



CITY OF MIAMI, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

THE CITY OF MIAMI, OKLAHOMA

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JUNE 30, 2017**

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma, (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Miami Industrial Development Authority ("MIDA"), which represents 10 percent, 6 percent, and 17 percent, respectively, of the assets, net position, and operating revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for MIDA, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the

business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



December 5, 2017

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

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, 2017. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2017, the City's total net position decreased by \$9,578,183 or 25% from the prior year.
- During the year, the City's expenses for governmental activities were \$22.4 million and were funded by program revenues of \$1.5 million and further funded with taxes and other general revenues that totaled \$11.4 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$4 million.
- At June 30, 2017, the General Fund reported an unassigned fund balance of \$195.
- For budgetary reporting purposes, the General Fund reported revenues above estimates of \$96,579 or 1.3%, while expenditures were under the final appropriations by \$895,618 or 9.0%.
- The City issued \$19,375,000 of the 2016 Sales Tax Refunding Revenue Bonds which were used to refinance the 2010 Sales Tax Revenue Bonds for street improvements and the 2013 Bond Anticipation Note for sports complex improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

About the City

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

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

The City's Financial Reporting Entity

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

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

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

Primary Government:

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

Blended Component Units:

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

Miami Development Authority (MDA) – public trust created to promote economic development in Miami.

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

Miami Education Facilities Authority (MEFA) – public trust that promotes the development of educational facilities within the city. The trust is currently inactive.

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

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

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

Miami Industrial Development Authority (MIDA) – public trust that promotes industry in and around the City of Miami. The Authority issues separate financial statements.

Using This Annual Report

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

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

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental 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 Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$28,698,474 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, 2017**

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
Current assets	\$ 11,832	\$ 10,381	14%	\$ 13,756	\$ 13,616	1%	\$ 25,588	\$ 23,997	7%
Capital assets, net	26,718	27,338	-2%	17,715	18,491	-4%	44,433	45,829	-3%
Total assets	38,550	37,719	2%	31,471	32,107	-2%	70,021	69,826	0%
Deferred outflows	2,656	1,404	89%	790	679	16%	3,446	2,083	65%
Current liabilities	3,723	3,494	7%	2,905	2,748	6%	6,628	6,242	6%
Non-current liabilities	28,809	16,521	74%	8,799	9,283	-5%	37,608	25,804	46%
Total liabilities	32,532	20,015	63%	11,704	12,031	-3%	44,236	32,046	38%
Deferred inflows	414	1,337	-69%	123	254	100%	537	1,591	-66%
Net position									
Net investment capital assets	16,909	17,689	-4%	11,499	11,463	0%	28,408	29,152	-3%
Restricted	1,670	1,588	5%	776	771	1%	2,446	2,359	4%
Unrestricted (deficit)	(10,319)	(1,506)	-585%	8,159	8,267	-1%	(2,160)	6,761	-132%
Total net position	\$ 8,260	\$ 17,771	-54%	\$ 20,434	\$ 20,501	0%	\$ 28,694	\$ 38,272	-25%

The largest portion of the City's net position reflects its net investment capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2017, the net investment in capital assets amounted to \$28,408,405. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$2,446,079 also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit position amounting to \$2,160,777.

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

Governmental Activities:

Deferred outflows – Increase of \$1.3 million (89%) due to changes in pension elements.

Non-current liabilities – Increases of \$12.3 (74%) due to issuance of debt to refinance other outstanding debt and pay off debt of a discretely presented component unit.

Deferred inflows – Decrease of \$.9 million (69%) due to changes in pension elements.

Net position unrestricted (deficit) – Increase in the deficit of \$8.8 million (585%) due to an increase in expenditures over revenue.

Business-Type Activities:

Deferred inflows – Increases due to changes in pension elements.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

Changes in Net Position

For the year ended June 30, 2017, net position of the primary government changed as follows:

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2017	2016		2017	2016		2017	2016	
Revenues									
Charges for service	\$ 686	\$ 709	-3%	\$ 24,045	\$ 23,419	3%	\$ 24,731	\$ 24,128	2%
Operating grants and contributions	813	759	7%	-	2	-	813	761	7%
Capital grants and contributions	-	64	100%	136	532	-74%	136	596	-77%
Taxes	7,193	7,215	0%	-	-	-	7,193	7,215	0%
Investment income	25	15	67%	18	12	50%	43	27	59%
Miscellaneous	71	185	-62%	1	1	0%	72	186	-61%
Total revenues	8,787	8,947	-2%	24,200	23,966	1%	32,987	32,913	0%
Expenses									
General government	1,728	2,411	-28%	-	-	-	1,728	2,411	-28%
Public safety	5,115	4,990	3%	-	-	-	5,115	4,990	3%
Streets	3,067	2,432	26%	-	-	-	3,067	2,432	26%
Culture and recreation	11,226	1,305	760%	-	-	-	11,226	1,305	760%
Economic development	572	507	13%	-	-	-	572	507	13%
Interest on debt	721	593	22%	-	-	-	721	593	22%
Water	-	-	-	1,834	1,553	18%	1,834	1,553	18%
Wastewater	-	-	-	1,477	1,429	-	1,477	1,429	-
Sanitation	-	-	-	1,645	1,506	9%	1,645	1,506	9%
Electric	-	-	-	14,803	13,660	8%	14,803	13,660	8%
Airport	-	-	-	377	415	-9%	377	415	-9%
Total expenses	22,429	12,238	83%	20,136	18,563	8%	42,565	30,801	-38%
Excess (deficiency) before transfers	(13,642)	(3,291)	-315%	4,064	5,403	-25%	(9,578)	2,112	-553%
Transfers	4,131	4,088	1%	(4,131)	(4,088)	1%	-	-	-
Change in net position	\$ (9,511)	\$ 797	-1293%	\$ (67)	\$ 1,315	-105%	\$ (9,578)	\$ 2,112	-553%

Explanations of significant changes in Table 2 are as follows:

Governmental Activities:

General Government – Decrease of \$.7 million (28%) due to a decrease in operational cost.

Streets – Increase of \$.6 million (26%) due to an increase in operational cost.

Culture and recreation – Increase of \$9.9 million (760%) due to one-time funding to a discretely presented component unit for the payoff of a debt issue.

Business-Type Activities:

Capital grants and contributions – Decrease of \$.4 million (74%) due to a decrease in airport grants.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

Governmental Activities

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

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

	Total Expense		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	of Services			of Services		
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
General government	\$ 1,728	\$ 2,411	-28%	\$ (1,604)	\$ (2,328)	-31%
Public safety	5,115	4,990	2%	(4,265)	(4,127)	3%
Streets	3,067	2,432	26%	(2,889)	(2,154)	34%
Culture, parks and recreation	11,226	1,305	760%	(10,952)	(1,029)	964%
Economic development	572	507	13%	(499)	(474)	5%
Interest on long-term debt	721	593	-22%	(721)	(593)	22%
Total	<u>\$ 22,429</u>	<u>\$ 12,238</u>	83%	<u>(\$20,930)</u>	<u>\$ (10,705)</u>	96%

For the year ended June 30, 2017 total expenses for governmental activities amounted to approximately \$22.4 million which was an increase from the prior year of 83%. See Table 2 above for explanations of changes.

Business-type Activities

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

	Total Expense		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	of Services			of Services		
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
Water	\$ 1,834	\$ 1,553	18%	\$ 517	\$ 965	-46%
Wastewater	1,477	1,429	-	280	672	-58%
Sanitation	1,645	1,507	9%	746	774	-4%
Electric	14,803	13,659	8%	2,567	3,273	-22%
Airport	377	415	-9%	(65)	(295)	-78%
Total	<u>\$ 20,136</u>	<u>\$ 18,563</u>	8%	<u>\$ 4,045</u>	<u>\$ 5,389</u>	-25%

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

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

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

- Total business-type activities reported net revenues of \$4,045,043 for the year ended June 30, 2017.
- Airport operational cost exceeded revenues due the completion of capital grants for airport construction.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2017 fiscal year, the governmental funds reported a combined fund balance of \$7.4 million or a 8.2% increase of approximately \$564,000 mainly due to debt proceeds. The enterprise funds reported combined net position of \$19.6 million or a 1.1% decrease from 2016.

<u>Fund Balance/Net Position</u>			
Governmental Funds		Proprietary Funds	
Restricted	\$ 1,681,678	Net investment in capital assets	\$ 11,499,386
Committed	2,885,062	Restricted for debt service and other	775,962
Assigned	2,877,422	Unrestricted	7,340,862
Unassigned	<u>195</u>		
Total Fund Balance	<u>\$ 7,444,357</u>	Total Net Position	<u>\$ 19,616,210</u>

General Fund Budgetary Highlights

For budgetary reporting purposes, the General Fund reported revenues above estimates of \$96,579 or 1.3%, while expenditures were under the final appropriations by \$895,618 or 9.0%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2017, the City had \$44.4 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 decrease of \$1.4 million or 3.0% from the prior year.

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 5,487	\$ 5,487	\$ 751	\$ 751	6,238	\$ 6,238
Buildings	5,112	4,597	9,431	9,850	14,543	14,447
Machinery, furniture and equipment	2,372	2,532	2,880	3,340	5,252	5,872
Infrastructure	13,234	13,714	3,695	4,004	16,929	17,718
Construction in progress	<u>513</u>	<u>1,009</u>	<u>958</u>	<u>545</u>	<u>1,471</u>	<u>1,554</u>
Totals	<u>\$ 26,718</u>	<u>\$ 27,339</u>	<u>\$ 17,715</u>	<u>\$ 18,490</u>	<u>\$ 44,433</u>	<u>\$ 45,829</u>

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

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

Equipment	\$457,000
Street projects	\$417,000
Kennel Facility	\$409,274

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

Long- Term Debt

At year-end, the City had \$27.3 million in long-term debt outstanding which represents a \$9.5 million increase, or 53.9%, from the prior year. The City's changes in long-term debt by type of debt are as follows:

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accrued absences	\$ 577	\$ 585	\$ 180	\$ 183	\$ 757	\$ 768
Revenue Bonds	19,245	9,045	1,000	1,190	20,245	10,235
Bond Premium (Discount)	247	(58)	(6)	(8)	241	(66)
Notes Payable	-	-	4,716	5,306	4,716	5,306
Capital Leases	823	947	506	539	1,329	1,486
Totals	\$ 20,892	\$ 10,519	\$ 6,396	\$ 7,210	\$ 27,288	\$ 17,729

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

The Upcoming Year

The City will spend the upcoming year completing projects with an emphasis on facility's rehabilitation, which includes a large civic center rehabilitation project; implementing the approved comprehensive plan; street and utility improvements; and installing a splash pad.

The FY 2017-2018 budget will remain level with the exception of an electric utility rate increase. The funds collected from the increase will fund much needed electric system improvements to include substation upgrades. The City expects to continue to be impacted by a struggling economy but by building financial capacity via a reshaping of budget priorities the City will improve budget stabilization for the future.

The City will also continue revenue bond projects on various utility improvements such as completing the well south of town and will start another utility improvement revenue bond project. Utility funds will continue to repay the debts.

The primary sources of revenue for the City of Miami are Sales Tax and water and electric revenue. Sales tax requires a vote of the people and cannot be adjusted without the people's consent. The City continues

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017**

to look for ways to enhance our revenue base that will assist in the completion of major infrastructure and development projects.

Contacting the City's Financial Management

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

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

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Statement of Net Position– June 30, 2017

	<u>Primary Government</u>			<u>Discretely Presented Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
ASSETS				
Cash and equivalents	\$ 8,701,282	\$ 6,143,513	\$ 14,844,795	\$ 546,935
Investments	631,281	2,856,074	3,487,355	-
Interest receivable	-	809	809	-
Accounts receivable, net	163,710	3,049,810	3,213,520	-
Due from other governments	905,853	-	905,853	-
Other receivables	2,223,696	33,833	2,257,529	2,212
Internal balances	(794,009)	794,009	-	-
Inventory	-	877,819	877,819	-
Capital Assets				
Land and construction in progress	5,999,947	1,708,686	7,708,633	247,946
Other capital assets, net of depreciation	20,718,025	16,006,424	36,724,449	9,366,330
Total assets	<u>38,549,785</u>	<u>31,470,977</u>	<u>70,020,762</u>	<u>10,163,423</u>
DEFERRED OUTFLOWS:				
Deferred amounts related to pensions	2,019,961	789,538	2,809,499	-
Deferred amount on refunding	<u>636,155</u>	<u>-</u>	<u>636,155</u>	<u>-</u>
Total deferred outflows of resources	<u>2,656,116</u>	<u>789,538</u>	<u>3,445,654</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	534,562	1,813,967	2,348,529	20,205
Claims liability	2,448,652	-	2,448,652	-
Accrued interest payable	47,361	37,283	84,644	2,027
Long-term liabilities				
Due within one year	692,174	1,053,595	1,745,769	236,214
Due in more than one year	28,809,249	8,799,275	37,608,524	519,777
Total liabilities	<u>32,531,998</u>	<u>11,704,120</u>	<u>44,236,118</u>	<u>778,223</u>
DEFERRED INFLOWS:				
Deferred amounts related to pensions	<u>413,959</u>	<u>122,552</u>	<u>536,511</u>	<u>-</u>
Total deferred inflows of resources	<u>413,959</u>	<u>122,552</u>	<u>536,511</u>	<u>-</u>
NET POSITION:				
Net investment in capital assets	16,909,099	11,499,386	28,408,485	8,957,545
Restricted	1,670,117	775,962	2,446,079	-
Unrestricted (deficit)	<u>(10,319,272)</u>	<u>8,158,495</u>	<u>(2,160,777)</u>	<u>427,655</u>
Total net position	<u>\$ 8,259,944</u>	<u>\$ 20,433,843</u>	<u>\$ 28,693,787</u>	<u>\$ 9,385,200</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, 2017

Statement of Activities –Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General Government	\$ 1,727,787	\$ 70,896	\$ 52,805	\$ -	\$ (1,604,086)	\$ -	\$ (1,604,086)	\$ -
Public Safety	5,114,588	257,316	591,954	-	(4,265,318)	-	(4,265,318)	-
Public Works and Streets	3,066,593	60,039	117,510	-	(2,889,044)	-	(2,889,044)	-
Culture and Recreation	11,226,060	228,232	46,310	-	(10,951,518)	-	(10,951,518)	-
Economic Development	572,299	69,272	4,000	-	(499,027)	-	(499,027)	-
Interest on long-term Debt	721,243	-	-	-	(721,243)	-	(721,243)	-
Total governmental activities	<u>22,428,570</u>	<u>685,755</u>	<u>812,579</u>	<u>-</u>	<u>(20,930,236)</u>	<u>-</u>	<u>(20,930,236)</u>	<u>-</u>
Business-type activities								
Water	1,833,783	2,350,731	-	-	-	516,948	516,948	-
Wastewater	1,476,694	1,756,578	-	-	-	279,884	279,884	-
Sanitation	1,645,361	2,391,377	-	-	-	746,016	746,016	-
Electric	14,803,159	17,370,727	-	-	-	2,567,568	2,567,568	-
Airport	376,773	175,234	-	136,166	-	(65,373)	(65,373)	-
Total business-type activities	<u>20,135,770</u>	<u>24,044,647</u>	<u>-</u>	<u>136,166</u>	<u>-</u>	<u>4,045,043</u>	<u>4,045,043</u>	<u>-</u>
Total primary government	<u>\$ 42,564,340</u>	<u>\$ 24,730,402</u>	<u>\$ 812,579</u>	<u>\$ 136,166</u>	<u>(20,930,236)</u>	<u>4,045,043</u>	<u>(16,885,193)</u>	<u>-</u>
Component Units								
Culture and Recreation	\$ 1,107,136	\$ 298,751	\$ 9,979,402	\$ -				9,171,017
Economic Development	71,790	113,744	-	-				41,954
Total component units	<u>\$ 1,178,926</u>	<u>\$ 412,495</u>	<u>\$ 9,979,402</u>	<u>\$ -</u>				<u>9,212,971</u>
General revenues:								
Taxes:								
Sales and use taxes					6,634,680	-	6,634,680	-
Property tax					21,525	-	21,525	-
Franchise and public service taxes					322,105	-	322,105	-
Hotel/motel taxes					214,538	-	214,538	-
Investment income					24,709	18,018	42,727	225
Miscellaneous					70,923	512	71,435	-
Transfers - internal activity					4,131,188	(4,131,188)	-	-
Total general revenues and transfers					<u>11,419,668</u>	<u>(4,112,658)</u>	<u>7,307,010</u>	<u>225</u>
Change in net position					(9,510,568)	(67,615)	(9,578,183)	9,213,196
Net position - beginning					17,770,512	20,501,458	38,271,970	172,004
Net position - ending					<u>\$ 8,259,944</u>	<u>\$ 20,433,843</u>	<u>\$ 28,693,787</u>	<u>\$ 9,385,200</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, 2017**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Governmental Funds Balance Sheet - June 30, 2017

	<u>General Fund</u>	<u>Street and Stadium Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 837,672	\$ 673,668	\$ 5,501,949	\$ 7,013,289
Investments	13,154	-	-	13,154
Receivables:				
Accounts receivable	116,549	-	47,161	163,710
Due from other funds	87,808	-	59,755	147,563
Due from other governments and entities	698,479	141,300	66,074	905,853
Total assets	<u>\$ 1,753,662</u>	<u>\$ 814,968</u>	<u>\$ 5,674,939</u>	<u>\$ 8,243,569</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 162,555	\$ 3,250	\$ 98,110	\$ 263,915
Wages payable	256,866	-	13,277	270,143
Due to other funds	85,535	-	38,404	123,939
Total liabilities	<u>504,956</u>	<u>3,250</u>	<u>149,791</u>	<u>657,997</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	<u>85,805</u>	<u>-</u>	<u>55,410</u>	<u>141,215</u>
Fund balances:				
Restricted	17,900	811,718	852,060	1,681,678
Committed	-	-	2,885,062	2,885,062
Assigned	1,144,806	-	1,732,616	2,877,422
Unassigned	195	-	-	195
Total fund balances	<u>1,162,901</u>	<u>811,718</u>	<u>5,469,738</u>	<u>7,444,357</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,753,662</u>	<u>\$ 814,968</u>	<u>\$ 5,674,939</u>	<u>\$ 8,243,569</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, 2017

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2017

	<u>General Fund</u>	<u>Street and Stadium Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 5,568,610	\$ 1,122,198	\$ 354,633	\$ 7,045,441
Intergovernmental	759,880	-	129,697	889,577
Charges for services	193,650	-	123,556	317,206
Fines and forfeitures	217,800	-	-	217,800
Licenses and permits	53,725	-	-	53,725
Investment income	13,344	11,115	250	24,709
Miscellaneous	184,256	-	44,683	228,939
Total revenues	<u>6,991,265</u>	<u>1,133,313</u>	<u>652,819</u>	<u>8,777,397</u>
EXPENDITURES				
Current:				
General government	1,686,814	-	7,847	1,694,661
Public Safety	4,983,288	-	3,633	4,986,921
Public works and streets	1,281,938	948,700	84,642	2,315,280
Culture and recreation	1,128,501	9,870,000	95,188	11,093,689
Economic development	514,171	-	-	514,171
Capital Outlay	-	-	1,047,253	1,047,253
Debt Service:				
Principal	144,149	130,000	128,765	402,914
Interest and other charges	30,669	429,521	6,160	466,350
Total expenditures	<u>9,769,530</u>	<u>11,378,221</u>	<u>1,373,488</u>	<u>22,521,239</u>
Excess (deficiency) of revenues over expenditures	(2,778,265)	(10,244,908)	(720,669)	(13,743,842)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	19,375,000	149,481	19,524,481
Premium on debt issuance	-	263,590	-	263,590
Transfer to escrow agent	-	(9,663,231)	-	(9,663,231)
Transfers in	7,575,644	1,123,098	1,841,516	10,540,258
Transfers out	(5,157,611)	(1,117,483)	(82,261)	(6,357,355)
Total other financing sources and uses	<u>2,418,033</u>	<u>9,980,974</u>	<u>1,908,736</u>	<u>14,307,743</u>
Net change in fund balances	(360,232)	(263,934)	1,188,067	563,901
Fund balances - beginning	1,523,133	1,075,652	4,281,671	6,880,456
Fund balances - ending	<u>\$ 1,162,901</u>	<u>\$ 811,718</u>	<u>\$ 5,469,738</u>	<u>\$ 7,444,357</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, 2017**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	7,444,357
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		26,717,972
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.		141,215
Certain other long-term elements are not available to pay current period expenditures and are classified as deferred outflows and are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Pension related deferred outflows		2,019,961
Deferred amounts on refunding		636,155
Some liabilities are not due and payable in the current period and they, along with deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:		
Capital lease obligations		(823,335)
Interest payable		(47,361)
Net pension liability		(8,101,303)
Pension related deferred inflows		(413,959)
Net other post employment benefit obligation		(508,052)
Accrued compensated absences		(577,040)
Unamortized debt premium		(246,693)
Revenue bond payable		(19,245,000)
Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance, to individual funds. The net position of the internal service funds are reported in governmental activities:		
Internal service fund net position		1,263,027
Net Position of Governmental Activities in the Statement of Net Position	\$	8,259,944

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017**

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	563,901
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized		1,085,475
Capital assets donated		29,634
Depreciation expense		(1,724,326)
Disposed capital assets		(11,227)
<p>In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as expenditures. This amount represents the difference between pension contributions and calculated pension expense.</p>		
		169,720
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		(3,934)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Capital lease proceeds		(149,481)
Capital lease principal payments		272,914
Revenue bond principal payments		130,000
Payment to escrow		9,663,231
Bond premium		(263,590)
Note proceeds		(19,375,000)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued interest payable		(20,234)
Change in accrued compensated absences		8,144
Change in net other post employment benefits obligation		(145,218)
Change in amortization of bond discount/premium		(58,106)
Transfer of debt activity		34,662
<p>Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues are reported in governmental activities on the Statement of Activities:</p>		
Total change in net position for internal service funds		282,867
Change in net position of governmental activities	<u>\$</u>	<u>(9,510,568)</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, 2017**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Proprietary Funds Statement of Net Position - June 30, 2017

	<u>Enterprise Funds</u>			
	<u>Miami Special Utility Authority</u>	<u>Airport Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,279,514	\$ 35	\$ 5,279,549	\$ 1,687,993
Cash and cash equivalents, restricted	428,442	-	428,442	-
Investments	2,668,550	-	2,668,550	618,127
Accounts receivable, net	3,009,431	40,379	3,049,810	-
Other receivable	436	33,397	33,833	2,223,696
Accrued interest receivable	809	-	809	-
Inventory	844,430	33,389	877,819	-
Due from other funds	93,586	30,128	123,714	-
Total current assets	<u>12,325,198</u>	<u>137,328</u>	<u>12,462,526</u>	<u>4,529,816</u>
Non-current assets:				
Cash and cash equivalents, restricted	435,522	-	435,522	-
Investments, restricted	187,524	-	187,524	-
Capital assets:				
Land, construction in progress, and water rights	1,484,521	224,165	1,708,686	-
Other capital assets, net of accumulated depreciation	12,716,275	3,290,149	16,006,424	-
Total non-current assets	<u>14,823,842</u>	<u>3,514,314</u>	<u>18,338,156</u>	<u>-</u>
Total assets	<u>27,149,040</u>	<u>3,651,642</u>	<u>30,800,682</u>	<u>4,529,816</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	765,948	23,590	789,538	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,662,651	23,149	1,685,800	504
Claims liability	-	-	-	2,448,652
Wages payable	127,477	690	128,167	-
Due to other funds	86,495	60,843	147,338	-
Accrued interest payable	37,283	-	37,283	-
Accrued compensated absences	18,010	-	18,010	-
Refundable deposits	41,623	-	41,623	-
Capital lease payable	201,143	-	201,143	-
Revenue bond payable	190,000	-	190,000	-
Notes payable	602,819	-	602,819	-
Total current liabilities	<u>2,967,501</u>	<u>84,682</u>	<u>3,052,183</u>	<u>2,449,156</u>
Non-current liabilities:				
Accrued compensated absences	162,088	-	162,088	-
Net pension liability	2,741,140	21,397	2,762,537	-
Net OPEB obligation	278,284	-	278,284	-
Refundable deposits	374,604	-	374,604	-
Capital lease payable	304,663	-	304,663	-
Revenue bond payable	803,479	-	803,479	-
Notes payable, net	4,113,620	-	4,113,620	-
Total non-current liabilities	<u>8,777,878</u>	<u>21,397</u>	<u>8,799,275</u>	<u>-</u>
Total liabilities	<u>11,745,379</u>	<u>106,079</u>	<u>11,851,458</u>	<u>2,449,156</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	98,874	23,678	122,552	-
NET POSITION				
Net investment in capital assets	7,985,072	3,514,314	11,499,386	-
Restricted for debt service	775,962	-	775,962	-
Unrestricted	7,309,701	31,161	7,340,862	2,080,660
Total net position	<u>\$ 16,070,735</u>	<u>\$ 3,545,475</u>	<u>19,616,210</u>	<u>\$ 2,080,660</u>

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

	817,633
Total net position per Government-Wide financial statements	\$ 20,433,843

See accompanying notes to the basic financial statements.

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2017

Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2017

	Enterprise Funds			Internal Service Fund
	Miami Special Utility Authority	Airport Fund	Total	
REVENUES				
Charges for services	\$ 22,901,978	\$ 163,038	\$ 23,065,016	\$ 2,249,001
Fees, licenses and permits	135,086	-	135,086	-
Miscellaneous	803,073	-	803,073	2,242,082
Total operating revenues	<u>23,840,137</u>	<u>163,038</u>	<u>24,003,175</u>	<u>4,491,083</u>
OPERATING EXPENSES				
Personal services	3,968,043	25,025	3,993,068	-
Materials and supplies	11,529,186	87,451	11,616,637	-
Other services and charges	2,937,566	46,368	2,983,934	336,665
Insurance claims and expense	-	-	-	3,711,572
Depreciation expense	1,317,067	217,929	1,534,996	-
Total operating expenses	<u>19,751,862</u>	<u>376,773</u>	<u>20,128,635</u>	<u>4,048,237</u>
Operating income (loss)	<u>4,088,275</u>	<u>(213,735)</u>	<u>3,874,540</u>	<u>442,846</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	18,018	-	18,018	1,720
Miscellaneous	29,744	12,240	41,984	-
Disposal of capital assets	(29,634)	-	(29,634)	-
Interest expense and fiscal charges	(168,834)	-	(168,834)	-
Total non-operating revenue (expenses)	<u>(150,706)</u>	<u>12,240</u>	<u>(138,466)</u>	<u>1,720</u>
Income (loss) before contributions and transfers	<u>3,937,569</u>	<u>(201,495)</u>	<u>3,736,074</u>	<u>444,566</u>
Contributed capital revenue	81,349	136,166	217,515	-
Transfers in	6,275,094	-	6,275,094	-
Transfers out	(10,457,997)	-	(10,457,997)	-
Change in net position	<u>(163,985)</u>	<u>(65,329)</u>	<u>(229,314)</u>	<u>444,566</u>
Total net position - beginning	16,234,720	3,610,804	19,845,524	1,636,094
Total net position - ending	<u>\$ 16,070,735</u>	<u>\$ 3,545,475</u>	<u>\$ 19,616,210</u>	<u>\$ 2,080,660</u>
Change in net position above			(229,314)	
Some amounts reported for business-type activities in the Statement of Activities are difference because the net revenue of certain internal service funds is reported with business-type activities			161,699	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ (67,615)</u>	

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2017

	<u>Enterprise Funds</u>			
	<u>Miami</u>		<u>Total</u>	<u>Internal Service</u>
	<u>Special Utility</u>	<u>Airport Fund</u>		
	<u>Authority</u>			
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 24,321,103	\$ 159,837	\$ 24,480,940	\$ 3,490,910
Payments to suppliers	(14,261,317)	(127,899)	(14,389,216)	(336,784)
Payments to employees	(3,874,198)	(22,872)	(3,897,070)	-
Receipts from other funds	78,993	59,138	138,131	(7,487)
Payments to other funds	(31,023)	-	(31,023)	-
Receipts of customer meter deposits	205,490	-	205,490	-
Refunds of customer meter deposits	(188,843)	-	(188,843)	-
Claims and judgments paid	-	-	-	(2,677,210)
Net cash provided by operating activities	<u>6,250,205</u>	<u>68,204</u>	<u>6,318,409</u>	<u>469,429</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	6,275,094	-	6,275,094	-
Transfers to other funds	(10,457,997)	-	(10,457,997)	-
Interaccount transfers in	381,810	-	381,810	-
Interaccount transfers out	(419,010)	-	(419,010)	-
Net cash provided by (used in) noncapital financing activities	<u>(4,220,103)</u>	<u>-</u>	<u>(4,220,103)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(344,414)	(206,304)	(550,718)	-
Transfer of capital assets to governmental activities	(29,634)	-	(29,634)	-
Principal paid on debt	(1,014,546)	-	(1,014,546)	-
Proceeds of capital grants	-	136,166	136,166	-
Interest and fiscal agent fees paid on debt	(171,893)	-	(171,893)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,560,487)</u>	<u>(70,138)</u>	<u>(1,630,625)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	-	-	-	(1,721)
Interest and dividends	18,018	-	18,018	1,720
Net cash provided by (used in) investing activities	<u>18,018</u>	<u>-</u>	<u>18,018</u>	<u>(1)</u>
Net increase (decrease) in cash and cash equivalents	487,633	(1,934)	485,699	469,428
Balances - beginning of year	<u>5,655,845</u>	<u>1,969</u>	<u>5,657,814</u>	<u>1,218,565</u>
Balances - end of year	<u>\$ 6,143,478</u>	<u>\$ 35</u>	<u>\$ 6,143,513</u>	<u>\$ 1,687,993</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 5,279,514	\$ 35	\$ 5,279,549	\$ 1,687,993
Restricted cash and cash equivalents - current	428,442	-	428,442	-
Restricted cash and cash equivalents - noncurrent	435,522	-	435,522	-
Total cash and cash equivalents, end of year	<u>\$ 6,143,478</u>	<u>\$ 35</u>	<u>\$ 6,143,513</u>	<u>\$ 1,687,993</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 4,088,275	\$ (213,735)	\$ 3,874,540	\$ 442,846
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,317,067	217,929	1,534,996	-
Other nonoperating revenue	29,744	12,240	41,984	-
Change in assets and liabilities:				
Receivables, net	451,222	(4,017)	447,205	(1,000,173)
Other receivable	-	(11,424)	(11,424)	-
Due from other funds	(31,023)	-	(31,023)	-
Inventory	83,359	(7,334)	76,025	-
Deferred outflows related to pension	(279,250)	8,732	(270,518)	-
Accounts payable	122,076	13,254	135,330	(119)
Claims liability	-	-	-	1,034,362
Due to other funds	78,993	59,138	138,131	(7,487)
Due to employees	(1,179)	(225)	(1,404)	-
Refundable deposits	16,647	-	16,647	-
Net OPEB obligation	82,148	-	82,148	-
Net pension liability	285,365	(25,292)	260,073	-
Accrued compensated absences	(2,794)	-	(2,794)	-
Deferred inflows related to pension	9,555	18,938	28,493	-
Net cash provided by operating activities	<u>\$ 6,250,205</u>	<u>\$ 68,204</u>	<u>\$ 6,318,409</u>	<u>\$ 469,429</u>
Noncash activities:				
Asset acquired by capital lease	\$ 201,258	\$ -	\$ 201,258	\$ -
Asset contributed by others	200,007	-	200,007	-
	<u>\$ 401,265</u>	<u>\$ -</u>	<u>\$ 401,265</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – DISCRETELY PRESENTED COMPONENT UNITS

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Discretely Presented Component Units Combining Statement of Net Position - June 30, 2017

	<u>MCFA</u>	<u>MDRA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 186,405	\$ 8,502	\$ 184,887	\$ 167,141	\$ 546,935
Receivables:					
Other receivable	1,000	1,212	-	-	2,212
Total current assets	<u>187,405</u>	<u>9,714</u>	<u>184,887</u>	<u>167,141</u>	<u>549,147</u>
Non-current assets:					
Capital assets:					
Land, construction in progress, and water rights	-	-	103,517	144,429	247,946
Other capital assets, net of accumulated depreciation	8,203,727	12,626	787,814	362,163	9,366,330
Total non-current assets	<u>8,203,727</u>	<u>12,626</u>	<u>891,331</u>	<u>506,592</u>	<u>9,614,276</u>
Total assets	<u>8,391,132</u>	<u>22,340</u>	<u>1,076,218</u>	<u>673,733</u>	<u>10,163,423</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	250	17,705	-	2,250	20,205
Interest payable	545	-	1,482	-	2,027
Accrued compensated absences	-	2,808	-	-	2,808
Notes payable	83,693	96,452	53,261	-	233,406
Total current liabilities	<u>84,488</u>	<u>116,965</u>	<u>54,743</u>	<u>2,250</u>	<u>258,446</u>
Non-current liabilities:					
Notes payable, net	79,849	-	439,928	-	519,777
Total non-current liabilities	<u>79,849</u>	<u>-</u>	<u>439,928</u>	<u>-</u>	<u>519,777</u>
Total liabilities	<u>164,337</u>	<u>116,965</u>	<u>494,671</u>	<u>2,250</u>	<u>778,223</u>
NET POSITION					
Net investment in capital assets	8,040,185	12,626	398,142	506,592	8,957,545
Unrestricted (deficit)	186,610	(107,251)	183,405	164,891	427,655
Total net position	<u>\$ 8,226,795</u>	<u>\$ (94,625)</u>	<u>\$ 581,547</u>	<u>\$ 671,483</u>	<u>\$ 9,385,200</u>

See accompanying notes to the basic financial statements.

CITY OF MIAMI, OKLAHOMA
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Discretely Presented Component Units Combining Statement of Changes in Net Position - Year Ended June 30, 2017

	<u>MCFA</u>	<u>MDRA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
REVENUES					
Charges for services	\$ 146,143	\$ 152,608	\$ 71,774	\$ 41,058	\$ 411,583
Miscellaneous	-	-	912	-	912
Total operating revenues	<u>146,143</u>	<u>152,608</u>	<u>72,686</u>	<u>41,058</u>	<u>412,495</u>
OPERATING EXPENSES					
Personal services	-	131,254	-	-	131,254
Materials and supplies	-	24,314	200	750	25,264
Other services and charges	53,014	156,498	1,500	9,578	220,590
Depreciation expense	218,879	2,526	20,727	20,771	262,903
Total operating expenses	<u>271,893</u>	<u>314,592</u>	<u>22,427</u>	<u>31,099</u>	<u>640,011</u>
Operating income (loss)	<u>(125,750)</u>	<u>(161,984)</u>	<u>50,259</u>	<u>9,959</u>	<u>(227,516)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	1	224	225
Miscellaneous income	9,835,338	144,064	-	-	9,979,402
Interest expense and fiscal charges	(515,504)	(5,147)	(18,264)	-	(538,915)
Total non-operating revenue (expenses)	<u>9,319,834</u>	<u>138,917</u>	<u>(18,263)</u>	<u>224</u>	<u>9,440,712</u>
Change in net position	9,194,084	(23,067)	31,996	10,183	9,213,196
Total net position - beginning	(967,289)	(71,558)	549,551	661,300	172,004
Total net position - ending	<u>\$ 8,226,795</u>	<u>\$ (94,625)</u>	<u>\$ 581,547</u>	<u>\$ 671,483</u>	<u>\$ 9,385,200</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Basis of Presentation and Accounting

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

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

Government-Wide Financial Statements:

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

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

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

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

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

Fund Financial Statements:

Governmental Funds:

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

Major Funds:

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

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

Special Revenue Funds include the Fishing License Fund, Street and Alley, Drug Forfeiture Fund, Summer Recreation Program, Grant Fund, RFC 07-09 Grant, MDA Housing Construction, Coleman Project, Police Grant, and Cemetery Perpetual Care Interest.

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

Capital Project Funds:

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

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

current financial obligations, while expenditures are recorded when incurred and normally due and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

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

Proprietary Funds:

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

The City's proprietary funds include the following:

Enterprise Funds

Major Funds:

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

Internal Service Funds (combined for reporting purposes)

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

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3. Cash and Cash Equivalents, Deposits and Investments

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

Investments consist of long-term certificates of deposits and government money market funds. Certificates of deposit are reported at cost.

Deposits and Investments Risks

The City of Miami primary government and component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2017 by these entities are as follows:

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less Than One
Demand deposits	\$ 13,726,131	N/A	\$ 13,726,131	\$ -
Cash on hand	2,346	N/A	2,346	-
Time deposits	3,487,355	N/A	-	3,487,355
Money Market Funds	1,116,318	Not rated	-	1,116,318
Sub-Total	<u>\$ 18,332,150</u>		<u>\$ 13,728,477</u>	<u>\$ 4,603,673</u>

Reconciliation to Financial Statements:

Cash and cash equivalents	\$ 14,844,795
Investments	3,487,355
	<u>\$ 18,332,150</u>

GASB Statement No. 72, *Fair Value Measurement and Application*, established a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

- Money Market Mutual Funds of \$1,116,318 were valued using quoted market prices (Level 1 inputs).

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

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

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interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma.

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

At June 30, 2017, the City was not exposed to custodial credit risk.

Component Unit:

The bank deposit of the MDRA component unit of \$8,502 at June 30, 2017 was fully insured by the F.D.I.C.

The bank deposits of the MCFA component unit of \$186,405 at June 30, 2017 was fully insured by the F.D.I.C.

The bank deposits of the MIPFA component unit of \$167,141 at June 30, 2017 was fully insured by the F.D.I.C.

The bank deposits of the MIDA component unit of \$184,887 at June 30, 2017 was fully insured by the F.D.I.C.

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

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

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

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

As noted in the schedule of deposits and investments above, at June 30, 2017, the investments held by the City mature between 2017 through 2018.

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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).

Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the MSUA Enterprise Fund in accounts for the Oklahoma Water Resources Board promissory notes, 2001 Utility Revenue Bond and other accounts with restricted uses. The restricted assets as of June 30, 2017 are as follows:

Cash and cash equivalents:	
Cash Restricted for Refundable deposits	\$ 49,524
Restricted for Construction	-
Money Markets Restricted for Debt Service	378,918
	<u>\$ 428,442</u>
Cash and cash equivalents, noncurrent:	
Money Markets Restricted for Debt Service	\$ 434,327
Cash Restricted for Refundable deposits	1,195
	<u>\$ 435,522</u>
Investments:	
Refundable deposits	\$ 187,524
	<u>\$ 187,524</u>

4. Receivables

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

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

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	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 951,705	\$ -	\$ 951,705
Due from other governments	1,309	-	1,309
Court fines	330,752	(229,810)	100,942
Other	2,239,303	-	2,239,303
Total Governmental Activities	\$ 3,523,069	\$ (229,810)	\$ 3,293,259
 Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 163,710
Due from other governmental agencies			905,853
Other receivable			2,223,696
Total			\$ 3,293,259
 Business-Type Activities:			
Utilities	\$ 4,893,335	\$ (1,843,525)	\$ 3,049,810

5. Inventories

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

6. Capital Assets and Depreciation

Capital Assets:

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

For the year ended June 30, 2017, capital assets balances changed as follows:

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	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,487,269	\$ -	\$ -	\$ 5,487,269
Construction in progress	1,008,519	743,104	1,238,945	512,678
Total capital assets not being depreciated	<u>6,495,788</u>	<u>743,104</u>	<u>1,238,945</u>	<u>5,999,947</u>
Other capital assets:				
Buildings	19,899,989	865,690	-	20,765,679
Infrastructure	44,865,954	417,314	-	45,283,268
Machinery, furniture and equipment	11,231,199	327,945	112,507	11,446,637
Total other capital assets at historical cost	<u>75,997,142</u>	<u>1,610,949</u>	<u>112,507</u>	<u>77,495,584</u>
Less accumulated depreciation for:				
Buildings	15,302,829	351,156	-	15,653,985
Infrastructure	31,152,258	896,737	-	32,048,995
Machinery, furniture and equipment	8,699,427	476,432	101,280	9,074,579
Total accumulated depreciation	<u>55,154,514</u>	<u>1,724,325</u>	<u>101,280</u>	<u>56,777,559</u>
Other capital assets, net	<u>20,842,628</u>	<u>(113,376)</u>	<u>11,227</u>	<u>20,718,025</u>
Governmental activities capital assets, net	<u>\$ 27,338,416</u>	<u>\$ 629,728</u>	<u>\$ 1,250,172</u>	<u>\$ 26,717,972</u>

	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 750,530	\$ -	\$ -	\$ 750,530
Construction in progress	545,050	420,035	6,929	958,156
Total capital assets not being depreciated	<u>1,295,580</u>	<u>420,035</u>	<u>6,929</u>	<u>1,708,686</u>
Other capital assets:				
Buildings and utility infrastructure	20,353,862	75,564	-	20,429,426
Machinery, furniture and equipment	13,883,725	233,652	4,200	14,113,177
Infrastructure	16,711,414	37,200	-	16,748,614
Total other capital assets at historical cost	<u>50,949,001</u>	<u>346,416</u>	<u>4,200</u>	<u>51,291,217</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	10,502,953	495,480	-	10,998,433
Machinery, furniture and equipment	10,544,075	693,080	4,200	11,232,955
Infrastructure	12,706,969	346,436	-	13,053,405
Total accumulated depreciation	<u>33,753,997</u>	<u>1,534,996</u>	<u>4,200</u>	<u>35,284,793</u>
Other capital assets, net	<u>17,195,004</u>	<u>(1,188,580)</u>	<u>-</u>	<u>16,006,424</u>
Business-type activities capital assets, net	<u>\$ 18,490,584</u>	<u>\$ (768,545)</u>	<u>\$ 6,929</u>	<u>\$ 17,715,110</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	\$	66,644
Public Safety		182,546
Streets		979,818
Culture and Recreation		436,374
Economic Development		58,943
Total	\$	<u>1,724,325</u>

Business-Type Activities:

Airport	\$	217,929
Electric		386,461
Water		259,101
Wastewater		453,410
Sanitation		218,095
Total	\$	<u>1,534,996</u>

Capital assets of the component units were:

MIDA

	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017
<i>MIDA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 103,517	\$ -	\$ -	\$ 103,517
Total capital assets not being depreciated	<u>103,517</u>	<u>-</u>	<u>-</u>	<u>103,517</u>
Other capital assets:				
Buildings and utility infrastructure	1,036,353	-	-	1,036,353
Less accumulated depreciation for:				
Buildings and utility infrastructure	227,812	20,727	-	248,539
Other capital assets, net	<u>808,541</u>	<u>(20,727)</u>	<u>-</u>	<u>787,814</u>
MIDA capital assets, net	<u>\$ 912,058</u>	<u>\$ (20,727)</u>	<u>\$ -</u>	<u>\$ 891,331</u>

	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017
<i>MDRA - Discreetly Presented Component unit</i>				
Other capital assets:				
Buildings	6,500	-	-	6,500
Machinery, furniture and equipment	<u>18,756</u>	<u>-</u>	<u>-</u>	<u>18,756</u>
Total other capital assets at historical cost	<u>25,256</u>	<u>-</u>	<u>-</u>	<u>25,256</u>
Less accumulated depreciation for:				
Buildings	2,600	650	-	3,250
Machinery, furniture and equipment	7,504	1,876	-	9,380
Total accumulated depreciation	<u>10,104</u>	<u>2,526</u>	<u>-</u>	<u>12,630</u>
Other capital assets, net	<u>15,152</u>	<u>(2,526)</u>	<u>-</u>	<u>12,626</u>
MDRA capital assets, net	<u>\$ 15,152</u>	<u>\$ (2,526)</u>	<u>\$ -</u>	<u>\$ 12,626</u>

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	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017
<i>MIPFA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 144,429	\$ -	\$ -	\$ 144,429
Total capital assets not being depreciated	144,429	-	-	144,429
Other capital assets:				
Buildings	574,724	-	-	574,724
Machinery, furniture and equipment	75,000	87,235	-	162,235
Total other capital assets at historical cost	649,724	87,235	-	736,959
Less accumulated depreciation for:				
Buildings	279,025	19,681	-	298,706
Machinery, furniture and equipment	75,000	1,090	-	76,090
Total accumulated depreciation	354,025	20,771	-	374,796
Other capital assets, net	295,699	66,464	-	362,163
MIPFA capital assets, net	\$ 440,128	\$ 66,464	\$ -	\$ 506,592

	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017
<i>MCFA - Discreetly Presented Component unit</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Buildings	8,534,080	66,319	-	8,600,399
Less accumulated depreciation for:				
Buildings	177,793	218,879	-	396,672
Other capital assets, net	8,356,287	(152,560)	-	8,203,727
MCFA capital assets, net	\$ 8,356,287	\$ (152,560)	\$ -	\$ 8,203,727

7. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

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

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Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance
General Fund	* Airport Fund	\$ 1,313	Payroll reimbursement
General Fund	* MSUA	86,495	Payroll reimbursement
Street and Alley	Capital Improvement Fund	38,404	Expense reimbursement
Capital Improvement Fund	General Fund	6,657	Reclassification
Street and Alley	Travel center	14,694	Expense reimbursement
MSUA	Airport Fund	535	Expense reimbursement
MSUA	* General Fund	34,056	Expense reimbursement
Airport Fund	General Fund	30,128	Posting correction
MSUA	* Airport Fund	58,995	To cover negative balance in pooled cash
Total		<u>\$ 271,277</u>	

* Denotes major fund.

Reconciliation to Fund Financial Statements:	Due From Other Funds	Due To Other Funds	Net Internal Balances
Governmental Funds	\$ 147,563	\$ (123,939)	\$ 23,624
Proprietary Funds	123,714	(147,338)	(23,624)
Total	<u>\$ 271,277</u>	<u>\$ (271,277)</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:	Amount
Net Internal Balances	\$ (23,624)
Internal Service Fund Activity reported in Business-type Activities	817,633
Net Internal Balance	<u>\$ 794,009</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, 2017 were as follows:

Transfer In	Transfer Out	Amount	Nature of Interfund Transfer
General Fund	* MSUA	\$ 7,493,383	Operating subsidy/pledged sales tax
General Fund	CIP	82,261 B	Operating subsidy
Street Project	* MSUA	1,123,098	Pledged sales tax
Street and alley	* MSUA	500,000 A	Operating subsidy
Capital Improvement Fund	* MSUA	41,516 A	Debt Service payments
Capital Improvement Fund	* MSUA	1,300,000 A	Capital project
MSUA	* General Fund	6,275,094	Operating subsidy/pledged sales tax
		<u>\$ 16,815,352</u>	

Denotes Major Fund	Subtotal non-major Governmental Funds transfers in	\$ 1,841,516 A
	Subtotal non-major Governmental Funds transfers out	\$ 82,261 B

Reconciliation to fund financial statements:	Transfers to Other Funds	Transfers from Other Funds	Net Transfers
Governmental Funds	\$ (6,357,355)	\$ 10,540,258	\$ 4,182,903
Enterprise Funds	(10,457,997)	6,275,094	(4,182,903)
Totals	<u>\$ (16,815,352)</u>	<u>\$ 16,815,352</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:	Amount
Net Transfers	
Transfer of capital assets	(4,182,903)
Transfer of assets from Governmental Activities to Business Type Activities	81,349
Transfer of assets from Business-type activities to Governmental activities	(29,634)
Transfers - Internal Activity	<u>\$ (4,131,188)</u>

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8. Long-Term Debt

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

For the year ended June 30, 2017, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue Bond Discount	\$ (58,266)	\$ -	\$ (58,266)	\$ -	\$ -
Revenue Bond Premium	-	263,590	16,897	246,693	-
Revenue Bonds	9,045,000	19,375,000	9,175,000	19,245,000	430,000
Capital Lease Obligations	946,768	149,481	272,915	823,334	204,470
Accrued Compensated Absences	585,185	-	8,145	577,040	57,704
Total Governmental Activities	<u>\$ 10,518,687</u>	<u>\$ 19,788,071</u>	<u>\$ 9,414,691</u>	\$ 20,892,067	\$ 692,174
Plus: Net OPEB obligation				508,052	-
Net pension liability				8,101,304	-
				<u>\$ 29,501,423</u>	<u>\$ 692,174</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 692,174	
Due in more than one year				28,809,249	
				<u>\$ 29,501,423</u>	

<u>Type of Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable	\$ 5,306,066	\$ -	\$ 589,628	\$ 4,716,438	\$ 602,819
Unamortized Bond Discount	(7,999)	-	(1,478)	(6,521)	-
Revenue Bonds	1,190,000	-	190,000	1,000,000	190,000
Capital Lease Obligations	539,487	201,258	234,938	505,807	201,143
Accrued Compensated Absences	182,891	-	2,793	180,098	18,010
Total Business-Type Activities	<u>\$ 7,210,445</u>	<u>\$ 201,258</u>	<u>\$ 1,015,881</u>	\$ 6,395,822	\$ 1,011,972
Plus: OPEB obligation				278,284	-
Net pension obligation				2,762,537	-
Refundable deposits				416,227	41,623
				<u>\$ 9,852,870</u>	<u>\$ 1,053,595</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,053,595	
Due in more than one year				8,799,275	
				<u>\$ 9,852,870</u>	

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

Revenue Bond Payable –

2016 Sales Tax Revenue Bond for \$19,375,000 with interest from .45% to 2.375%

Debt service payments are due semi-annually through December 2029. Bonds are

Secured with net revenues of the Special Utility Authority and a pledged sales tax.

\$19,245,000

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	Current portion	\$430,000
	Non-current portion	<u>18,815,000</u>
		<u>\$19,245,000</u>
Capital Lease Obligations:		
\$109,380 capital lease obligation for the purchase of a 2013 loader, matures January 2018 with a stated interest rate of 2.79%.		\$11,547
\$86,689 capital lease obligation for the purchase of a boom mower, matures August 2018 with a stated interest rate of 3.77%.		14,837
\$90,154 capital lease obligation for the purchase of a crawler/dozer, matures September 2021 with a stated interest rate of 3.81%.		42,480
\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020 with a stated interest rate of 5.00%		512,622
\$158,325 capital lease obligation for the purchase of street sweeper, matures May 29, 2018 with a stated interest rate of 1.94%.		30,227
\$149,481 capital lease obligation for the purchase of fire rescue truck, matures March 21, 2022 with a stated interest rate of 3.01%.		142,295
\$113,194 capital lease obligation for the purchase of two Torro mowers, matures July 2020 with a stated interest rate of 2.15%		<u>69,326</u>
Total capital lease obligations		<u>\$823,334</u>
	Current portion	\$204,470
	Non-current portion	<u>618,864</u>
		<u>\$823,334</u>

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

Capital Lease Obligation:

\$44,900 capital lease obligation for the purchase of a mini excavator, matures July 2021 with a stated interest rate of 1.95%	\$37,054
\$209,365 capital lease obligation for the purchase of a bucket truck, matures October 2019 with a stated interest rate of 2.300%	96,753
\$503,720 capital lease obligation for the purchase of a trash truck, matures July 2019 with a stated interest rate of 1.97%	207,796
\$82,210 capital lease obligation for the purchase of a work truck, matures July 2019 with a stated interest rate of 2.13%	35,383
\$69,950 capital lease obligation for the purchase of a mini excavator, matures July 2021 with a stated interest rate of 1.95%.	57,631

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\$86,408 capital lease obligation for the purchase of a tractor, matures July 2021 with a stated interest rate of 1.95%.	<u>71,190</u>
Total Capital Leases	<u>\$505,807</u>
Current portion	\$201,143
Non-current portion	<u>304,664</u>
	<u>\$505,807</u>
 Revenue Bond Payable –	
2011 SUA Revenue Bond for \$1,915,000 with interest from 1.45% to 2.90% Debt service payments are due semi-annually through December 2021. Bonds are secured with net revenues of the Special Utility Authority.	<u>\$1,000,000</u>
Current portion	\$190,000
Non-current portion	<u>810,000</u>
	<u>\$1,000,000</u>
 Notes Payable –	
Oklahoma Water Resources Board:	
Series 2003A for \$1,760,000 with no interest charged; however, there is a .5% annual administrative fee. Debt service payments are due semi-annually through March, 2023. Notes are secured by the revenues of the Miami Special Utility Authority’s (the “Authority”), sanitary and pledged revenue of the Utility Fund for water and sewer.	\$572,000
Series 2003B for \$3,020,000 with interest rate of 1.78% and .5% annual administrative fee. Debt service payments are due semi-annually through December 2023. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,331,940
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.	558,438
Series 2004B for \$2,740,000 with interest rate of 1.78% and .5% annual administrative fee. Debt service payments are due semi-annually through June 2025. Secured by revenues of the water, sewer, and garbage collection and disposal systems.	1,223,060
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.	763,234
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>267,766</u>
Total Notes Payable – Oklahoma Water Resources Board	<u>\$4,716,438</u>
Current portion	\$602,819
Non-current portion	<u>4,113,619</u>
	<u>\$4,716,438</u>

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

Governmental-Type Activities				
Year Ending June 30,	Revenue Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$ 430,000	\$ 564,038	\$ 204,470	\$ 31,059
2019	440,000	555,338	156,309	24,021
2020	450,000	546,438	161,692	17,475
2021	455,000	537,388	274,581	2,524
2022	465,000	528,187	26,282	563
2023-2027	2,475,000	2,495,938	-	-
2028-2032	1,610,000	2,244,606	-	-
2033-2037	4,435,000	2,099,550	-	-
2038-2042	3,925,000	1,242,375	-	-
2023-2047	4,560,000	641,250	-	-
Total	\$ 19,245,000	\$ 11,455,108	\$ 823,334	\$ 75,642

Business-Type Activities						
Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 602,819	\$ 120,341	\$ 190,000	\$ 22,230	\$ 201,143	\$ 6,391
2019	630,255	100,182	195,000	18,473	205,147	3,117
2020	641,593	85,068	200,000	14,025	54,200	1,381
2021	658,024	68,507	205,000	8,858	41,767	511
2022	669,477	50,567	210,000	3,045	3,550	5
2025-2026	1,514,270	42,464	-	-	-	-
Total	\$ 4,716,438	\$ 467,129	\$ 1,000,000	\$ 66,631	\$ 505,807	\$ 11,405

Advanced Refunding:

On August 19, 2016, the City issued \$19,375,000 Miami Special Utility Authority, Series 2016 Sales Tax Revenue Refunding Bonds, with annual interest rate of .450% to 4.0% to refund \$9,045,000 of the 2010 Sales Tax Revenue Note and \$9,870,000 of the 2013 Bond Anticipation Note. The net proceeds of \$18,965,620 (after payment of \$672,401 in cost of issuance) along with available debt service funds from the 2010 issue of \$567,611 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2010 and 2013 Series. As a result, the 2010 and 2013 Series bonds are considered to be paid in full and the liability for those bonds has been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$710,127. This difference, reported in the accompanying financial statements as a deferred outflow at the government wide level is being charged to operations through the year 2026 using the straight-line method. The advance refunding increased the City's total debt service payments over the next twenty nine years by \$9,451,082 and resulted in an economic loss (difference between the present values of the old and new debt service payments) of \$416,445.

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MDRA Debt:

The MDRA issued the 2010 note payable to First National Bank of Miami, payable in one annual installment, with interest of 4.75%, maturity date of December 2014 \$96,452

<u>Type of Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Component Unit:					
MDRA notes payable	\$ 103,000	\$ -	\$ 6,548	\$ 96,452	\$ 96,452

MCFA:

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

<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Component Unit:					
MCFA Bond Anticipation Note	\$ 9,367,972	\$ 502,028	\$ 9,870,000	\$ -	\$ -
MCFA Bond Anticipation Note Discount	(38,661)	-	38,661	-	-
Note payable	244,319		80,777	163,542	83,693
	<u>\$ 9,573,630</u>	<u>\$ 502,028</u>	<u>\$ 9,912,116</u>	<u>\$ 163,542</u>	<u>\$ 83,693</u>

Component Unit - MCFA

<u>Year Ending June 30,</u>	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 83,693	\$ 6,541
2019	79,849	3,182
Total	<u>\$ 163,542</u>	<u>\$ 9,723</u>

MIDA Debt:

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc, payable in monthly Installments of \$3,300 with interest at 5.00% maturity date of February 1, 2020 \$263,932

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc, payable in monthly Installments of \$1,918, with interest of 1.25%, maturity date of February 1, 2020 178,646

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc., payable in monthly Installments of \$607, with interest of 4.00%, maturity date of February 1, 2020 50,611

Total debt outstanding – MIDA \$493,189

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<u>Type of Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Component Unit:					
MIDA Note payable	\$ 544,666	\$ -	\$ 51,477	\$ 493,189	\$ 53,261

<u>Component Unit - MIDA</u>		
<u>Year Ending June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 53,261	\$ 16,629
2019	55,123	14,766
2020	384,805	7,794
Total	<u>\$ 493,189</u>	<u>\$ 39,189</u>

Pledge of Future Revenues

Utility Net Revenues Pledge - The City and Special Utility Authority have pledged net utility revenues of the water, electric and wastewater systems to repay the OWRB Series 2003 B, 2003 A, 2004 A, 2004 B, 2004C, and 2005 promissory notes payable. Proceeds from the notes provided financing for capital assets. The notes are payable from net utility revenues and are payable through 2025. The total principal and interest payable for the remainder of the life of these notes is \$5,813,567. Net utility revenues received in the current year were \$4,579,551. Debt service payments of \$717,910 for the current fiscal year were 15.7% of pledged net utility revenues.

Pledged Sales Tax – The City has pledged 3.65 cents (or 100%) of future sales tax revenues to repay \$1,915,000 of the Series 2011 Revenue Bonds and \$19,375,000 of the Series 2016 Sales Tax Revenue Refunding Bonds. Three cents of the sales tax was voted by the citizens for general operations and .65 cent is legally restricted by a vote of the citizens for street purposes. The 2011 Revenue bonds are for water improvements. The 2016 bonds refinanced the 2010 bonds that were originally for street purposes and the 2013 bond anticipation note for the stadium construction. The .65 sales tax is used to pay the debt service on the 2016 bonds and the three cents is sent back to the general fund if not needed for debt service. The bonds are payable from pledged sales tax and net utility revenues and are payable through 2021 and 2029, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$31,766,739. Pledged sales taxes received in the current year were \$6,301,572. Net revenues and sales tax pledged during the year was \$10,875,344. Debt service payments of \$771,859 for the current fiscal year were 7.1% of the pledged revenue.

9. Net Position and Fund Balances

Government-wide net position is displayed in three components:

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

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- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

At June 30, 2017 net position restricted by enabling legislation totaled \$168,890.

Fund Balance:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision (city manager) when the city council has delegated that authority. Assignments for revenues in other governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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

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	General Fund	Major Capital Project Fund		Other Governmental Fund	Total
		2010 Street Bond Project			
Fund Balance:					
Restricted For:					
Police operations - grants	\$ -	\$ -	\$ -	\$ 28,385	\$ 28,385
General obligation debt service	-	-	303,073	108,613	411,686
Capital improvements	-	-	-	295,196	295,196
Street improvements	-	-	508,645	67,776	576,421
Culture and rec programs	17,900	-	-	252,698	270,598
Economic development	-	-	-	97,179	97,179
Police - drug programs	-	-	-	2,213	2,213
Sub-total restricted	17,900	811,718	-	852,060	1,681,678
Committed for:					
Street operations	-	-	-	2,885,062	2,885,062
Assigned for:					
Capital improvements	-	-	-	1,732,616	1,732,616
Demolition	16,857	-	-	-	16,857
Culture and rec programs	13,772	-	-	-	13,772
Supplement next year's budget	1,114,177	-	-	-	1,114,177
Sub-total assigned	1,144,806	-	-	1,732,616	2,877,422
Unassigned:	195	-	-	-	195
TOTAL FUND BALANCE	\$ 1,162,901	\$ 811,718	\$ -	\$ 5,469,738	\$ 7,444,357

11. Revenues

Program Revenues:

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

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

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

Sales Tax Revenue:

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

Property Tax Revenue:

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. The City's property taxes are billed and collected by the County and remitted to the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2017, the City did not assess a property tax. Ad valorem collections related to delinquent taxes collected in the current year.

12. Risk Management

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

- General Liability – Covered through purchased insurance
- Physical Property – Covered through purchased insurance with a \$35,000 deductible.
- Workers' Compensation – Workers' compensation is covered through self-insurance using a third party processor to process claims. The City also has a stop-loss policy which covers individual claims in excess \$400,000 for electric, police and firefighters and \$350,000 for all other classes of employees per occurrence.
- Employee's Group Medical –Covered through self-insurance using a third party processor to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$70,000.
- Unemployment – the City is self-insured.

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

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	<u>Worker's Compensation</u>	<u>Health Care</u>	<u>Unemployment Fund</u>	<u>Total</u>
Claim liability, June 30, 2015	\$ 963,125	\$ 206,440	\$ 5,654	\$ 1,175,219
Claims and changes in estimates	578,902	2,086,774	7,466	2,673,142
Claims payments	<u>(175,687)</u>	<u>(2,245,573)</u>	<u>(12,811)</u>	<u>(2,434,071)</u>
Claim liability, June 30, 2016	1,366,340	47,641	309	1,414,290
Claims and changes in estimates	1,627,874	2,063,081	20,617	3,711,572
Claims payments	<u>(632,157)</u>	<u>(2,024,127)</u>	<u>(20,926)</u>	<u>(2,677,210)</u>
Claim liability, June 30, 2017	<u>\$ 2,362,057</u>	<u>\$ 86,595</u>	<u>\$ -</u>	<u>\$ 2,448,652</u>

13. Retirement Plan Participation

Deferred Outflows, Inflows and Net Pension Liability by plan:

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Deferred Outflows:			
Police Pension	\$ 848,755	\$ -	\$ 848,755
Fire Pension	657,099	-	657,099
OMRF	514,107	789,538	1,303,645
Total	<u>\$ 2,019,961</u>	<u>\$ 789,538</u>	<u>\$ 2,809,499</u>
Deferred Inflows:			
Police Pension	\$ 125,503	\$ -	\$ 125,503
Fire Pension	45,126	-	45,126
OMRF	243,330	122,552	365,882
Total	<u>\$ 413,959</u>	<u>\$ 122,552</u>	<u>\$ 536,511</u>
Net Pension Liability:			
Police Pension	\$ 700,954	\$ -	\$ 700,954
Fire Pension	5,062,191	-	5,062,191
OMRF	2,338,158	2,762,537	5,100,695
Total	<u>\$ 8,101,303</u>	<u>\$ 2,762,537</u>	<u>\$ 10,863,840</u>

Oklahoma Municipal Retirement Plan (OkMRF) – Defined Benefit Plan

A. Plan Description

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

B. Summary of Significant Accounting Policies

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

C. Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>As of 07/01/15 OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	10 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement upon disability with 10 years of service -Death benefit with 10 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-1.875% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 10 Years Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102

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g. Form of Benefit Payments

Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

D. Employees Covered by Benefit Terms

Active Employees	121
Deferred Vested Former Employees	5
Retirees or Retiree Beneficiaries	<u>81</u>
Total	<u>207</u>

E. Contribution Requirements

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 12.60% of covered payroll as of July 1, 2016. For the year ended June 30, 2017, the City recognized \$623,633 of employer contributions to the plan which is in excess of the actuarially determined amount by \$31,042 based on covered payroll of \$4,703,090. Employees contribute 3.75% to the plan in accordance with the plan provisions adopted by the City Council. Employee contributions for fiscal 2017 were \$176,367.

F. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2016
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.42% and 4% based on age
d. Post Retirement cost-of-Living Increase	None
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown

Additional rates per thousand are added during the first 5 years:

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

H. Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2016 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2016 and the City’s report ending date of June 30, 2017, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

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	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances Beginning of Year	<u>\$ 14,320,474</u>	<u>\$ 9,549,376</u>	<u>\$ 4,771,098</u>
Changes for the Year:			
Service cost	344,545	-	344,545
Interest expense	1,073,154	-	1,073,154
Experience losses (gains) - (amortized over avg remain svc period of actives & inactive)	(202,315)	-	(202,315)
Contributions--City	-	640,172	(640,172)
Contributions--members	-	181,046	(181,046)
Net investment income	-	83,267	(83,267)
Benefits paid	(964,663)	(964,663)	-
Plan administrative expenses	-	(18,698)	18,698
Net Changes	<u>250,721</u>	<u>(78,876)</u>	<u>329,597</u>
Balances End of Year	<u>\$ 14,571,195</u>	<u>\$ 9,470,500</u>	<u>\$ 5,100,695</u>

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	\$ 6,823,372	\$ 5,100,695	\$ 3,680,815

The City reported \$567,699 in pension expense for the year ended June 30, 2017. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,283	\$ 164,286
Net difference between projected and actual earnings on pension plan investments	411,789	-
Changes in proportion and differences between City contributions and proportionate share of contributions	191,009	191,009
City contributions during measurement date	12,931	10,587
City contributions subsequent to the measurement date	623,633	-
Total	<u>\$ 1,303,645</u>	<u>\$ 365,882</u>

The \$623,633 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Any other amounts reported as deferred

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outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	23,121
2019		23,123
2020		184,577
2021		95,303
2022		(11,994)
	\$	314,130

Oklahoma Firefighter’s Pension – Statewide Cost Sharing Plan

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

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

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

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

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

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years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$165,905. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$408,837 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$382,573. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$5,062,191 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was .4144%.

For the year ended June 30, 2017, the City recognized pension expense of \$524,705. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,704	\$ -
Net difference between projected and actual earnings on pension plan investments	309,729	-
Changes in proportion and differences between City contributions and proportionate share of contributions	45,761	43,294
City contributions during the measurement date	-	1,832
City contributions subsequent to the measurement date	165,905	-
Total	\$ 657,099	\$ 45,126

The \$165,905 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

	2016	\$	41,254
	2017		41,254
	2018		202,503
	2019		151,615
	2020		8,200
	Thereafter		1,242
	Total	\$	446,068

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

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

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.18%
Domestic equity	47%	8.70%
International equity	15%	10.87%
Real estate	10%	7.23%
Other assets	8%	6.24%

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 6,408,330	\$ 5,062,191	\$ 3,933,594

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

Oklahoma Police Pension – Statewide Cost Sharing Plan

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

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

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

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

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced

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by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$152,094. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$137,102 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$164,386. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$700,954 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the City's proportion was .4577%.

For the year ended June 30, 2017, the City recognized pension expense of \$243,972. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,249	\$ 78,738
Net difference between projected and actual earnings on pension plan investments	673,497	-
Changes in proportion and differences between City contributions and proportionate share of contributions	20,915	28,626
City contributions during measurement date		18,139
City contributions subsequent to the measurement date	152,094	-
Total	\$ 848,755	\$ 125,503

The \$152,094 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension

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liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2018	\$ 90,513
	2019	90,513
	2020	228,364
	2021	160,818
	2022	950
	Total	<u>\$ 571,158</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 3%
- Salary increases: 4.5% to 17% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Mortality rates:
 - Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
 - Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
 - Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.27%
Domestic equity	5.16%
International equity	8.61%
Real estate	4.97%
Private Equity	8.32%
Commodities	2.42%

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

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

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

	1% Decrease (-6.5%)	Current Discount Rate (7.5%)	1% Increase (-8.5%)
Employers' net pension liability (asset)	\$ 1,839,075	\$ 700,954	\$ (260,015)

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

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, 2017, employees contributed \$112,534 and the employer contributed \$0 to the DC Plan.

ICMA Retirement Deferred Compensation Plan

In addition to the above plans, the City of Miami offers a retirement plan through ICMA which is funded 18% by the employer and zero percent by employee contributions. Employee and employer contributions to the plan for the year ended June 30, 2017, there were no contributions to the plan. Separate audited financial statements are not available.

14. Postemployment Healthcare Plan

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

Funding Policy. The contribution requirements of plan members and the City are established by the City Council. Annual health insurance premium amounts are established by the city council. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2017, the actuarially expected City contribution in the form of net age adjustment was \$206,267 to the Plan. Plan members receiving benefits contributed zero of the total premiums, through their payment of the full determined premium in FY 2017.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost the amount actually contributed to the plan, and changes in the City's net OPEB obligation to for the year ended June 30, 2016:

Normal Cost	\$	459,130
Interest on ARC		12,601
Amortization of Actuarial Accrued Liability (AAL)		(38,098)
Annual OPEB cost (expense)		433,633
Employer Contributions		(206,267)
Increase in net OPEB obligation		227,366
Net OPEB obligation - beginning of year		558,970
Net OPEB obligation - end of year	\$	786,336

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:

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Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$105,076	37%	\$66,123
6/30/10	108,217	36%	135,639
6/30/11	84,160	30%	194,323
6/30/12	90,722	24%	262,933
6/30/13	90,722	26%	329,965
6/30/14	195,104	100%	330,783
6/30/15	195,104	100%	331,601
6/30/16	433,636	47.5%	558,970
6/30/17	433,633	47.5%	786,336

Funded Status and Funding Progress. As of July 1, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability (AAL) for benefits was \$2,718,703, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,718,703. The covered payroll (annual payroll of active employees covered by the plan) was \$7.2 million, and the ratio of the UAAL to the covered payroll was 38 percent. Because the plan is a substantive plan there are no plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2015, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2015. The UAAL is being amortized over 30 years based on a level percent-of-pay open-period basis. The remaining amortization period at July 1, 2015, was twenty-six years. As of the date of this valuation, there are no plan assets. Retiree premiums are paid as they come due from general operating assets of the City.

15. Commitments and Contingencies

Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may

result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Programs

The City of Miami participates in various federal or state grant/loan programs from year to year. In 2017, the City's involvement in federal and state award programs is relatively material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

16. Future Accounting Pronouncements

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB No., 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the impact that implementation of GASB 75 will have on its net position, although it may be material.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. At this time, the impact to the city is unknown.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending June 30, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. The City has not yet determined the impact implementation will have on its net position.

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GASB Statement 84, *Fiduciary Activities*, issued January 2017, will be effective for the City for the City beginning with its fiscal year ending June 30, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 80 will have on its net position.

GASB Statement 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. This Statement address a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The City has not yet determined the impact that implementation of GASB 85 will have on its net position.

GASB Statement 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. The primary objective of this Statement is to improve the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City has not yet determined the impact that implementation of GASB 86 will have on its net position.

GASB Statement 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending December 31, 2020. The primary objective of this Statement is to increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 1,321,541	\$ 1,321,541	\$ 1,303,264	\$ (18,277)
Resources (Inflows):				
Taxes and assessments	6,753,800	6,753,800	6,814,641	60,841
Fees, licenses and permits	51,100	51,100	48,812	(2,288)
Charges for services	162,200	164,200	150,525	(13,675)
Fines and forfeitures	213,900	213,900	201,969	(11,931)
Interest earned	12,500	12,500	13,438	938
Miscellaneous	20,000	33,390	85,023	51,633
Intergovernmental	93,700	132,542	143,603	11,061
Total Resources (Inflows)	<u>7,307,200</u>	<u>7,361,432</u>	<u>7,458,011</u>	<u>96,579</u>
Amounts available for appropriation	<u>8,628,741</u>	<u>8,682,973</u>	<u>8,761,275</u>	<u>78,302</u>
Charges to Appropriations (Outflows):				
General Government				
Municipal Court	174,814	174,814	163,313	11,501
General Government	1,267,081	1,262,694	1,058,247	204,447
MCVB	396,872	404,977	413,239	(8,262)
Human Resources	270,209	272,616	276,905	(4,289)
Legal	148,835	148,835	114,338	34,497
Economic Development				-
Public Safety				
Police	2,175,454	2,212,589	2,056,636	155,953
Fire	1,883,842	1,929,831	1,906,295	23,536
Emergency Management	74,253	74,253	57,389	16,864
Police Communications	386,252	386,252	369,999	16,253
Code Enforcement	101,547	101,547	96,831	4,716
Risk Management	86,588	87,972	87,484	488
Public Works and Streets				
Streets	748,831	753,256	653,572	99,684
Cemetery	297,781	303,212	293,353	9,859
Facilities	312,878	312,878	250,383	62,495
Animal Control	140,323	144,683	91,643	53,040
Culture and Recreation				
Parks	636,333	637,168	512,065	125,103
Swimming Pool	193,164	193,164	146,832	46,332
Library	504,557	537,035	493,634	43,401
Total Charges to Appropriations	<u>9,799,614</u>	<u>9,937,776</u>	<u>9,042,158</u>	<u>895,618</u>
Other financing sources (uses)				
Transfers from other funds	7,420,873	7,503,134	7,518,145	15,011
Transfers to other funds	(6,250,000)	(6,250,000)	(6,275,094)	(25,094)
Total other financing sources (uses)	<u>1,170,873</u>	<u>1,253,134</u>	<u>1,243,051</u>	<u>(10,083)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ (1,669)</u>	<u>\$ 962,168</u>	<u>\$ 963,837</u>

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Schedule Footnotes to Budgetary Comparison:

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

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

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

	<u>Fund Balance July 1, 2016</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2017</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$1,523,133	(\$360,232)	\$1,162,901
Increases (Decreases):			
Revenues:			
Receivable from other governments and entities	(798,417)	99,938	(698,479)
Accounts receivable	(117,627)	1,078	(116,549)
State on behalf pension payments	(555,847)	9,908	(545,939)
Combining accounts	(137,083)	37,897	(99,186)
Expenditures:			
Accrued payroll	223,764	33,102	256,866
Other expenditures	609,494	(152,879)	456,615
State on behalf pension payments	555,847	(9,908)	545,939
Fund Balance - Budgetary Basis	<u>\$1,303,264</u>	<u>(\$341,096)</u>	<u>\$962,168</u>

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Pension Information

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF MIAMI'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability	0.413176%	0.418954%	0.4143524%
City's proportionate share of the net pension liability	\$ 4,887,039	\$ 4,446,809	\$ 5,062,191
City's covered-employee payroll	\$ 1,089,326	\$ 1,144,680	\$ 1,159,023
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	449%	388%	437%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%

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

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorially required contribution	\$ 160,255	\$ 162,264	\$ 165,905
Contributions in relation to the statutorially required contribution	<u>160,255</u>	<u>162,264</u>	<u>165,905</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,144,680	\$ 1,159,023	\$ 1,185,033
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%

Notes to Schedule:

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

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**Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF MIAMI PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.4416%	0.3977%	0.4577%
City's proportionate share of the net pension liability (asset)	\$ (148,685)	\$ 16,217	\$ 700,954
City's covered-employee payroll	\$ 1,184,882	\$ 1,131,472	\$ 1,201,369
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.55%	1.43%	58.35%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%

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

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorially required contribution	\$ 145,903	\$ 156,178	\$ 152,094
Contributions in relation to the statutorially required contribution	<u>145,903</u>	<u>156,178</u>	<u>152,094</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,131,472	\$ 1,201,369	\$ 1,169,953
Contributions as a percentage of covered-employee payroll	12.89%	13.00%	13.00%

Notes to Schedule:

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

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**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Changes in Net Pension Liability and Related Ratios

Last Fiscal Year

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service cost	\$ 276,403	\$ 308,701	\$ 344,545
Interest	1,034,763	1,037,326	1,073,154
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	102,207	(202,315)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(997,138)	(1,006,438)	(964,663)
Net change in total pension liability	<u>314,028</u>	<u>441,796</u>	<u>250,721</u>
Total pension liability - beginning	<u>13,564,650</u>	<u>13,878,678</u>	<u>14,320,474</u>
Total pension liability - ending (a)	<u>\$ 13,878,678</u>	<u>\$ 14,320,474</u>	<u>\$ 14,571,195</u>
Plan fiduciary net position			
Contributions - employer	\$ 569,542	\$ 618,748	\$ 640,172
Contributions - member	166,578	175,420	181,046
Net investment income	1,363,071	261,920	83,267
Benefit payments, including refunds of member contributions	(997,138)	(1,006,438)	(964,663)
Administrative expense	(20,151)	(19,533)	(18,698)
Other	-	-	-
Net change in plan fiduciary net position	<u>1,081,902</u>	<u>30,117</u>	<u>(78,876)</u>
Plan fiduciary net position - beginning	<u>8,437,357</u>	<u>9,519,259</u>	<u>9,549,376</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,519,259</u>	<u>\$ 9,549,376</u>	<u>\$ 9,470,500</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,359,419</u>	<u>\$ 4,771,098</u>	<u>\$ 5,100,695</u>
Plan fiduciary net position as a percentage of the total pension liability	68.59%	66.68%	64.99%
Covered employee payroll	\$ 4,461,027	\$ 4,742,831	\$ 4,703,091
Net pension liability as a percentage of covered-employee payroll	97.72%	100.60%	108.45%

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

Notes to Schedule:

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

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**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Fiscal Year		
	2015	2016	2017
Actuarially determined contribution	\$ 616,160	\$ 643,059	\$ 592,589
Contributions in relation to the actuarially determined contribution	616,160	643,059	623,633
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,044)</u>
Covered employee payroll	\$ 4,661,027	\$ 4,849,681	\$ 4,703,091
Contributions as a percentage of covered-employee payroll	13.22%	13.26%	13.26%

Notes to Schedule:

1. Only the previous three fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2016
3. Actuarially determined contribution rate is calculated as of July 1, 2016
July 2016 through June 2017 contributions were at a rate of 12.60%.
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 29 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

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Required Supplementary Information – OPEB

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

	July 1, 2009	July 1, 2010	July 1, 2012	July 1, 2014	July 1, 2015
Actuarial accrued liability - AAL (a)	\$ 785,142	\$ 723,628	\$ 782,605	\$ 1,632,033	\$ 2,718,703
Actuarial value of plan assets (b)	-	-	-	-	-
Unfunded actuarial accrued liability - UAAL (funding excess) (a) - (b)	\$ 785,142	\$ 723,628	\$ 782,605	\$ 1,632,033	\$ 2,718,703
Funded ratio (b)/(a)	0%	0%	0%	0%	0%
Covered payroll (c)	\$ 6,900,000	\$ 6,446,000	\$ 7,134,999	\$ 6,741,735	\$ 7,200,000
UAAL (funding excess) as a % of covered payroll [UAAL/ (c)]	12%	11%	11%	24%	38%

OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts - June 30, 2017

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Travel Information Center Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
ASSETS					
Cash and cash equivalents	\$ 687,343	\$ 21,173	\$ -	\$ 129,156	\$ 837,672
Investments	13,154	-	-	-	13,154
Receivables:					
Accounts receivable	116,549	-	-	-	116,549
Due from other funds	87,808	-	-	-	87,808
Due from other accounts	11,351	-	-	-	11,351
Receivable from other governments	697,609	-	-	870	698,479
Total assets	<u>\$ 1,613,814</u>	<u>\$ 21,173</u>	<u>\$ -</u>	<u>\$ 130,026</u>	<u>\$ 1,765,013</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 136,587	\$ 9,627	\$ 16,264	\$ 77	\$ 162,555
Wages payable	256,866	-	-	-	256,866
Due to other funds	70,841	-	14,694	-	85,535
Due to other accounts	-	11,351	-	-	11,351
Total liabilities	<u>464,294</u>	<u>20,978</u>	<u>30,958</u>	<u>77</u>	<u>516,307</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	<u>85,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,805</u>
Fund balances:					
Restricted	17,900	-	-	-	17,900
Assigned	1,045,815	-	(30,958)	129,949	1,144,806
Unassigned	-	195	-	-	195
Total fund balances	<u>1,063,715</u>	<u>195</u>	<u>(30,958)</u>	<u>129,949</u>	<u>1,162,901</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,613,814</u>	<u>\$ 21,173</u>	<u>\$ -</u>	<u>\$ 130,026</u>	<u>\$ 1,765,013</u>

Note: For Governmental Fund reporting, the negative unassigned fund balance has been eliminated by reducing the assigned fund balance element.

CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2017

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Travel Information Center Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
REVENUES					
Taxes	\$ 5,568,610	\$ -	\$ -	\$ -	\$ 5,568,610
Intergovernmental	759,880	-	-	-	759,880
Charges for services	193,650	-	-	-	193,650
Fines and forfeitures	203,079	-	-	14,721	217,800
Licenses and permits	53,725	-	-	-	53,725
Investment income	13,344	-	-	-	13,344
Miscellaneous	122,827	-	61,429	-	184,256
Total revenues	<u>6,915,115</u>	<u>-</u>	<u>61,429</u>	<u>14,721</u>	<u>6,991,265</u>
EXPENDITURES					
Current:					
General government	1,615,154	-	-	71,660	1,686,814
Public safety	4,983,288	-	-	-	4,983,288
Public works and streets	1,281,938	-	-	-	1,281,938
Culture and recreation	1,128,501	-	-	-	1,128,501
Economic development	414,284	-	99,887	-	514,171
Debt Service:					
Principal	144,149	-	-	-	144,149
Interest and fiscal charges	30,669	-	-	-	30,669
Total expenditures	<u>9,597,983</u>	<u>-</u>	<u>99,887</u>	<u>71,660</u>	<u>9,769,530</u>
Excess (deficiency) of revenues over expenditures	<u>(2,682,868)</u>	<u>-</u>	<u>(38,458)</u>	<u>(56,939)</u>	<u>(2,778,265)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	7,518,144	-	7,500	50,000	7,575,644
Transfers out	<u>(5,157,611)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,157,611)</u>
Total other financing sources and uses	<u>2,360,533</u>	<u>-</u>	<u>7,500</u>	<u>50,000</u>	<u>2,418,033</u>
Net change in fund balances	(322,335)	-	(30,958)	(6,939)	(360,232)
Fund balances - beginning	1,386,050	195	-	136,888	1,523,133
Fund balances - ending	<u>\$ 1,063,715</u>	<u>\$ 195</u>	<u>\$ (30,958)</u>	<u>\$ 129,949</u>	<u>\$ 1,162,901</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2017

	SPECIAL REVENUE FUNDS				
	FISHING LICENSE FUND	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	GRANT FUND
ASSETS					
Cash and cash equivalents	\$ 56,792	\$ 2,827,052	\$ 2,213	\$ 190,479	\$ 19,795
Accounts receivable	-	-	-	-	-
Due from other governments	-	10,664	-	-	-
Due from other funds	-	53,098	-	-	-
Total assets	\$ 56,792	\$ 2,890,814	\$ 2,213	\$ 190,479	\$ 19,795
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 5,752	\$ -	\$ 8,312	\$ 3,782
Wages payable	-	-	-	13,277	-
Due to other funds	-	-	-	-	-
Total liabilities	-	5,752	-	21,589	3,782
Deferred Inflows:					
Deferred revenue	-	-	-	-	-
Fund balances:					
Restricted	56,792	-	2,213	168,890	16,013
Committed	-	2,885,062	-	-	-
Assigned	-	-	-	-	-
Total fund balances	56,792	2,885,062	2,213	168,890	16,013
Total liabilities, deferred inflows and fund balances	\$ 56,792	\$ 2,890,814	\$ 2,213	\$ 190,479	\$ 19,795

(continued)

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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2017, Continued

	SPECIAL REVENUE FUNDS			
	RFC 07-09 GRANT FUND	MDA-HOUSING CONSTRUCTION FUND	COLEMAN PROJECT	POLICE GRANTS
ASSETS				
Cash and cash equivalents	\$ 5,463	\$ 91,716	\$ 18,850	\$ 28,385
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 5,463</u>	<u>\$ 91,716</u>	<u>\$ 18,850</u>	<u>\$ 28,385</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,847	\$ -
Wages payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>7,847</u>	<u>-</u>
Deferred Inflows:				
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	5,463	91,716	11,003	28,385
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	<u>5,463</u>	<u>91,716</u>	<u>11,003</u>	<u>28,385</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,463</u>	<u>\$ 91,716</u>	<u>\$ 18,850</u>	<u>\$ 28,385</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2017, Continued

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
ASSETS					
Cash and cash equivalents	\$ -	\$ 108,613	\$ 149,460	\$ 67,776	\$ 1,789,619
Accounts receivable	-	-	-	-	47,161
Due from other governments	-	55,410	-	-	-
Due from other funds	-	-	-	-	6,657
Total assets	<u>\$ -</u>	<u>\$ 164,023</u>	<u>\$ 149,460</u>	<u>\$ 67,776</u>	<u>\$ 1,843,437</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 72,417
Wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	38,404
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,821</u>
Deferred Inflows:					
Deferred revenue	-	55,410	-	-	-
Fund balances:					
Restricted	-	108,613	149,460	67,776	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	1,732,616
Total fund balances	<u>-</u>	<u>108,613</u>	<u>149,460</u>	<u>67,776</u>	<u>1,732,616</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 164,023</u>	<u>\$ 149,460</u>	<u>\$ 67,776</u>	<u>\$ 1,843,437</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2017, Continued

	CAPITAL PROJECT FUNDS		
	POOL IMPROVEMENT FUND	PARK DEPARTMENT PROJECTS	TOTALS
ASSETS			
Cash and cash equivalents	\$ 103,695	\$ 42,041	\$ 5,501,949
Accounts receivable	-	-	47,161
Due from other governments	-	-	66,074
Due from other funds	-	-	59,755
Total assets	\$ 103,695	\$ 42,041	\$ 5,674,939
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 98,110
Wages payable	-	-	13,277
Due to other funds	-	-	38,404
Total liabilities	-	-	149,791
Deferred Inflows:			
Deferred revenue	-	-	55,410
Fund balances:			
Restricted	103,695	42,041	852,060
Committed	-	-	2,885,062
Assigned	-	-	1,732,616
Total fund balances	103,695	42,041	5,469,738
Total liabilities, deferred inflows and fund balances	\$ 103,695	\$ 42,041	\$ 5,674,939

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, 2017

	SPECIAL REVENUE FUNDS				
	FISHING LICENSE FUND	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	GRANT FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	117,447	-	-	7,250
Charges for services	-	-	-	108,959	-
Investment income	-	-	-	-	-
Miscellaneous	-	2,246	-	3,685	13,689
Total revenues	<u>5,000</u>	<u>119,693</u>	<u>-</u>	<u>112,644</u>	<u>20,939</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	2,901	-	-
Public works	-	84,642	-	-	-
Culture and recreation	-	-	-	80,760	14,428
Capital Outlay	-	396,170	-	-	-
Debt Service					
Principal retirement	-	80,964	-	-	-
Interest and fiscal charges	-	3,482	-	-	-
Total Expenditures	<u>-</u>	<u>565,258</u>	<u>2,901</u>	<u>80,760</u>	<u>14,428</u>
Revenues over (under) expenditures	5,000	(445,565)	(2,901)	31,884	6,511
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	-	-	-
Transfers in	-	500,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,000	54,435	(2,901)	31,884	6,511
Fund balances - beginning	51,792	2,830,627	5,114	137,006	9,502
Fund balances - ending	<u>\$ 56,792</u>	<u>\$ 2,885,062</u>	<u>\$ 2,213</u>	<u>\$ 168,890</u>	<u>\$ 16,013</u>

(continued)

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2017,
Continued

	SPECIAL REVENUE FUNDS			
	RFC 07-09 GRANT FUND	MDA-HOUSING CONSTRUCTION FUND	COLEMAN PROJECT	POLICE GRANTS
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	25,000
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
EXPENDITURES				
Current:				
General government	-	-	7,847	-
Public safety	732	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>732</u>	<u>-</u>	<u>7,847</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(732)	-	(7,847)	25,000
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(732)	-	(7,847)	25,000
Fund balances - beginning	6,195	91,716	18,850	3,385
Fund balances - ending	<u>\$ 5,463</u>	<u>\$ 91,716</u>	<u>\$ 11,003</u>	<u>\$ 28,385</u>

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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2017,
Continued**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		
	CEMETERY PERPETUAL CARE INTEREST	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND
REVENUES					
Taxes	\$ -	\$ 21,525	\$ -	\$ -	\$ 333,108
Intergovernmental	-	-	-	-	-
Charges for services	-	-	4,175	-	-
Investment earnings	-	-	-	-	250
Miscellaneous	-	-	-	-	63
Total revenues	<u>-</u>	<u>21,525</u>	<u>4,175</u>	<u>-</u>	<u>333,421</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	651,083
Debt Service					
Principal retirement	-	-	-	-	47,801
Interest and fiscal charges	-	900	-	-	1,778
Total Expenditures	<u>-</u>	<u>900</u>	<u>-</u>	<u>-</u>	<u>700,662</u>
Excess (deficiency) of revenues over expenditures	-	20,625	4,175	-	(367,241)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	-	-	149,481
Transfers in	-	-	-	-	1,341,516
Transfers out	-	-	-	-	(82,261)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,408,736</u>
Net change in fund balances	-	20,625	4,175	-	1,041,495
Fund balances - beginning	-	87,988	145,285	67,776	691,121
Fund balances - ending	<u>\$ -</u>	<u>\$ 108,613</u>	<u>\$ 149,460</u>	<u>\$ 67,776</u>	<u>\$ 1,732,616</u>

(continued)

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As of and for the Year Ended June 30, 2017

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2017,
Continued

	<u>CAPITAL PROJECT FUNDS</u>		<u>TOTALS</u>
	<u>POOL IMPROVEMENT FUND</u>	<u>PARK DEPARTMENT PROJECTS</u>	
REVENUES			
Taxes	\$ -	\$ -	\$ 354,633
Intergovernmental	-	-	129,697
Charges for services	10,422	-	123,556
Investment earnings	-	-	250
Miscellaneous	-	-	44,683
Total revenues	<u>10,422</u>	<u>-</u>	<u>652,819</u>
EXPENDITURES			
Current:			
General government	-	-	7,847
Public safety	-	-	3,633
Public works	-	-	84,642
Culture and recreation	-	-	95,188
Capital Outlay	-	-	1,047,253
Debt Service			
Principal retirement	-	-	128,765
Interest and fiscal charges	-	-	6,160
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,373,488</u>
Excess (deficiency) of revenues over expenditures	10,422	-	(720,669)
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	-	-	149,481
Transfers in	-	-	1,841,516
Transfers out	-	-	(82,261)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,908,736</u>
Net change in fund balances	10,422	-	1,188,067
Fund balances - beginning	93,273	42,041	4,281,671
Fund balances - ending	<u>\$ 103,695</u>	<u>\$ 42,041</u>	<u>\$ 5,469,738</u>

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Combining Schedule of Net Position – Special Utility Authority Accounts – June 30, 2017

Miami Special Utility Authority Accounts					
	Public Utilities	Utility Improvement Account	Stormwater Account	Rainy Day Account	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,058,369	\$ 200,277	\$ 200,595	\$ 3,820,273	\$ 5,279,514
Cash and cash equivalents, restricted	315,603	112,839	-	-	428,442
Investments	-	-	-	2,668,550	2,668,550
Accounts receivable, net	3,009,431	-	-	-	3,009,431
Other receivable	436	-	-	-	436
Accrued interest receivable	809	-	-	-	809
Inventory	844,430	-	-	-	844,430
Due from other accounts	110,985	-	-	-	110,985
Due from other funds	93,586	-	-	-	93,586
Total current assets	<u>5,433,649</u>	<u>313,116</u>	<u>200,595</u>	<u>6,488,823</u>	<u>12,436,183</u>
Non-current assets:					
Cash and cash equivalents, restricted	435,522	-	-	-	435,522
Investments, restricted	187,524	-	-	-	187,524
Capital assets:					
Land, construction in progress, and water rights	1,484,521	-	-	-	1,484,521
Other capital assets, net of accumulated depreciation	12,716,275	-	-	-	12,716,275
Total non-current assets	<u>14,823,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,823,842</u>
Total assets	<u>20,257,491</u>	<u>313,116</u>	<u>200,595</u>	<u>6,488,823</u>	<u>27,260,025</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts related to pension	765,948	-	-	-	765,948
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,661,651	1,000	-	-	1,662,651
Wages payable	127,477	-	-	-	127,477
Due to other accounts	-	-	110,985	-	110,985
Due to other funds	86,495	-	-	-	86,495
Accrued interest payable	37,283	-	-	-	37,283
Accrued compensated absences	18,010	-	-	-	18,010
Refundable deposits	41,623	-	-	-	41,623
Capital lease payable	201,143	-	-	-	201,143
Revenue bond payable	-	190,000	-	-	190,000
Notes payable	602,819	-	-	-	602,819
Total current liabilities	<u>2,776,501</u>	<u>191,000</u>	<u>110,985</u>	<u>-</u>	<u>3,078,486</u>
Non-current liabilities:					
Accrued compensated absences	162,088	-	-	-	162,088
Net pension liability	2,741,140	-	-	-	2,741,140
Net OPEB obligation	278,284	-	-	-	278,284
Refundable deposits	374,604	-	-	-	374,604
Capital lease payable	304,663	-	-	-	304,663
Revenue bond payable	-	803,479	-	-	803,479
Notes payable, net	4,113,620	-	-	-	4,113,620
Total non-current liabilities	<u>7,974,399</u>	<u>803,479</u>	<u>-</u>	<u>-</u>	<u>8,777,878</u>
Total liabilities	<u>10,750,900</u>	<u>994,479</u>	<u>110,985</u>	<u>-</u>	<u>11,856,364</u>
DEFERRED INFLOW OF RESOURCES					
Deferred amounts related to pensions	98,874	-	-	-	98,874
NET POSITION					
Net investment in capital assets	8,978,551	(993,479)	-	-	7,985,072
Restricted for debt service	663,123	112,839	-	-	775,962
Unrestricted	531,991	199,277	89,610	6,488,823	7,309,701
Total net position	<u>\$ 10,173,665</u>	<u>\$ (681,363)</u>	<u>\$ 89,610</u>	<u>\$ 6,488,823</u>	<u>\$ 16,070,735</u>

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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Special Utility Authority
Accounts - Year Ended June 30, 2017**

	Miami Special Utility Authority Accounts				Total
	Utility				
	Public Utilities	Improvement Account	Stormwater Account	Rainy Day Account	
REVENUES					
Charges for services	\$ 22,901,978	\$ -	\$ -	\$ -	\$ 22,901,978
Fees, licenses and permits	-	-	135,086	-	135,086
Miscellaneous	803,073	-	-	-	803,073
Total operating revenues	<u>23,705,051</u>	<u>-</u>	<u>135,086</u>	<u>-</u>	<u>23,840,137</u>
OPERATING EXPENSES					
Personal services	3,937,705	-	30,338	-	3,968,043
Materials and supplies	11,507,604	-	21,582	-	11,529,186
Other services and charges	2,917,356	-	20,210	-	2,937,566
Depreciation expense	1,317,067	-	-	-	1,317,067
Total operating expenses	<u>19,679,732</u>	<u>-</u>	<u>72,130</u>	<u>-</u>	<u>19,751,862</u>
Operating income	<u>4,025,319</u>	<u>-</u>	<u>62,956</u>	<u>-</u>	<u>4,088,275</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	61	13	-	17,944	18,018
Miscellaneous	29,744	-	-	-	29,744
Disposal of capital assets	(29,634)	-	-	-	(29,634)
Interest expense and fiscal charges	(139,897)	(28,937)	-	-	(168,834)
Total non-operating revenue (expenses)	<u>(139,726)</u>	<u>(28,924)</u>	<u>-</u>	<u>17,944</u>	<u>(150,706)</u>
Income (loss) before contributions and transfers	<u>3,885,593</u>	<u>(28,924)</u>	<u>62,956</u>	<u>17,944</u>	<u>3,937,569</u>
Transfers in, interaccount	118,658	215,200	-	166,610	500,468
Transfers out, interaccount	(381,810)	(81,458)	(37,200)	-	(500,468)
Capital contributions from governmental activities	81,349	-	-	-	81,349
Transfers in	6,275,094	-	-	-	6,275,094
Transfers out	(10,457,997)	-	-	-	(10,457,997)
Change in net position	<u>(479,113)</u>	<u>104,818</u>	<u>25,756</u>	<u>184,554</u>	<u>(163,985)</u>
Total net position - beginning	10,652,778	(786,181)	63,854	6,304,269	16,234,720
Total net position - ending	<u>\$ 10,173,665</u>	<u>\$ (681,363)</u>	<u>\$ 89,610</u>	<u>\$ 6,488,823</u>	<u>\$ 16,070,735</u>

CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Cash Flows – Special Utility Authority Accounts - Year Ended June 30, 2017

	Miami Special Utility Authority Accounts				Total
	Public Utilities	Utility Improvement Account	Stormwater Account	Rainy Day Account	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 24,186,017	\$ -	\$ 135,086	\$ -	\$ 24,321,103
Payments to suppliers	(14,169,128)	(50,397)	(41,792)	-	(14,261,317)
Payments to employees	(3,843,860)	-	(30,338)	-	(3,874,198)
Receipts from other funds	-	-	78,993	-	78,993
Payments to other funds	(31,023)	-	-	-	(31,023)
Receipts of customer meter deposits	205,490	-	-	-	205,490
Refunds of customer meter deposits	(188,843)	-	-	-	(188,843)
Net cash provided by (used in) operating activities	6,158,653	(50,397)	141,949	-	6,250,205
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	6,275,094	-	-	-	6,275,094
Transfers to other funds	(10,457,997)	-	-	-	(10,457,997)
Interaccount transfer in	-	215,200	-	166,610	381,810
Interaccount transfer out	(381,810)	-	(37,200)	-	(419,010)
Net cash provided by (used in) noncapital financing activities	(4,564,713)	215,200	(37,200)	166,610	(4,220,103)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets purchased	(262,956)	(81,458)	-	-	(344,414)
Transfer of capital assets to governmental activities	(29,634)	-	-	-	(29,634)
Principal paid on debt	(824,546)	(190,000)	-	-	(1,014,546)
Interest and fiscal agent fees paid on debt	(144,432)	(27,461)	-	-	(171,893)
Net cash provided by (used in) capital and related financing activities	(1,261,568)	(298,919)	-	-	(1,560,487)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (Purchase) of investments	(56)	-	-	56	-
Interest and dividends	61	13	-	17,944	18,018
Net cash provided by investing activities	5	13	-	18,000	18,018
Net increase (decrease) in cash and cash equivalents	332,377	(134,103)	104,749	184,610	487,633
Balances - beginning of year	1,477,117	447,219	95,846	3,635,663	5,655,845
Balances - end of year	\$ 1,809,494	\$ 313,116	\$ 200,595	\$ 3,820,273	\$ 6,143,478
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	\$ 1,058,369	\$ 200,277	\$ 200,595	\$ 3,820,273	\$ 5,279,514
Restricted cash and cash equivalents - current	315,603	112,839	-	-	428,442
Restricted cash and cash equivalents - noncurrent	435,522	-	-	-	435,522
Total cash and cash equivalents, end of year	\$ 1,809,494	\$ 313,116	\$ 200,595	\$ 3,820,273	\$ 6,143,478
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 4,025,319	\$ -	\$ 62,956	\$ -	\$ 4,088,275
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,317,067	-	-	-	1,317,067
Other nonoperating revenue	29,744	-	-	-	29,744
Change in assets and liabilities:					
Receivables, net	451,222	-	-	-	451,222
Other receivable	-	-	-	-	-
Due from other funds	(31,023)	-	-	-	(31,023)
Inventory	83,359	-	-	-	83,359
Deferred outflows related to pension	(279,250)	-	-	-	(279,250)
Accounts payable	172,473	(50,397)	-	-	122,076
Due to other funds	-	-	78,993	-	78,993
Due to employees	(1,179)	-	-	-	(1,179)
Refundable deposits	16,647	-	-	-	16,647
Net OPEB obligation	82,148	-	-	-	82,148
Net pension obligation	285,365	-	-	-	285,365
Accrued compensated absences	(2,794)	-	-	-	(2,794)
Deferred inflows related to pension	9,555	-	-	-	9,555
Net cash provided by (used in) operating activities	\$ 6,158,653	\$ (50,397)	\$ 141,949	\$ -	\$ 6,250,205
Noncash activities:					
Asset acquired by capital lease	\$ 201,258	\$ -	\$ -	\$ -	\$ 201,258
Asset contributed by others	200,007	-	-	-	200,007
	\$ 401,265	\$ -	\$ -	\$ -	\$ 401,265

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Combining Statement of Net Position – Internal Service Funds – June 30, 2017

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Worker's Compensation Fund</u>	<u>Unemployment Fund</u>	<u>Health Insurance Fund</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,312,424	\$ 148,976	\$ 226,593	\$ 1,687,993
Investments	618,127	-	-	618,127
Other receivable	2,160,501	-	63,195	2,223,696
Total current assets	<u>4,091,052</u>	<u>148,976</u>	<u>289,788</u>	<u>4,529,816</u>
Total assets	<u>4,091,052</u>	<u>148,976</u>	<u>289,788</u>	<u>4,529,816</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	-	-	504	504
Claims liability	2,362,057	-	86,595	2,448,652
Due to other funds	-	-	-	-
Total liabilities	<u>2,362,057</u>	<u>-</u>	<u>87,099</u>	<u>2,449,156</u>
NET POSITION				
Unrestricted	1,728,995	148,976	202,689	2,080,660
Total net position	<u>\$ 1,728,995</u>	<u>\$ 148,976</u>	<u>\$ 202,689</u>	<u>\$ 2,080,660</u>

**CITY OF MIAMI, OKLAHOMA
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**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds -
Year Ended June 30, 2017**

	Internal Service Funds			Total
	Worker's Compensation Fund	Unemployment Fund	Health Insurance Fund	
REVENUES				
Charges for services	\$ 326,178	\$ 24,039	\$ 1,898,784	\$ 2,249,001
Miscellaneous	1,511,333	-	730,749	2,242,082
Total operating revenues	<u>1,837,511</u>	<u>24,039</u>	<u>2,629,533</u>	<u>4,491,083</u>
OPERATING EXPENSES				
Other services and charges	21,610	-	315,055	336,665
Insurance claims and expense	1,627,874	20,617	2,063,081	3,711,572
Total operating expenses	<u>1,649,484</u>	<u>20,617</u>	<u>2,378,136</u>	<u>4,048,237</u>
Operating income	<u>188,027</u>	<u>3,422</u>	<u>251,397</u>	<u>442,846</u>
NON-OPERATING REVENUES				
Investment income	1,720	-	-	1,720
Total non-operating revenue	<u>1,720</u>	<u>-</u>	<u>-</u>	<u>1,720</u>
Income before transfers	<u>189,747</u>	<u>3,422</u>	<u>251,397</u>	<u>444,566</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in net position	<u>189,747</u>	<u>3,422</u>	<u>251,397</u>	<u>444,566</u>
Total net position - beginning	1,539,248	145,554	(48,708)	1,636,094
Total net position - ending	<u>\$ 1,728,995</u>	<u>\$ 148,976</u>	<u>\$ 202,689</u>	<u>\$ 2,080,660</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Statement of Cash Flows – Internal Service Funds - Year Ended June 30, 2017

	WORKER'S COMPENSATION FUND	UNEMPLOYMENT FUND	HEALTH INSURANCE FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 900,533	\$ 24,039	\$ 2,566,338	\$ 3,490,910
Payments to suppliers	(21,610)	-	(315,174)	(336,784)
Payments to other funds	-	-	(7,487)	(7,487)
Claims and benefits paid	(632,157)	(20,926)	(2,024,127)	(2,677,210)
Net Cash Provided by Operating Activities	<u>246,766</u>	<u>3,113</u>	<u>219,550</u>	<u>469,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	1,720	-	-	1,720
Sale (Purchase) of investments	(1,721)	-	-	(1,721)
Net Cash Provided by (used in) Investing Activities	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Net Increase in Cash and Cash Equivalents	246,765	3,113	219,550	469,428
Balances - beginning of the year	1,065,659	145,863	7,043	1,218,565
Balances - end of the year	\$ 1,312,424	\$ 148,976	\$ 226,593	\$ 1,687,993
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 1,312,424	\$ 148,976	\$ 226,593	\$ 1,687,993
Total cash and cash equivalents	<u>\$ 1,312,424</u>	<u>\$ 148,976</u>	<u>\$ 226,593</u>	<u>\$ 1,687,993</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 188,027	\$ 3,422	\$ 251,397	\$ 442,846
Change in assets and liabilities:				
Receivables, net	(936,978)	-	(63,195)	(1,000,173)
Accounts payable	-	-	(119)	(119)
Due to other funds	-	-	(7,487)	(7,487)
Claims liability	995,717	(309)	38,954	1,034,362
Net Cash Provided by Operating Activities	<u>\$ 246,766</u>	<u>\$ 3,113</u>	<u>\$ 219,550</u>	<u>\$ 469,429</u>

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Combining Schedule of Cash Flows – Discretely Presented Component Units - Year Ended June 30, 2017

	<u>MCFA</u>	<u>MDRA</u>	<u>MIPFA</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 145,843	\$ 295,460	\$ 41,058	\$ 482,361
Payments to suppliers	(54,135)	(174,780)	(11,078)	(239,993)
Payments to employees	-	(130,663)	-	(130,663)
Net Cash Provided by (used in) Operating Activities	<u>91,708</u>	<u>(9,983)</u>	<u>29,980</u>	<u>111,705</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(66,320)	-	(87,235)	(153,555)
Principal paid on capital debt	(80,777)	(6,548)	-	(87,325)
Interest and fiscal charges paid on capital debt	(9,745)	(5,147)	-	(14,892)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(156,842)</u>	<u>(11,695)</u>	<u>(87,235)</u>	<u>(255,772)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	-	-	224	224
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>224</u>	<u>224</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(65,134)	(21,678)	(57,031)	(143,843)
Balances - beginning of the year	<u>251,539</u>	<u>30,180</u>	<u>224,172</u>	<u>505,891</u>
Balances - end of the year	<u>\$ 186,405</u>	<u>\$ 8,502</u>	<u>\$ 167,141</u>	<u>\$ 362,048</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 186,405	\$ 8,502	\$ 167,141	362,048
Restricted cash and cash equivalents	-	-	-	-
Total cash and cash equivalents	<u>\$ 186,405</u>	<u>\$ 8,502</u>	<u>\$ 167,141</u>	<u>\$ 362,048</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	(125,750)	(161,984)	9,959	(\$277,775)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	218,879	2,526	20,771	242,176
Other nonoperating revenue	-	144,064	-	144,064
Change in assets and liabilities:				
Other receivable	(300)	(1,212)	-	(1,512)
Accounts payables	(1,121)	6,032	(750)	4,161
Accrued compensated absences	-	591	-	591
Net Cash Provided by (used in) Operating Activities	<u>\$ 91,708</u>	<u>\$ (9,983)</u>	<u>\$ 29,980</u>	<u>\$ 111,705</u>

**CITY OF MIAMI, OKLAHOMA
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Schedule of Federal Awards:

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant I.D. Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>				
Pass through Oklahoma Department of Libraries				
Grants to States	45.310	F-17-216	\$ 453	\$ 453
Grants to States	45.310	F-17-072	7,000	7,000
Grants to States	45.310	F-17-020	6,160	6,160
Grants to States	45.310	F-17-48	13,503	13,503
Grants to States	45.310	F-17-230	1,100	1,100
Grants to States	45.310	F-17-102	267	267
Grants to States	45.310	F-17-138	178	178
Grants to States	45.310	F-17-179	90	90
Grants to States	45.310	F-16-219	130	130
Grants to States	45.310	F-17-1390	79	79
Subtotal Grants to States 45.310			<u>28,960</u>	<u>28,960</u>
Pass through Oklahoma Humanities Council				
Promotion of the Humanities	45.168	Y17.009	1,000	1,000
Total Institute of Museum and Library Services			<u>29,960</u>	<u>29,960</u>
<u>Department of Homeland Security</u>				
Pass through Oklahoma Emergency Management				
Emergency Management Performance Grant	97.042	EMPG 17	26,699	26,699
Emergency Management Performance Grant	97.042	EMPG 16	26,699	26,699
Total Department of Homeland Security			<u>53,398</u>	<u>53,398</u>
Total Federal Awards			<u>\$ 83,358</u>	<u>\$ 83,358</u>

Notes to Schedule of Expenditures of Federal Awards

Note A - Significant Accounting Policies - The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in Uniform Guidance.

**CITY OF MIAMI, OKLAHOMA
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Debt Service Coverage Schedule - Year Ended June 30, 2017

DEBT SERVICE COVERAGE:	OWRB Series 2001A, 2003A, 2004A, 2005 & 2006A <u>Promissory Notes</u>	2011 Sales Tax and 2016 <u>Revenue Bonds</u>
GROSS REVENUE AVAILABLE:		
Charges for services (water, electric and wastewater)	\$21,478,036	\$21,478,036
Investment income	18,018	18,018
Pledged sales tax	-	6,275,094
	<u>21,496,054</u>	<u>27,771,148</u>
OPERATING EXPENSES:		
Total Operating Expenses (excludes depreciation and amortization)	<u>16,916,503</u>	<u>16,916,503</u>
Net Revenue Available for Debt Service	<u>\$4,579,551</u>	<u>\$10,854,645</u>
Maximum Annual Debt Service on all OWRB Obligations Payable From Revenues of the System		
Average Annual Debt Service on 2016 Sales Tax Revenue Bonds	-	1,023,337
Average Annual Debt Service on 2011 Sales Tax Revenue Bonds	-	214,080
	<u>\$786,377</u>	<u>\$2,023,794</u>
Computed Coverage	<u>582%</u>	<u>536%</u>
Coverage Requirement	<u>125%</u>	<u>125%</u>

INTERNAL CONTROL AND COMPLIANCE INFORMATION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami, Oklahoma (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2017. Other auditors audited the financial statements of the Miami Industrial Development Authority ("MIDA"), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Arledge & Associates, P.C.

December 5, 2017