674,988</u>
Current portion	\$215,000
Non-current portion	459,988
	<u>\$674,988</u>

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Capital Lease Obligations:

\$30,432 capital lease obligation for the purchase of a utility tractor, matures May 2013 with a stated interest rate of 2.925%.	\$19,405
\$95,005 capital lease obligation for the purchase of a wheel loader, matures January 2014 with a stated interest rate of 2.9%	70,188
\$100,495 capital lease obligation for the purchase of a wheel loader, matures June 2017 with a stated interest rate of 4.45%	100,495
\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020 with a stated interest rate of 5.00%	993,730
\$220,000 capital lease obligation for the purchase of the a gradall excavator, matures January 2017 with a stated interest rate of 4.40%	208,712
\$43,361 capital lease obligation for the purchase of a mower, matures February 2015 with a stated interest rate of 4.11%	40,051
\$115,578 capital lease obligation for the purchase of a street sweeper, matures December 2010 with a stated interest rate of 3.58%.	<u>12,577</u>
Total capital lease obligations	<u>\$1,445,158</u>
Current portion	\$119,011
Non-current portion	<u>1,326,147</u>
	<u>\$1,445,158</u>

Note Payable:

Note payable to local bank for \$84,000 with interest at 4.75%. Debt service interest payments due semi-annually, final payment due April 2016. Secured by real estate of the Coleman Theatre	<u>\$55,137</u>
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Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Capital Lease Obligation:

\$106,195 capital lease obligation for the purchase of a sanitation truck, matures August 2008 with a stated interest rate of 3.9883%	\$3,891
\$141,456 capital lease obligation for the purchase of a rubber tire loader, matures March 2011 with a stated interest rate of 4.265%	23,183
\$102,421 capital lease obligation for the purchase of a sanitation truck, matures October 2011 with a stated interest rate of 4.13%	29,307
\$104,202 capital lease obligation for the purchase of a sanitation truck, matures October 2012 with a stated interest rate of 4.89%	50,046

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\$108,163 capital lease obligation for the purchase of a rubber tire loader, matures June 2015 with a stated interest rate of 4.265%	67,311
\$43,750 capital lease obligation for the purchase of a sanitation truck, matures November 2013 with a stated interest rate of 4.265%	30,929
\$29,097 capital lease obligation for the purchase utility equipment, matures October 2013 with a stated interest rate of 3.87%	24,550
\$169,138 capital lease obligation for the purchase of a bucket truck, matures August 2014 with a stated interest rate of 4.22%	143,109
\$36,171 capital lease obligation for the purchase of a compact evacuator, matures July 2012 with a stated interest rate of 4.04%	36,171
\$508,131 capital lease obligation for the purchase of a transformer, matures March 2011 with a stated interest rate of 4.28%	<u>83,012</u>
Total Capital Leases	<u>\$491,509</u>
Current portion	\$234,427
Non-current portion	<u>257,082</u>
	<u>\$491,509</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.	\$1,188,000
Series 2003B for \$3,020,000 with interest rate of 1.78% and .5% annual administrative fee. debt service payments are due semi-annually through December 2023. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	2,416,400
Series 2004A for \$1,595,538 with no interest rate and .5% annual administrative fee. debt service payments are due semi-annually through June 2024. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,116,877
Series 2004B for \$2,740,000 with interest rate of 1.78% and .5% annual administrative fee. debt service payments are due semi-annually through June 2025. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	2,218,600
Series 2004C for \$1,620,000 with interest rate of 3.0% and .5% annual administrative fee. debt service payments are due semi-annually through October 2024. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,239,323
Series 2005 for \$563,000 with no interest and .5% annual administrative fee. debt service payments are due semi-annually through September 2025. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	<u>461,271</u>
Total Notes Payable – Oklahoma Water Resources Board	<u>\$8,640,471</u>

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Note payable to local bank for \$240,000 with interest at 7.50%. Debt service payments due monthly, final payment due February 2013. Secured by real estate of the MIPFA. 77,515

Total Notes Payable \$8,717,986

Current portion \$561,866
Non-current portion 8,156,120
\$8,717,986

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

Governmental-Type Activities							
Year Ending June 30.	G.O. Bonds Payable		Note Payable		Capital Leases		
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 215,000	\$ 22,806	\$ -	\$ 2,494	\$ 119,011	\$ 112,382	
2012	215,000	15,710	-	2,494	142,013	60,992	
2013	240,000	8,400	-	2,494	149,117	54,264	
2014	-	-	-	2,494	140,486	47,019	
2015	-	-	-	2,494	130,846	41,084	
2016-2020	-	-	55,137	2,494	531,458	120,553	
2021-2025	-	-	-	-	232,227	971	
Total	<u>\$ 670,000</u>	<u>\$ 46,916</u>	<u>\$ 55,137</u>	<u>\$ 14,964</u>	<u>\$ 1,445,158</u>	<u>\$ 437,265</u>	

Business-Type Activities				
Year Ending June 30.	Notes Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest
2011	561,866	195,951	234,427	19,744
2012	518,149	184,994	114,774	10,217
2013	536,935	172,979	92,917	4,337
2014	525,927	161,747	43,107	1,168
2015	543,896	151,725	6,284	32
2016-2020	2,992,368	611,963	-	-
2021-2025	3,020,317	285,917	-	-
2026-2028	18,528	915	-	-
Total	<u>\$ 8,717,986</u>	<u>\$ 1,766,191</u>	<u>\$ 491,509</u>	<u>\$ 35,498</u>

Component Unit:

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

Type of Debt	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due Within One Year
Business-Type Activities:					
Revenue Bonds Payable	<u>\$ 3,190,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,190,000</u>	<u>\$ 570,000</u>

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

Component Unit - MEFA		
Year Ending June 30,	Revenue Bonds Payable	
	Principal	Interest
2011	570,000	120,958
2012	-	110,127
2013	815,000	93,420
2014	1,805,000	38,356
Total	\$ 3,190,000	\$ 362,861

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 \$10,395,824. Net utility revenues received in the current year were \$3,445,590. Debt service payments of \$592,791 for the current fiscal year were 17% of pledged net utility revenues.

Capital Lease Agreement (Ground Lease)

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

The following Schedule presents future minimum lease payments as of June 30, 2010:

Component Unit - MEFA			
Year Ending June 30,	Principal	Interest	Total Requirements
2011	\$ 689,224	\$ 92,577	\$ 781,801
2012	-	-	-
2013	843,471	62,079	905,550
2014	1,657,305	20,444	1,677,749
Total	\$ 3,190,000	\$ 175,100	\$ 3,365,100

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

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8. Short-Term Debt

The MDA issues short-term notes payable and mortgages payable to finance community housing construction projects. Short-term debt activity for the year ended June 30, 2010 included a notes payable issued by local bank and by the Oklahoma Housing Finance Authority for housing construction projects. Short-term debt activity for the year ended June 30, 2010, was as follows:

Type of Debt	Balance July 1, 2009	Draws	Repayments	Balance June 30, 2010
Mortgages Payable	107,655	228,812	336,467	-
Total Short-Term Debt	<u>\$ 107,655</u>	<u>\$ 228,812</u>	<u>\$ 336,467</u>	<u>-</u>

9. Net Assets and Fund Balances

Net assets are displayed in three components:

- a. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net assets* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Prior period adjustments:

Statement of Activities:	Government Wide	Fund Level
Governmental Activities:		
Beginning net assets as previously reported	\$25,107,547	\$5,396,704
Add: Understatement of capital assets	2,048,972	-
Excluded fund	463,870	463,870
Write off of old outstanding checks from prior years	153,072	153,072
Less: Understatement of accumulated depreciation	(830,044)	-
Understatement of notes payable	(35,000)	-
Overstatement of cash	(118,020)	(118,020)
Beginning net assets, restated	<u>\$26,790,397</u>	<u>\$5,895,626</u>

Beginning net assts of the MEFA were overstated in the prior year by \$9,564 due to the incorrect recording of a transfer between accounts. To correct the error, the beginning net asset of (\$66,502), as originally reported, has been decreased to (\$76,066).

10. 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 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City and recorded in the General Fund.

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, 2010, the City's net assessed valuation of taxable property was \$50,146,552. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2010 was \$4.39.

MEFA Rental Revenue:

The MEFA has a commitment with the Miami Public Schools to lease the gymnasium/bank choral facility. Future minimum rental commitments for operating leases as of a June 30, 2010 total \$10,500 as follows: \$3,000 each year for 2011 through 2013 and \$1,500 for 2014. The rent is due in equal semi-annual installments on or before the 1st of September and March ending September 1, 2013. The annual lease represents 100% of the Authority's operating revenues.

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11. 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 three fiscal years.

	<u>Worker's Compensation</u>	<u>Health Care</u>	<u>Unemployment Fund</u>	<u>Total</u>
Claim liability, June 30, 2008	\$ 1,971,904	\$ 109,674	\$ -	\$ 2,081,578
Claims and changes in estimates	42,321	1,069,447	17,461	1,129,229
Claims payments	<u>(665,393)</u>	<u>(1,140,162)</u>	<u>(10,281)</u>	<u>(1,815,836)</u>
Claim liability, June 30, 2009	\$ 1,348,832	\$ 38,959	\$ 7,180	\$ 1,394,971
Claims and changes in estimates	260,814	1,195,016	29,198	1,485,028
Claims payments	<u>(680,088)</u>	<u>(1,082,455)</u>	<u>(29,761)</u>	<u>(1,792,304)</u>
Claim liability, June 30, 2010	<u>\$ 929,558</u>	<u>\$ 151,520</u>	<u>\$ 6,617</u>	<u>\$ 1,087,695</u>

12. Retirement Plan Participation

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

1. Miami City Employee Retirement System (the "System") – single-employer, defined benefit pension plan
2. Oklahoma Police Pension and Retirement System (OPPRS) - a statewide cost-sharing plan
3. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

Miami City Employee Retirement System

The City contributes to the City of Miami Employees' Retirement System (the "System"), which is a single employer defined benefit pension plan administered by the City of Miami and the First National Bank and Trust Company of Miami. All regular, full-time employees not covered by another system are eligible to participate. The funding policy is based upon the annual actuarial evaluation. For the year ended June 30, 2009, employees contribute 3.0% of annual pre-tax wages and the City 9.69% of annual

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pre-tax gross wages. The City performs periodic actuarial to determine if the City's fixed contribution rate is funding the actuarially determined liability.

A. Funding Policies, Contribution Methods, and Benefit Provisions

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

Year established and governing authority	1980; City Ordinance
Determination of Contribution requirements	City Ordinance
Employer	9.69%
Plan members	3.0%
Funding of administrative costs	Investment earnings
Period required to vest	Based on years of service; 100% vested after 10 years
Eligibility for distribution	Age 55 with 10 years credited service
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

Plan Membership (as of June 30, 2010):

Total number of plan members included active vested 54, active non vested 90, retirees and spouses 51, and deferred vested 11.

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

Method Used to Value Investments - Values of System assets are reported at fair value which approximates market. As of June 30, 2010, the System held no related party investments or individual investments (other than U.S. government and U.S. government guaranteed securities) whose market value does not exceed five percent or more of the net assets available for benefits.

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

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

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

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D. Actuarial Assumptions

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

Valuation date	July 1, 2009
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	30 years, rolling
Asset valuation method	Smoothed market
Investment rate of return	7.0%
Projected salary increases	5.0%
Inflation rate	2.0%

E. Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	Unavailable	324,588	0.0%	Unavailable
2008	435,410	422,092	96.9%	13,318
2009	432,180	421,681	97.6%	23,817
2010	428,419	416,377	97.2%	76,397

Oklahoma Firefighter's and Police Pension and Retirement Systems

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

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	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Obtaining separately issued financial statements	Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7335	Oklahoma Firefighter's Pension and Retirement System 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414
Eligibility to participate	All full-time officers, employed by a participating municipality, not less than 21 years of age or more than 45 years of age when hired	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute	State Statute
Employee's contribution rate (percent of covered payroll)	8%	8%
City's contribution rate (percent of covered payroll)	13%	13%
State obligation	State appropriation to fund the unfunded actuarial accrued liability	State appropriation to fund the unfunded actuarial accrued liability
Period required to vest	10 years	10 years
Eligibility and benefits for distribution (full-time)	20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Eligibility and benefits for distribution (volunteer)	-	20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with additional option to participate in Louisiana Plan.	Yes, 20 years credited service with continued service for a maximum of 30 or more years.
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

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Retirement Plan Contributions – OFPRS and OPFRS Cost-Sharing Plans

The state made on-behalf payments for the police pension system of \$99,783 and for the fire pension system of \$222,734. These on-behalf payments were recognized as revenue and expenditures in the current fiscal year. City contributions required by State Statute:

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2008	140,173	100%	2008	137,229	100%
2009	146,138	100%	2009	138,279	100%
2010	147,408	100%	2010	132,823	100%

City of Miami 457 Deferred Compensation Plan (DC Plan)

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

Funding Policy – DC Plan participants may contribute up to \$15,000 of eligible compensation per year. During the year ended June 30, 2010, employees contributed \$66,030 and the employer contributed \$7,297 to the DC Plan.

ICMA Retirement Deferred Compensation Plan

In addition to the above plans, the City of Miami offers a retirement plan through ICMA which is funded 12% by the employer and by employee contributions. Employee and employer contributions to the plan for the year ended June 30, 2010, were \$21,118, and \$12,600, respectively. Separate audited financial statements are not available.

13. Postemployment Healthcare Plan

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

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Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010, the actuarially expected City contribution in the form of net age adjustment was \$66,123 to the Plan. Plan members receiving benefits contributed \$44,687 of the total premiums, through their payment of the full determined premium in FY 2010.

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, 2010:

Normal Cost	\$	55,448
Amortization of Actuarial Accrued Liability (AAL)		29,198
Annual OPEB cost (expense)		84,646
Expected net benefits during the year		(18,523)
Increase in net OPEB obligation		66,123
Net OPEB obligation - beginning of year		66,123
Net OPEB obligation - end of year	\$	132,246

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	37.1%	\$66,123
6/30/10	105,076	37.1%	132,246

Information for the one preceding year was not available. Fiscal year 2009 was the first year the City was required to have an actuary performed and report any liability.

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$785,142, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$785,142. The covered payroll (annual payroll of active employees covered by the plan) was \$6.9 million, and the ratio of the UAAL to the covered payroll was 11.4 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, 2009, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2013. The UAAL is being amortized over 30 years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2009, was thirty 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.

14. 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 2010, 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.

15. New Accounting Pronouncements

The GASB has issued Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. The requirements of this Statement are effective for fiscal year 2011.

16. Subsequent Events

The citizens approved an additional sales tax of sixty-five hundredths of one percent (.65%) to provide revenues for street and road improvements and to pay the principal and interest on indebtedness incurred on behalf of the City for streets. The tax begins October 1, 2010 and shall cease on October 1, 2025.

In October 2010, the MIA issued \$13,000,000 of sales tax revenue bonds to provide funds for street improvements. The bonds will be repaid with the .65% sales tax approved by the voters for street improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2010

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$584,000	\$564,755	\$622,138	57,383
Resources (Inflows):				
Taxes and assessments	5,614,555	5,670,159	5,175,789	(494,370)
Fees, licenses and permits	35,086	35,086	32,796	(2,290)
Charges for services	149,445	188,186	261,341	73,155
Fines and forfeitures	152,993	187,574	155,497	(32,077)
Interest earned	36,178	36,178	23,315	(12,863)
Miscellaneous	171,427	100,232	233,593	133,361
Intergovernmental	55,732	136,763	175,907	39,144
Total Resources (Inflows)	6,215,416	6,354,178	6,058,238	(295,940)
Amounts available for appropriation	6,799,416	6,918,933	6,680,376	(238,557)
Charges to Appropriations (Outflows):				
General Government				
City Clerk	-	-	\$ -	\$ -
Municipal Court	149,485	162,055	158,609	3,446
General Government	1,426,005	1,428,453	1,458,962	(30,509)
MCVB	-	256,807	231,478	25,329
Economic Development	100,914	100,914	92,423	8,491
Public Safety				
Police	1,822,419	1,838,473	1,791,719	46,754
Fire	1,504,453	1,505,453	1,398,512	106,941
Emergency Management	78,950	79,286	69,170	10,116
Police Maintenance Operations	52,858	52,858	51,503	1,355
Police Communications	267,179	267,179	260,126	7,053
Code Enforcement	76,700	95,200	82,558	12,642
Risk Management	92,586	92,586	87,709	4,877
Public Works and Streets				
Streets	726,516	727,866	662,073	65,793
Cemetery	194,589	224,685	222,224	2,461
Municipal Building	211,807	211,807	169,116	42,691
Culture and Recreation				
Sports	89,510	89,510	78,473	11,037
Swimming pool	227,029	230,774	164,364	66,410
Parks	561,884	565,500	537,576	27,924
Library	339,741	390,895	372,176	18,719
Total Charges to Appropriations	\$ 7,922,625	\$ 8,320,301	\$ 7,888,771	\$ 431,530
Other financing sources (uses)				
Transfers from other funds	1,170,000	1,249,491	1,690,976	441,485
Transfers to other funds	(45,500)	(50,382)	(52,382)	(2,000)
Total other financing sources (uses)	1,124,500	1,199,109	1,638,594	439,485
Ending Budgetary Fund Balance	\$ 1,291	\$ (202,259)	\$ 430,199	\$ 632,458

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Footnotes to Budgetary Comparison Schedule:

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

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

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

	<u>Fund Balance July 1, 2009</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance July 1, 2010</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$1,143,055	(\$398,104)	\$744,951
Increases (Decreases):			
Revenues:			
Taxes receivable	(674,691)	214,253	(460,438)
Accounts receivable	(57,481)	(29,250)	(86,731)
State on behalf pension payments	(358,849)	36,332	(322,517)
Expenditures:			
Accrued payroll	303,573	2,432	306,005
Other expenditures	-	(73,588)	(73,588)
State on behalf pension payments	358,849	(36,332)	322,517
Fund Balance - Budgetary Basis	<u>\$714,456</u>	<u>(\$284,257)</u>	<u>\$430,199</u>

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Schedule of Funding Progress – City Employee Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
July 1, 2009	\$ 7,709,228	\$ 10,922,348	PUC \$ (3,213,120)	70.6%	\$ 4,703,643	68.3%
July 1, 2003	5,991,816	8,565,226	PUC (2,573,410)	70.0%	3,586,717	71.7%
July 1, 2001	5,446,932	7,318,304	PUC (1,871,372)	74.4%	3,104,400	60.3%
July 1, 1999	5,924,172	7,034,843	PUC (1,110,671)	84.2%	299,440	370.9%

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

Changes in actuarial assumptions for July 1, 2009:

The retirement rate and turnover assumption was revised based on the results of a detailed demographic analysis conducted of the experience of municipalities participating in the Oklahoma Municipal Retirement Fund.

The asset valuation method was changed from market value to smoothed market value using a 20% smoothing factor.

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed
2007	Unavailable	Unknown
2008	\$435,410	96.9%
2009	\$432,180	97.6%
2010	\$429,419	97.2%

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
Actuarial accrued liability - AAL (a)	\$785,142
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability – UAAL (funding excess) (a) – (b)	\$785,142
Funded ratio (b)/(a)	0%
Covered payroll (c)	\$6,900,000
UAAL (funding excess) as a % of covered payroll [UAAL/(c)]	11.4%

Three year trend information is not available.

OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2010

ASSETS	SPECIAL REVENUE FUNDS									
	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	LEAD REMEDIATION FUND	CONCESSION FUND	ECONOMIC DEVELOPMENT FUND	DRUG & SAFETY FUND	CDRB RLF FUND
Cash and cash equivalents	\$ 60,255	\$ 19,060	\$ 195,687	\$ 8,247	\$ 1,56,426	\$ -	\$ -	\$ -	\$ 314	\$ 191,866
Investments, at cost	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	87,284	-	-	-	-	-	-	-	342,660
Due from other governments	-	-	18,792	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 60,255	\$ 107,244	\$ 214,479	\$ 8,247	\$ 1,56,426	\$ -	\$ -	\$ -	\$ 314	\$ 534,526
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,163	\$ -	\$ 4,525	\$ -	\$ -	\$ 6,951	\$ -	\$ -
Wages payable	-	-	-	-	10,631	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	10,423	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ 17,586	\$ -	\$ 15,156	\$ -	\$ -	\$ 6,951	\$ -	\$ -
Fund balance:										
Reserved for grant programs	-	-	-	-	-	-	-	-	-	-
Unreserved reported in:										
Special Revenue Funds	60,255	107,244	196,893	8,247	141,270	-	-	(6,951)	314	534,526
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	60,255	107,244	196,893	8,247	141,270	-	-	(6,951)	314	534,526
Total Liabilities and Fund Balances	\$ 60,255	\$ 107,244	\$ 214,479	\$ 8,247	\$ 1,56,426	\$ -	\$ -	\$ -	\$ 314	\$ 534,526

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2010, Continued

ASSETS	SPECIAL REVENUE FUNDS							
	VFW BUILDING FUND	LIBRARY FUND	DEMOLITION ACCOUNT FUND	LITERACY GRANT FUND	FLOOD 2007 FUND	ICE/STORM FUND	RFC 06-08 GRANT FUND	MICRO LOAN PROGRAM
Cash and cash equivalents	\$ -	\$ -	\$ 148,547	\$ -	\$ 155,745	\$ -	\$ -	\$ 30,763
Investments, at cost	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	6,319
Due from other governments	-	-	-	-	7,988	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ 148,547	\$ -	\$ 163,733	\$ -	\$ -	\$ 37,082
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 1,004	\$ -	\$ -	\$ -	\$ -	\$ -
Wages payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ 1,004	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance:								
Reserved for grant programs	-	-	-	-	163,733	-	-	-
Unreserved reported in:	-	-	147,543	-	-	-	-	37,082
Special Revenue Funds	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-
Total Fund Balance	\$ -	\$ -	\$ 147,543	\$ -	\$ 163,733	\$ -	\$ -	\$ 37,082
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 148,547	\$ -	\$ 163,733	\$ -	\$ -	\$ 37,082

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2010, Continued

ASSETS	SPECIAL REVENUE FUNDS										SRL PROJECT FUND
	REC 07-09 GRANT FUND	HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT TAXIWAY FUND	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS			
Cash and cash equivalents	\$ 23,835	\$ 59,635	\$ -	\$ 85,059	\$ (1)	\$ 16,570	\$ -	\$ -			\$ -
Investments, at cost	-	-	-	-	-	-	-	-			-
Accounts receivable	-	-	3,721	-	-	-	-	-			-
Note receivable	-	-	-	-	226,663	-	42,512	10,363			-
Due from other governments	-	-	-	-	-	411	1,325	-			-
Due from other funds	-	-	-	-	-	-	-	-			-
Total Assets	\$ 23,835	\$ 59,635	\$ 3,721	\$ 85,059	\$ 226,662	\$ 16,981	\$ 43,837	\$ 10,363			\$ -
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	\$ -	\$ 88	\$ -	\$ 1,155	\$ 230,916	\$ -	\$ 35,881	\$ -			\$ -
Wages payable	-	-	-	-	-	-	-	-			-
Due to other funds	-	-	-	-	-	-	60,018	-			3,697
Deferred revenue	-	-	-	-	-	-	-	-			-
Total Liabilities	\$ -	\$ 88	\$ -	\$ 1,155	\$ 230,916	\$ -	\$ 95,899	\$ -			\$ 3,697
Fund balance:											
Reserved for grant programs	23,835	-	-	-	-	-	-	10,363			-
Unreserved reported in:											
Special Revenue Funds	-	\$9,547	3,721	83,904	(4,254)	16,981	(52,062)	-			(3,697)
Debt Service Funds	-	-	-	-	-	-	-	-			-
Capital Project Funds	-	-	-	-	-	-	-	-			-
Total Fund Balance	23,835	\$9,547	3,721	83,904	(4,254)	16,981	(52,062)	10,363			(3,697)
Total Liabilities and Fund Balances	\$ 23,835	\$ 59,635	\$ 3,721	\$ 85,059	\$ 226,662	\$ 16,981	\$ 43,837	\$ 10,363			\$ -

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2010, Continued

ASSETS	SPECIAL REVENUE FUNDS				CEMETERY PREPETUAL CARE INTEREST	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS	
	OK LEAP/CDBG LOAN	FDA REVOLVING LOAN	DARE FUND	LIBRARY MEMORIAL TRUST			MDRA	MAIN STREET PROJECT
Cash and cash equivalents	\$ 52,280	\$ 378,083	\$ 479	\$ -	\$ 434	\$ 271,084	\$ 931	\$ 350,528
Investments, at cost	-	-	-	-	-	-	-	-
Accounts receivable	96	-	-	-	-	-	-	43,464
Notes receivable	9,014	553,906	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	51,262	-	-
Due from other funds	-	-	-	-	-	-	-	60,018
Total Assets	\$ 61,390	\$ 931,989	\$ 479	\$ -	\$ 434	\$ 322,346	\$ 931	\$ 454,010
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 625	\$ 50,094	\$ -	\$ 7,048
Wages payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 625	\$ 50,094	\$ -	\$ 7,048
Fund balance:								
Reserved for grant programs	61,390	931,989	479	-	-	-	-	-
Unreserved reported in:								
Special Revenue Funds	-	-	-	-	(191)	-	-	-
Debt Service Funds	-	-	-	-	-	272,252	-	-
Capital Project Funds	-	-	-	-	-	-	931	446,962
Total Fund Balance	61,390	931,989	479	-	(191)	272,252	931	446,962
Total Liabilities and Fund Balances	\$ 61,390	\$ 931,989	\$ 479	\$ -	\$ 434	\$ 322,346	\$ 931	\$ 454,010

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2010, Continued

ASSETS	CAPITAL PROJECT FUNDS							TOTALS
	GRDA SETTLEMENT FUND	BASEBALL FIELD FUND	CEMETERY PERPETUAL CARE	CITY BUILDING PROJECTS	POOL IMPROVEMENT FUND	PARK DEPARTMENT PROJECTS		
Cash and cash equivalents	\$ -	\$ -	\$ 82,049	\$ -	\$ -	\$ 42,041	\$ 2,553,586	
Investments, at cost	-	-	181,009	-	-	-	181,009	
Accounts receivable	-	-	-	-	-	-	47,281	
Notes receivable	-	-	-	-	-	-	999,183	
Due from other governments	-	-	-	-	-	-	357,580	
Due from other funds	-	-	-	-	-	-	61,754	
Total Assets	\$ -	\$ -	\$ 263,058	\$ -	\$ -	\$ 42,041	\$ 4,200,393	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,572	\$ -	\$ -	\$ -	\$ 365,738	
Wages payable	-	-	-	-	-	-	10,631	
Due to other funds	-	-	-	-	238,567	-	302,282	
Deferred revenue	-	-	-	-	-	-	10,423	
Total Liabilities	\$ -	\$ -	\$ 2,572	\$ -	\$ 238,567	\$ -	\$ 689,074	
Fund balance:								
Reserved for grant programs	-	-	-	-	-	-	1,191,789	
Unreserved reported in:								
Special Revenue Funds	-	-	-	-	-	-	1,535,425	
Debt Service Funds	-	-	-	-	-	-	272,252	
Capital Project Funds	-	-	260,486	-	(238,567)	42,041	511,853	
Total Fund Balance	\$ -	\$ -	\$ 260,486	\$ -	\$ (238,567)	\$ 42,041	\$ 3,511,319	
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 263,058	\$ -	\$ -	\$ 42,041	\$ 4,200,393	

CITY OF MIAMI, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2010

	SPECIAL REVENUE FUNDS										CDBG RLF FUND
	FISHING LICENSE FUND	ECONOMIC DEVELOPMENT INCENTIVE	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	LEAD REMEDIATION FUND	CONCESSION FUND	ECONOMIC DEVELOPMENT FUND	DRUG & SAFETY FUND		
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	124,482	-	-	-	-	-	-	-	-
Changes for services	-	-	-	-	57,756	-	-	-	-	-	-
Investment income	-	7,596	-	-	-	-	11,209	-	-	-	-
Licenses & permits	-	-	-	-	-	-	-	-	-	-	5,933
Miscellaneous	-	-	96,129	23,038	-	-	-	-	-	-	-
Total Revenues		7,596	220,711	23,038	57,756		11,209				5,933
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	1,980	-	-	-
Public safety	-	-	-	16,907	-	-	-	-	-	-	-
Streets	-	-	136,208	-	-	-	-	-	-	-	-
Culture and recreation	2,061	-	-	-	21,851	-	4,454	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	100,495	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	41,910	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	4,749	-	-	-	-	-	-	-	-
Total Expenditures	2,061		283,372	16,907	21,851		4,454	1,980			
Revenues over (under) expenditures	(2,061)	7,596	(62,661)	6,131	35,905		6,855	(1,980)			5,933
Other financing sources (uses):											
Lease proceeds	-	-	100,495	-	-	-	-	-	-	-	-
Transfers in	-	2,000	-	-	-	5,712	-	-	-	-	-
Transfers out	-	-	-	-	-	(14,646)	(74,092)	-	-	-	-
Total other financing sources (uses)		2,000	100,495			(8,934)	(74,092)				
Net change in fund balances	(2,061)	9,596	37,934	6,131	35,905	(8,934)	(67,237)	(1,980)			5,933
Fund Balance - beginning of year, restated	62,316		159,059	2,116	105,365	8,934	67,237	(4,971)	314		526,501
Fund Balance - end of year	60,255	107,244	196,893	8,247	141,270			(6,951)	314		532,526

(Continued)

**CITY OF MIAMI, OKLAHOMA
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As of and for the Year Ended June 30, 2010**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2010.

Continued

	VFW BUILDING FUND	LIBRARY FUND	DEMOLITION ACCOUNT FUND	LITERACY GRANT FUND	FLOOD 2007 FUND	2007 ICE STORM FUND	RFC 06-08 GRANT FUND	MICRO LOAN PROGRAM
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	9,368	-	46,913	-	-	-
Charges for services	-	-	26,443	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	353
Licenses & permits	-	-	15	-	-	-	-	-
Miscellaneous	7	14,511	-	2,500	1,690	-	-	-
Total Revenues	7	14,511	35,826	2,500	48,603	-	-	353
Expenditures:								
Current:								
General government	950	-	80,055	-	17,535	-	-	-
Public safety	-	-	49,153	-	64,219	-	23,986	-
Streets	-	-	-	-	-	-	-	-
Culture and recreation	-	47,348	-	1,096	-	-	-	-
Airport	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	950	47,348	139,208	1,096	81,754	-	23,986	-
Revenues over (under) expenditures	(943)	(32,837)	(102,382)	1,404	(33,151)	-	(23,986)	353
Other financing sources (uses):								
Lease proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	120,000	-	-	-	22,289	-
Transfers out	(26,631)	(9,409)	-	(1,367)	-	(518,070)	-	-
Total other financing sources (uses)	(26,631)	(9,409)	120,000	(1,367)	-	(518,070)	22,289	-
Net change in fund balances	(27,574)	(42,246)	17,618	37	(33,151)	(518,070)	(1,697)	353
Fund Balance - beginning of year, restated	27,574	42,246	129,925	(37)	196,884	518,070	1,697	36,729
Fund Balance - end of year	\$ -	\$ -	\$ 147,543	\$ -	\$ 163,733	\$ -	\$ -	\$ 37,082

(Continued)

**CITY OF MIAMI, OKLAHOMA
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As of and for the Year Ended June 30, 2010**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2010,
Continued**

	SPECIAL REVENUE FUNDS									
	RFC 07-09 GRANT FUND	HOUSING CONSTRUCTION FUND	HOUSING REHABILITATION FUND	HOUSING INFRASTRUCTURE FUND	COLEMAN PROJECT	AIRPORT TAXIWAY FUND	AIRPORT T-HANGER TAXIWAY	POLICE GRANTS	SRL PROJECT FUND	
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	15,843	29,998	-	111,214	558,950	42,515	-	89,987	213,596	-
Charges for services	-	370,404	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Licenses & permits	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	17,000	-	-	-	-	-	-	-	-
Total Revenues	15,843	417,402	-	111,214	558,950	42,515	-	89,987	213,596	-
Expenditures:										
Current:										
General government	-	413,419	4,306	6,591	-	-	-	-	13,576	-
Public safety	838	-	-	-	-	-	-	18,543	-	-
Streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	1,623	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Capital outlay	480	-	-	17,884	965,591	76,348	-	61,076	756,902	-
Debt service:	-	336,468	-	-	-	-	-	-	-	-
Principal retirement	-	2,500	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,318	752,407	4,306	24,475	965,591	77,971	-	79,619	770,478	-
Revenues over (under) expenditures	14,525	(335,005)	(4,306)	86,739	(406,641)	(35,456)	-	10,368	(556,882)	-
Other financing sources (uses):										
Lease proceeds	-	228,812	-	-	-	-	-	-	-	-
Transfers in	-	-	2,500	(13,367)	302,377	-	-	4,882	-	-
Transfers out	-	-	-	(13,367)	(402,377)	-	-	(4,882)	-	-
Total other financing sources (uses)	-	228,812	2,500	(13,367)	(402,377)	-	-	(4,882)	-	-
Net change in fund balances	14,525	(106,193)	(1,806)	73,372	(4,254)	(35,456)	-	15,250	(556,882)	-
Fund Balance - beginning of year, restated	9,310	165,740	5,527	10,532	-	16,981	-	(4,887)	553,185	-
Fund Balance - end of year	\$ 23,835	\$ 59,547	\$ 3,721	\$ 83,904	\$ (4,254)	\$ 16,981	\$ (52,062)	\$ 10,363	\$ (3,697)	\$ -

(Continued)

**CITY OF MIAMI, OKLAHOMA
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2010,
Continued**

	OK LEAP/CDBG FUND		SPECIAL REVENUE FUNDS		DEBT SERVICE		CAPITAL PROJECT FUNDS			
			EDA REVOLVING LOAN	DARE FUND	LIBRARY MEMORIAL TRUST	MDRA	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,134	\$ -	\$ 323,172
Intergovernmental	-	-	-	-	-	7,500	-	-	-	-
Charges for services	-	-	-	-	250,664	-	-	-	-	-
Investment income	117	33,084	33,084	-	244	5,897	-	-	-	432
Licenses & permits	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	4,700	300	98,950	-	-	-	50,000
Total Revenues	117	33,084	33,084	4,700	544	363,011	-	253,134	-	373,604
Expenditures:										
Current:										
General government	-	-	-	-	-	-	2,210	2,973	-	400
Public safety	-	-	-	4,357	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	20,000	-
Culture and recreation	-	-	-	-	-	341,915	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	42,804	15,500	-	-	1,527,968
Debt service:										
Principal retirement	-	-	-	-	-	4,863	-	215,000	-	14,598
Interest and fiscal charges	-	-	-	-	-	2,069	-	30,685	-	4,645
Total Expenditures	-	-	-	4,357	-	391,651	17,730	248,058	20,000	1,547,611
Revenues over (under) expenditures	117	33,084	33,084	343	544	(28,640)	(17,730)	5,076	(20,000)	(1,174,007)
Other financing sources (uses):										
Lease proceeds	-	-	-	-	-	25,000	-	-	-	1,257,091
Transfers in	-	-	-	-	-	51,838	-	-	30,000	-
Transfers out	-	-	-	-	(24,363)	(307,057)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(24,363)	(230,219)	-	-	30,000	1,257,091
Net change in fund balances	117	33,084	33,084	343	(23,819)	(258,859)	(17,730)	5,076	10,000	83,084
Fund Balance - beginning of year, restated	61,273	898,905	898,905	136	23,819	463,912	17,539	267,176	(9,069)	363,878
Fund Balance - end of year	61,390	931,989	931,989	479	-	205,053	(191)	272,252	931	446,962

(Continued)

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2010.

Continued

	CAPITAL PROJECT FUNDS							TOTAL
	GRDA SETTLEMENT FUND	BASEBALL FIELD FUND	CEMETERY PERPETUAL CARE	CITY BUILDING PROJECTS	POOL IMPROVEMENT FUND	PARK DEPARTMENT PROJECTS		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,306
Intergovernmental	-	31,963	-	-	-	-	-	1,282,429
Charges for services	-	-	11,933	-	-	-	-	793,638
Investment income	-	-	720	-	65,129	-	-	54,376
Licenses & permits	-	-	-	-	-	-	-	15
Miscellaneous	-	-	-	-	-	-	-	308,825
Total Revenues		<u>31,963</u>	<u>12,653</u>		<u>65,129</u>			<u>3,015,589</u>
Expenditures:								
Current:								
General government	-	-	4,997	4,163	-	-	-	562,195
Public safety	-	-	-	-	-	-	-	178,003
Streets	-	-	-	-	-	-	-	156,208
Culture and recreation	-	1,291	-	-	-	-	-	420,016
Airport	-	-	-	-	-	-	-	1,623
Economic development	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	14,870	-	3,479,908
Debt service:								
Principal retirement	-	-	-	-	-	-	-	612,839
Interest and fiscal charges	-	-	-	-	-	-	-	44,038
Total Expenditures		<u>1,291</u>	<u>4,997</u>	<u>4,163</u>		<u>14,870</u>		<u>5,454,850</u>
Revenues over (under) expenditures		<u>30,672</u>	<u>7,656</u>	<u>(4,163)</u>	<u>65,129</u>	<u>(14,870)</u>		<u>(2,439,261)</u>
Other financing sources (uses):								
Lease proceeds	-	-	-	-	-	-	-	1,611,398
Transfers in	-	94,890	-	782	-	-	-	637,270
Transfers out	(55,387)	-	-	-	-	-	-	(1,044,389)
Total other financing sources (uses)		<u>94,890</u>		<u>782</u>				<u>1,204,279</u>
Net change in fund balances		<u>125,562</u>	<u>7,656</u>	<u>(3,381)</u>	<u>65,129</u>	<u>(14,870)</u>		<u>(1,234,982)</u>
Fund Balance - beginning of year		<u>55,387</u>	<u>252,830</u>	<u>3,381</u>	<u>(303,696)</u>	<u>56,911</u>		<u>4,746,301</u>
Fund Balance - end of year		<u>\$ -</u>	<u>\$ 260,486</u>	<u>\$ -</u>	<u>\$ (238,567)</u>	<u>\$ 42,041</u>		<u>\$ 3,511,319</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Statement of Net Assets – Non Major Enterprise Funds – June 30, 2010

	<u>AIRPORT FUND</u>	<u>MIPFA</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 254,393	\$ 65,805	\$ 320,198
Due from other funds	-	110,988	110,988
Receivables:			
Accounts receivable	54,948	-	54,948
Inventory	39,477	-	39,477
Total current assets	<u>348,818</u>	<u>176,793</u>	<u>525,611</u>
Noncurrent Assets:			
Capital Assets:			
Nondepreciable	272,204	85,001	357,205
Depreciable, net of accumulated depreciation	449,136	426,849	875,985
Total noncurrent assets	<u>721,340</u>	<u>511,850</u>	<u>1,233,190</u>
Total Assets	<u>1,070,158</u>	<u>688,643</u>	<u>\$ 1,758,801</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 21,684	\$ 1,500	\$ 23,184
Wages payable	-	-	-
Due to other funds	30,505	-	30,505
Total Current Liabilities	<u>52,189</u>	<u>1,500</u>	<u>53,689</u>
Current Liabilities			
Notes Payable	-	28,106	28,106
Total Current Liabilities	<u>-</u>	<u>28,106</u>	<u>28,106</u>
Total Current Liabilities	<u>52,189</u>	<u>29,606</u>	<u>81,795</u>
Noncurrent Liabilities:			
Notes payable	-	49,409	49,409
Total Noncurrent Liabilities	<u>-</u>	<u>49,409</u>	<u>49,409</u>
Total Liabilities	<u>52,189</u>	<u>79,015</u>	<u>131,204</u>
<u>NET ASSETS</u>			
Investment in capital assets, net of related debt	721,340	434,335	1,155,675
Restricted for industrial development	-	-	-
Unrestricted	296,629	175,293	471,922
Total Net Assets	<u>\$ 1,017,969</u>	<u>\$ 609,628</u>	<u>\$ 1,627,597</u>

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

**Combining Statement of Revenues, Expenses and Changes in Net Assets – Non Major Enterprise Funds
- Year Ended June 30, 2010**

	<u>AIRPORT FUND</u>	<u>MIPFA</u>	<u>TOTALS</u>
Operating Revenues:			
Charges for services	\$ 230,802	\$ -	\$ 230,802
Total Operating Revenues	<u>230,802</u>	<u>-</u>	<u>230,802</u>
Operating Expenses:			
Personal services	484	-	484
Materials and supplies	127,025	-	127,025
Other services and charges	30,867	43,197	74,064
Depreciation and amortization	36,885	25,231	62,116
Total Operating Expenses	<u>195,261</u>	<u>68,428</u>	<u>263,689</u>
Operating Income (Loss)	35,541	(68,428)	(32,887)
Non-Operating Revenues (Expenses):			
Investment income	365	833	1,198
Miscellaneous income	-	56,019	56,019
Interest and fiscal charges	-	(3,688)	(3,688)
Net non-operating revenues (expenses)	<u>365</u>	<u>53,164</u>	<u>53,529</u>
Income (Loss) Before Transfers	35,906	(15,264)	20,642
Contributed capital revenue	<u>77,608</u>	<u>-</u>	<u>77,608</u>
Net	<u>77,608</u>	<u>-</u>	<u>77,608</u>
Change in Net Assets	191,122	(15,264)	98,250
Net Assets, beginning of year	<u>904,455</u>	<u>624,892</u>	<u>1,529,347</u>
Net Assets, end of year	<u>\$ 1,095,577</u>	<u>\$ 609,628</u>	<u>\$ 1,627,597</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Statement of Cash Flows – Non Major Enterprise Funds - Year Ended June 30, 2010

	<u>AIRPORT FUND</u>	<u>MIPFA</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 211,134	\$ 56,019	\$ 267,153
Payments to suppliers	(174,440)	(43,113)	(217,553)
Payments to employees	(883)	-	(883)
Payments to other funds	27	-	27
Net Cash Provided by Operating Activities	<u>35,838</u>	<u>12,906</u>	<u>48,744</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(14,800)	-	(14,800)
Interest and fiscal charges paid on capital debt	-	(3,688)	(3,688)
Principal paid on capital debt	-	(40,979)	(40,979)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(14,800)</u>	<u>(44,667)</u>	<u>(59,467)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	365	832	1,197
Net Cash Provided by (Used in) Investing Activities	<u>365</u>	<u>832</u>	<u>1,197</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,403	(30,929)	(9,526)
Balances - beginning of the year	<u>232,990</u>	<u>96,734</u>	<u>329,724</u>
Balances - end of the year	<u>\$ 254,393</u>	<u>\$ 65,805</u>	<u>\$ 320,198</u>
Reconciliation to Statement of Net Assets:			
Cash and cash equivalents	\$ 254,393	\$ 65,805	\$ 320,198
Total cash and cash equivalents	<u>\$ 254,393</u>	<u>\$ 65,805</u>	<u>\$ 320,198</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$35,541	\$ (68,428)	\$ (32,887)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	36,885	25,231	62,116
Other non-operating income	-	56,019	56,019
Change in assets and liabilities:			
Receivables, net	(19,668)	-	(19,668)
Inventory	(11,875)	-	(11,875)
Accounts payables	(4,673)	84	(4,589)
Due to other funds	27	-	27
Accrued wages payable	(399)	-	(399)
Net Cash Provided by Operating Activities	<u>\$ 35,838</u>	<u>\$ 12,906</u>	<u>\$ 48,744</u>
Non-cash activity:			
Capital assets donated	77,608	-	77,608
	<u>\$ 77,608</u>	<u>\$ -</u>	<u>\$ 77,608</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Statement of Net Assets – Internal Service Funds – June 30, 2010

	<u>WORKER'S COMPENSATION FUND</u>	<u>UNEMPLOYMENT FUND</u>	<u>HEALTH INSURANCE FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 678,433	\$ 43,811	\$ 4,492	\$ 726,736
Investments	600,613	-	-	600,613
Receivables:				
Other receivable	844,572	-	-	844,572
Due from other funds	-	-	55,174	55,174
Total current assets	<u>2,123,618</u>	<u>43,811</u>	<u>59,666</u>	<u>2,227,095</u>
Total Assets	<u>2,123,618</u>	<u>43,811</u>	<u>59,666</u>	<u>2,227,095</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Claims liability	\$ 929,558	\$ 6,617	\$ 151,520	\$ 1,087,695
Due to other funds	-	-	40,001	40,001
Total Liabilities	<u>929,558</u>	<u>6,617</u>	<u>191,521</u>	<u>1,127,696</u>
<u>NET ASSETS</u>				
Unrestricted	<u>1,194,060</u>	<u>37,194</u>	<u>(131,855)</u>	<u>1,099,399</u>
Total Net Assets	<u>\$ 1,194,060</u>	<u>\$ 37,194</u>	<u>\$ (131,855)</u>	<u>\$ 1,099,399</u>

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

**Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds -
Year Ended June 30, 2010**

	<u>WORKER'S COMPENSATION FUND</u>	<u>UNEMPLOYMENT FUND</u>	<u>HEALTH INSURANCE FUND</u>	<u>TOTALS</u>
Operating Revenues:				
Charges for services	\$ 345,391	\$ 24,356	\$ 931,063	\$ 1,300,810
Miscellaneous	1,099	-	6,347	7,446
Total Operating Revenues	<u>346,490</u>	<u>24,356</u>	<u>937,410</u>	<u>1,308,256</u>
Operating Expenses:				
Insurance claims and expenses	260,814	29,198	1,195,016	1,485,028
Total Operating Expenses	<u>260,814</u>	<u>29,198</u>	<u>1,195,016</u>	<u>1,485,028</u>
Operating Income (Loss)	85,676	(4,842)	(257,606)	(176,772)
Non-Operating Revenues (Expenses):				
Investment income	3,336	-	1,008	4,344
Net non-operating revenues (expenses)	3,336	-	1,008	4,344
Transfers from other funds	-	-	161,391	161,391
Net transfers	<u>-</u>	<u>-</u>	<u>161,391</u>	<u>161,391</u>
Change In Net Assets	89,012	(4,842)	(95,207)	(11,037)
Net Assets, beginning of year	<u>1,105,048</u>	<u>42,036</u>	<u>(36,648)</u>	<u>1,110,436</u>
Net Assets, end of year	<u>\$ 1,194,060</u>	<u>\$ 37,194</u>	<u>\$ (131,855)</u>	<u>\$ 1,099,399</u>

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Combining Statement of Cash Flows – Internal Service Funds - Year Ended June 30, 2010

	<u>WORKER'S COMPENSATION FUND</u>	<u>UNEMPLOYMENT FUND</u>	<u>HEALTH INSURANCE FUND</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 911,817	\$ 24,356	\$ 937,410	\$ 1,873,583
Payments to other funds	-	-	(21,812)	(21,812)
Claims and benefits paid	(680,088)	(29,761)	(1,082,455)	(1,792,304)
Net Cash Provided by (Used in) Operating Activities	<u>231,729</u>	<u>(5,405)</u>	<u>(166,857)</u>	<u>59,467</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	161,391	161,391
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>161,391</u>	<u>161,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	3,336	-	1,008	4,344
Purchase of investments	(600,614)	-	-	(600,614)
Net Cash Provided by (Used in) Investing Activities	<u>(597,278)</u>	<u>-</u>	<u>1,008</u>	<u>(596,270)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(365,549)	(5,405)	(4,458)	(375,412)
Balances - beginning of the year	1,043,982	49,216	8,950	1,102,148
Balances - end of the year	<u>\$ 678,433</u>	<u>\$ 43,811</u>	<u>\$ 4,492</u>	<u>\$ 726,736</u>
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	\$ 678,433	\$ 43,811	\$ 4,492	\$ 726,736
Total cash and cash equivalents	<u>\$ 678,433</u>	<u>\$ 43,811</u>	<u>\$ 4,492</u>	<u>\$ 726,736</u>
Reconciliation of operating income (loss) to net cash provided by cash in operating activities:				
Operating income (loss)	\$ 85,676	\$ (4,842)	\$ (257,606)	\$ (176,772)
Change in assets and liabilities:				
Receivables, net	565,327	-	-	565,327
Due to other funds	-	-	(21,812)	(21,812)
Claims liability	(419,274)	(563)	112,561	(307,276)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 231,729</u>	<u>\$ (5,405)</u>	<u>\$ (166,857)</u>	<u>\$ 59,467</u>

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Combining Balance Sheet - Non-Major Governmental Fund – MDRA Combining - June 30, 2010

<u>ASSETS</u>	<u>MDRA FUND</u>	<u>FRIENDS OF THE COLEMAN</u>	<u>TOTALS</u>
Cash and cash equivalents	\$ 5,548	\$ 217,221	\$ 222,769
Total Assets	\$ 5,548	\$ 217,221	\$ 222,769
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 9,501	\$ 8,215	\$ 17,716
Total Liabilities	\$ 9,501	\$ 8,215	\$ 17,716
Fund balance:			
Undesignated	(3,953)	209,006	205,053
Total Fund Balance	(3,953)	209,006	205,053
Total Liabilities and Fund Balances	\$ 5,548	\$ 217,221	\$ 222,769

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor
Governmental Fund – MDRA Combining - Year Ended June 30, 2010**

	<u>MDRA FUND</u>	<u>FRIENDS OF THE COLEMAN</u>	<u>TOTALS</u>
Revenues:			
Intergovernmental	\$ 5,000	\$ 2,500	\$ 7,500
Charges for services	22,890	227,774	250,664
Investment income	33	5,864	5,897
Miscellaneous	20,264	78,686	98,950
Total Revenues	<u>48,187</u>	<u>314,824</u>	<u>363,011</u>
Expenditures:			
Current:			
Culture and recreation	106,384	235,531	341,915
Capital outlay	5,000	37,804	42,804
Debt service:			
Principal retirement	-	4,863	4,863
Interest and fiscal charges	-	2,069	2,069
Total Expenditures	<u>111,384</u>	<u>280,267</u>	<u>391,651</u>
Revenues over (under) expenditures	(63,197)	34,557	(28,640)
Other financing sources (uses):			
Lease proceeds	-	25,000	25,000
Interaccount transfers	13,702	(13,702)	-
Transfers in	45,500	6,338	51,838
Transfers out	-	(307,057)	(307,057)
Total other financing sources (uses)	<u>59,202</u>	<u>(289,421)</u>	<u>(230,219)</u>
Net change in fund balances	(3,995)	(254,864)	(258,859)
Fund Balance - beginning of year, restated	42	463,870	463,912
Fund Balance - end of year	<u>\$ (3,953)</u>	<u>\$ 209,006</u>	<u>\$ 205,053</u>

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Debt Service Coverage Schedule - Year Ended June 30, 2010

DEBT SERVICE COVERAGE:	OWRB Series 2001A, 2003A, 2004A, 2005 & 2006A <u>Promissory Notes</u>
GROSS REVENUE AVAILABLE:	
Charges for services (water, electric and wastewater)	\$18,465,526
Investment income	81,871
Total Gross Revenue Available	<u>18,547,397</u>
OPERATING EXPENSES:	
Total Operating Expenses (excludes depreciation and amortization)	<u>15,101,384</u>
Net Revenue Available for Debt Service	<u><u>\$3,446,013</u></u>
Maximum Annual Debt Service on all Obligations Payable From Revenues of the System	<u><u>\$592,791</u></u>
Computed Coverage	<u><u>581%</u></u>
Coverage Requirement	<u><u>125%</u></u>

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



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

To the City Council
City of Miami, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, and each fund of the City of Miami, Oklahoma as of and for the year ended June 30, 2010, which collectively comprise the City of Miami, Oklahoma's basic financial statements and have issued our report thereon dated December 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies as defined above.

Compliance and Other Matters

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

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

TURNER & ASSOCIATES, PLLC

Vinita, OK
December 13, 2011



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

To the City Council
City of Miami, Oklahoma

Compliance

We have audited City of Miami, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Miami, Oklahoma's major federal programs for the year ended June 30, 2010. City of Miami's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City of Miami, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, City of Miami, Oklahoma, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Miami, Oklahoma's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Miami, Oklahoma as of and for the year ended June 30, 2010, and have issued our report thereon dated December 13, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

TURNER & ASSOCIATES, PLLC

Vinita, Oklahoma
December 13, 2011

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

**City of Miami, Oklahoma
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant I.D. Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>U.S. Department of Justice</u>				
Pass through District Attorney's Council				
Edward Byrnes Memorial Grant - ARRA	16.804	2009-SB-B9-0489	\$66,429	\$66,429
Edward Byrnes Memorial Grant	16.579	2009-DJ-BX-1201	13,195	13,195
2009 Bullet Proof Vest Partnership Grant	16.607	2009 BUBX 09050082	12,775	10,363
Total Department of Justice			<u>92,399</u>	<u>89,987</u>
<u>Institute of Museum and Library Services</u>				
Pass through Oklahoma Department of Libraries				
Grants to States	45.310	F-09.102	750	750
Pass through Oklahoma Humanities Council				
OHC Museum on Main Street	45.168	Y09.604	2,718	2,718
			<u>3,468</u>	<u>3,468</u>
<u>Department of Homeland Security</u>				
Pass through Oklahoma Emergency Management				
Hazard Mitigation Grant	97.039	FEMA-1735	14,963	14,963
Hazard Mitigation Grant	97.039	FEMA-1735 Siren	31,950	31,950
Repetive Flood Claim Assistance	97.092	EMT-2007-GR-0012	345,308	8,799
Repetive Flood Claim Assistance	97.092	EMT-2008-GR-0012	822,788	758,000
Emergency Management Performance Grant	97.042	EMPG 09	26,699	13,350
Emergency Management Performance Grant	97.042	EMPG 10	26,699	13,350
Total Department of Homeland Security			<u>1,268,407</u>	<u>840,412</u>
<u>Department of Commerce</u>				
Investment in Public Works or Economic				
Development Projects	11.300	80-01-04031	500,000	449,267
<u>Department of Housing an Urban Development</u>				
Pass through Oklahoma Department of Commerce				
HOME Investment Partnership Program	14.239	1194 HOME 07	119,992	29,998
Community Development Block Grant	14.228	12989 CD 96	400,000	62,909
Community Development Block Grant	14.228	13111 CDBG 08	150,000	109,685
Total Department of Housing and Urban Development			<u>669,992</u>	<u>202,592</u>
<u>US Department of Transportation</u>				
Airport Improvement Program	20.106	3-40-0059-012-2008	171,365	31,635
Airport Improvement Program	20.106	3-40-0059-014-2010	170,233	10,878
			<u>341,598</u>	<u>42,513</u>
Total Federal Awards			<u>\$2,875,864</u>	<u>\$1,628,239</u>

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CITY OF MIAMI, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified
not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified
Not considered to be material weaknesses? yes none reported

Type of auditor’s report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
OMB Circular A-133, Section .510(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.804	Edward Byrnes Memorial Grant – ARRA
97.092	Repetitive Flood Claim Assistance
14.228	Community Development Block Grant
11.300	Investment in Public Works or Economic Development Projects

Dollar threshold used to distinguish
Between Type A and Type B programs? \$300,000

Auditee qualified as low-risk auditee? yes no

CITY OF MIAMI, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings

None

Internal Control Findings

None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

None

Internal Control Findings

None

CITY OF MIAMI, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Finding 09-8; Procurement Testing FEMA

Condition: This finding was a significant deficiency stating that two invoices supporting suspension and debarment was being checked for each vendor.

Recommendation: The auditor recommended that procedures be implemented requiring the updating of the procurement manual and that reviews should be undertaken throughout the contract lifecycles. Management concurred with the recommendation and indicated that the manual would be updated and procedures adhered to.

Current status: The recommendation was adopted in November 2008. No similar findings were noted in the 2010 audit.

Finding 09-9; Subrecipient Monitoring CDBG

Condition: This finding was a significant deficiency stating that the subrecipient audit report had not being requested or received.

Recommendation: The auditor recommended the policies regarding monitoring subrecipients be updated. Management concurred with the recommended and indicated that the policies would be updated and audit reports requested and reviewed.

Current status: The recommendation was adopted in January 2009. No similar findings were noted in the 2010 audit.

Finding 09-10; Document Retention FEMA

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

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

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

