

THE CITY OF MIAMI, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

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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, 2018, 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 16 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, 2018, 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 February 7, 2019, 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.



February 7, 2019

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

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, 2018. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2018, the City's total net position increased by \$1,214,387 or 4.6% from the prior year.
- During the year, the City's expenses for governmental activities were \$13.6 million and were funded by program revenues of \$1.9 million and further funded with taxes and other general revenues that totaled \$13.3 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$5.3 million.
- At June 30, 2018, the General Fund reported an unassigned fund balance of \$681,715.
- For budgetary reporting purposes, the General Fund reported revenues above estimates of \$273,853 or 3.7%, while expenditures were under the final appropriations by \$813,227 or 8.3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

About the City

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

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

The City's Financial Reporting Entity

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

The City's financial reporting entity includes the City of Miami, two blended component units, and four 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, and can be obtained by contacting in the MIDA offices.

Using This Annual Report

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

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

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

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

- **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.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

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

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$27,452,466 at the close of the most recent fiscal year.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2018	Restated, 2017		2018	Restated, 2017		2018	Restated, 2017	
Current assets	\$ 12,579	\$ 11,832	6%	\$ 12,532	\$ 13,756	-9%	\$ 25,111	\$ 25,588	-2%
Capital assets, net	27,332	26,718	2%	18,444	17,715	4%	45,776	44,433	3%
Total assets	39,911	38,550	4%	30,976	31,471	-2%	70,887	70,021	1%
Deferred outflows	2,386	2,701	-12%	721	823	-12%	3,107	3,524	-12%
Current liabilities	4,027	3,723	8%	3,663	2,905	26%	7,690	6,628	16%
Non-current liabilities	28,738	30,227	-5%	8,728	9,916	-12%	37,466	40,143	-7%
Total liabilities	32,765	33,950	-3%	12,391	12,821	-3%	45,156	46,771	-3%
Deferred inflows	931	414	125%	454	123	269%	1,385	537	158%
Net position									
Net investment capital assets	17,737	16,909	5%	12,772	11,499	11%	30,509	28,408	7%
Restricted	1,730	1,670	4%	801	776	3%	2,531	2,446	3%
Unrestricted (deficit)	(10,866)	(11,692)	7%	5,278	7,075	-25%	(5,588)	(4,617)	21%
Total net position	\$ 8,601	\$ 6,887	25%	\$ 18,851	\$ 19,350	-3%	\$ 27,452	\$ 26,237	5%

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 2018, the net investment in capital assets amounted to \$30,509,542. 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

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

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, \$2,531,118 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 \$5,588,194.

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

Governmental Activities:

Deferred inflows – Increase of \$.5 million (125%) due to changes in pension and OPEB elements.

Business-Type Activities:

Deferred inflows – Increases due to changes in pension and OPEB elements.

Changes in Net Position

For the year ended June 30, 2018, net position of the primary government changed as follows:

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

	Governmental		% Inc. (Dec.)	Business-Type		% Inc. (Dec.)	Total		% Inc. (Dec.)
	Activities	Activities		Activities	Activities		Total	Total	
	2018	2017		2018	2017		2018	2017	
Revenues									
Charges for service	\$ 1,073	\$ 686	56%	\$ 25,545	\$ 24,045	6%	\$ 26,618	\$ 24,731	8%
Operating grants and contributions	874	813	8%	12	-	100%	886	813	9%
Capital grants and contributions	-	-	-	629	136	363%	629	136	363%
Taxes	7,405	7,193	3%	-	-	-	7,405	7,193	3%
Investment income	17	25	-32%	36	18	100%	53	43	23%
Miscellaneous	80	71	13%	-	1	-100%	80	72	11%
Total revenues	9,449	8,787	8%	26,222	24,200	8%	35,671	32,987	8%
Expenses									
General government	2,170	1,728	26%	-	-	-	2,170	1,728	26%
Public safety	5,414	5,115	6%	-	-	-	5,414	5,115	6%
Streets	2,916	3,067	-5%	-	-	-	2,916	3,067	-5%
Culture and recreation	1,574	11,226	-86%	-	-	-	1,574	11,226	-86%
Economic development	705	572	23%	-	-	-	705	572	23%
Interest on debt	781	721	8%	-	-	-	781	721	8%
Water	-	-	-	1,843	1,834	-	1,843	1,834	-
Wastewater	-	-	-	1,484	1,477	-	1,484	1,477	-
Sanitation	-	-	-	1,776	1,645	8%	1,776	1,645	8%
Electric	-	-	-	15,354	14,803	4%	15,354	14,803	4%
Airport	-	-	-	440	377	17%	440	377	17%
Total expenses	13,560	22,429	-40%	20,897	20,136	4%	34,457	42,565	-19%
Excess (deficiency) before transfers	(4,111)	(13,642)	70%	5,325	4,064	31%	1,214	(9,578)	-113%
Transfers	5,824	4,131	41%	(5,824)	(4,131)	41%	-	-	-
Change in net position	\$ 1,713	\$ (9,511)	118%	\$ (499)	\$ (67)	645%	\$ 1,214	\$ (9,578)	113%

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

Explanations of significant changes in Table 2 are as follows:

Governmental Activities:

Charges for services – Increase of \$.4 million (56%) due to an increase in revenues in cultural events and fines.

Culture and recreation – Decrease of \$9.7 million (86%) due to one-time funding to a discretely presented component unit for the payoff of a debt issue in fiscal year 2017.

Transfers – Increase of \$1.7 million (41%) due to increased operational funding from other funds.

Business-Type Activities:

Capital grants and contributions – Increase of \$.5 million (363%) due to an increase in airport grants.

Transfers – Increase of \$1.7 million (41%) due to increased operational funding to other funds.

Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2018	2017		2018	2017	
General government	\$ 2,170	\$ 1,728	26%	\$ (1,882)	\$ (1,604)	17%
Public safety	5,414	5,115	6%	(4,534)	(4,265)	6%
Streets	2,916	3,067	-5%	(2,690)	(2,889)	-7%
Culture, parks and recreation	1,574	11,226	-86%	(1,329)	(10,952)	-88%
Economic development	705	572	23%	(396)	(499)	-21%
Interest on long-term debt	781	721	-8%	(781)	(721)	8%
Total	\$ 13,560	\$ 22,429	-40%	(\$11,612)	\$ (20,930)	-45%

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

For the year ended June 30, 2018 total expenses for governmental activities amounted to approximately \$13.6 million which was a decrease from the prior year of 40%. See Table 2 above for explanations of changes.

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2018	2017		2018	2017	
	Water	\$ 1,843		\$ 1,834	-	
Wastewater	1,484	1,477	-	336	280	20%
Sanitation	1,776	1,645	8%	824	746	10%
Electric	15,354	14,803	4%	3,135	2,568	22%
Airport	440	377	17%	317	(65)	-588%
Total	\$ 20,897	\$ 20,136	4%	\$ 5,289	\$ 4,046	31%

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

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

- Total business-type activities reported net revenues of \$5,289,113 for the year ended June 30, 2018.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2018 fiscal year, the governmental funds reported a combined fund balance of \$8.0 million or a 7.4% increase of approximately \$551,000 mainly due to transfers. The enterprise funds reported combined net position of \$18.1 million or a 2.1% decrease from 2017.

Fund Balance/Net Position

Governmental Funds		Proprietary Funds	
Restricted	\$ 1,776,595	Net investment in capital assets	\$ 12,772,088
Committed	2,616,098	Restricted for debt service and other	801,168
Assigned	2,925,100	Unrestricted	4,565,470
Unassigned	678,398		
Total Fund Balance	\$ 7,996,191	Total Net Position	\$ 18,138,726

General Fund Budgetary Highlights

For budgetary reporting purposes, the General Fund reported revenues above estimates of \$273,853 or 3.7%, while expenditures were under the final appropriations by \$813,227 or 8.3%.

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018, the City had \$45.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, electrical infrastructure, water lines and sewer lines. (See table below). This represents a net increase of \$1.3 million or 3.0% from the prior year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 5,487	\$ 5,487	\$ 751	\$ 751	6,238	\$ 6,238
Buildings	7,064	5,112	9,158	9,431	16,222	14,543
Machinery, furniture and equipment	2,250	2,372	2,695	2,757	4,945	5,129
Infrastructure	12,355	13,234	4,297	3,819	16,652	17,053
Construction in progress	176	513	1,542	958	1,718	1,471
Totals	<u>\$ 27,332</u>	<u>\$ 26,718</u>	<u>\$ 18,443</u>	<u>\$ 17,716</u>	<u>\$ 45,775</u>	<u>\$ 44,434</u>

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

City Hall Renovations	\$2,309,399
Vehicles	\$786,000
Southwest well project	\$586,032

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 \$26.1 million in long-term debt outstanding which represents a \$1.2 million decrease, or 4.5%, 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)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accrued absences	\$ 519	\$ 577	\$ 144	\$ 180	\$ 663	\$ 757
Revenue Bonds	18,815	19,245	810	1,000	19,625	20,245
Bond Premium (Discount)	226	247	(5)	(6)	221	241
Notes Payable	-	-	4,114	4,716	4,114	4,716
Capital Leases	697	823	753	506	1,450	1,329
Totals	<u>\$ 20,257</u>	<u>\$ 20,892</u>	<u>\$ 5,816</u>	<u>\$ 6,396</u>	<u>\$ 26,073</u>	<u>\$ 27,288</u>

**CITY OF MIAMI, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2018**

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 expanding utility services; implementing the approved comprehensive plan; street and additional utility improvements; and installing a splash pad.

The FY 2018-2019 budget will remain level with the exception of electric, water, and wastewater utility rate increases. The funds collected from the increase will fund much needed electric, water, and wastewater system improvements to include substation upgrades and line replacement. The City expects to continue to be impacted by a struggling economy but continues building financial capacity by expanding utility services thereby improving budget stabilization for the future.

The City will also continue revenue bond projects on various utility improvements such as substation and water/wastewater line replacement. Utility funds will continue to repay the debts.

The primary sources of revenue for the City of Miami are sales tax and utility (water/wastewater and electric) revenue. Sales tax requires a vote of the people and cannot be adjusted without the people's consent. The addition of online sales tax collections has positively impacted our budget capacity to some degree. In addition, the City continues to look for ways to enhance our revenue base that will assist in the completion of major infrastructure and development projects.

Contacting the City's Financial Management

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

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

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

Statement of Net Position– June 30, 2018

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and equivalents	\$ 9,599,847	\$ 5,470,531	\$ 15,070,378	\$ 423,675
Investments	649,501	1,590,865	2,240,366	-
Interest receivable	-	809	809	-
Accounts receivable, net	246,003	3,681,140	3,927,143	-
Due from other governments	1,046,336	36,815	1,083,151	-
Other receivables	1,723,580	39,347	1,762,927	-
Internal balances	(686,489)	686,489	-	-
Inventory	-	1,025,621	1,025,621	-
Capital Assets				
Land and construction in progress	5,663,117	2,293,042	7,956,159	351,738
Other capital assets, net of depreciation	21,669,234	16,150,985	37,820,219	9,092,419
Total assets	<u>39,911,129</u>	<u>30,975,644</u>	<u>70,886,773</u>	<u>9,867,832</u>
DEFERRED OUTFLOWS:				
Deferred amounts related to pensions	1,779,240	677,677	2,456,917	-
Deferred amounts related to OPEB	59,894	43,371	103,265	-
Deferred amount on refunding	547,389	-	547,389	-
Total deferred outflows of resources	<u>2,386,523</u>	<u>721,048</u>	<u>3,107,571</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	919,411	2,412,452	3,331,863	20,309
Claims liability	2,377,983	-	2,377,983	-
Accrued interest payable	46,645	30,159	76,804	-
Long-term liabilities				
Due within one year	683,113	1,219,916	1,903,029	53,435
Due in more than one year	28,738,009	8,728,232	37,466,241	384,804
Total liabilities	<u>32,765,161</u>	<u>12,390,759</u>	<u>45,155,920</u>	<u>458,548</u>
DEFERRED INFLOWS:				
Deferred amounts related to pensions	790,060	352,103	1,142,163	-
Deferred amounts related to OPEB	141,401	102,394	243,795	-
Total deferred inflows of resources	<u>931,461</u>	<u>454,497</u>	<u>1,385,958</u>	<u>-</u>
NET POSITION:				
Net investment in capital assets	17,737,454	12,772,088	30,509,542	9,008,726
Restricted	1,729,950	801,168	2,531,118	-
Unrestricted (deficit)	(10,866,374)	5,278,180	(5,588,194)	400,558
Total net position	<u>\$ 8,601,030</u>	<u>\$ 18,851,436</u>	<u>\$ 27,452,466</u>	<u>\$ 9,409,284</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, 2018

Statement of Activities –Year Ended June 30, 2018

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General Government	\$ 2,169,739	\$ 97,876	\$ 189,710	\$ -	\$ (1,882,153)	\$ -	\$ (1,882,153)	\$ -
Public Safety	5,413,203	357,598	521,329	-	(4,534,276)	-	(4,534,276)	-
Public Works and Streets	2,916,210	107,241	118,623	-	(2,690,346)	-	(2,690,346)	-
Culture and Recreation	1,574,013	220,995	24,470	-	(1,328,548)	-	(1,328,548)	-
Economic Development	705,289	289,054	20,000	-	(396,235)	-	(396,235)	-
Interest on long-term Debt	781,261	-	-	-	(781,261)	-	(781,261)	-
Total governmental activities	<u>13,559,715</u>	<u>1,072,764</u>	<u>874,132</u>	<u>-</u>	<u>(11,612,819)</u>	<u>-</u>	<u>(11,612,819)</u>	<u>-</u>
Business-type activities								
Water	1,842,657	2,507,947	12,013	-	-	677,303	677,303	-
Wastewater	1,484,193	1,820,665	-	-	-	336,472	336,472	-
Sanitation	1,775,794	2,599,786	-	-	-	823,992	823,992	-
Electric	15,354,105	18,488,616	-	-	-	3,134,511	3,134,511	-
Airport	440,587	128,202	-	629,220	-	316,835	316,835	-
Total business-type activities	<u>20,897,336</u>	<u>25,545,216</u>	<u>12,013</u>	<u>629,220</u>	<u>-</u>	<u>5,289,113</u>	<u>5,289,113</u>	<u>-</u>
Total primary government	<u>\$ 34,457,051</u>	<u>\$ 26,617,980</u>	<u>\$ 886,145</u>	<u>\$ 629,220</u>	<u>(11,612,819)</u>	<u>5,289,113</u>	<u>(6,323,706)</u>	<u>-</u>
Component Units								
Culture and Recreation	\$ 618,034	\$ 367,639	\$ 227,630	\$ -	-	-	-	(22,765)
Economic Development	76,269	123,004	-	-	-	-	-	46,735
Total component units	<u>\$ 694,303</u>	<u>\$ 490,643</u>	<u>\$ 227,630</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,970</u>
General revenues:								
Taxes:								
Sales and use taxes								
					6,823,387	-	6,823,387	-
Property tax								
					18,590	-	18,590	-
Franchise and public service taxes								
					360,148	-	360,148	-
Hotel/motel taxes								
					202,797	-	202,797	-
Investment income								
					16,835	36,431	53,266	114
Miscellaneous								
					80,070	(165)	79,905	-
Transfers - internal activity								
					5,824,412	(5,824,412)	-	-
Total general revenues and transfers								
					<u>13,326,239</u>	<u>(5,788,146)</u>	<u>7,538,093</u>	<u>114</u>
Change in net position								
					1,713,420	(499,033)	1,214,387	24,084
Net position - beginning, restated								
					6,887,610	19,350,469	26,238,079	9,385,200
Net position - ending								
					<u>\$ 8,601,030</u>	<u>\$ 18,851,436</u>	<u>\$ 27,452,466</u>	<u>\$ 9,409,284</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, 2018**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Governmental Funds Balance Sheet - June 30, 2018

	<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	\$ 743,262	\$ 813,870	\$ 6,203,347	\$ 7,760,479
Investments	23,483	-	-	23,483
Receivables:				
Accounts receivable	187,897	-	58,106	246,003
Due from other funds	87,808	-	113,650	201,458
Due from other governments and entities	828,366	147,911	70,059	1,046,336
Total assets	<u>\$ 1,870,816</u>	<u>\$ 961,781</u>	<u>\$ 6,445,162</u>	<u>\$ 9,277,759</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 178,176	\$ 23,460	\$ 439,416	\$ 641,052
Wages payable	265,982	-	12,307	278,289
Due to other funds	136,833	-	38,404	175,237
Total liabilities	<u>580,991</u>	<u>23,460</u>	<u>490,127</u>	<u>1,094,578</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	<u>126,959</u>	<u>-</u>	<u>60,031</u>	<u>186,990</u>
Fund balances:				
Restricted	11,752	938,321	826,522	1,776,595
Committed	-	-	2,616,098	2,616,098
Assigned	469,399	-	2,455,701	2,925,100
Unassigned (deficit)	681,715	-	(3,317)	678,398
Total fund balances	<u>1,162,866</u>	<u>938,321</u>	<u>5,895,004</u>	<u>7,996,191</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,870,816</u>	<u>\$ 961,781</u>	<u>\$ 6,445,162</u>	<u>\$ 9,277,759</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, 2018

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2018

	<u>General Fund</u>	<u>Street and Stadium Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 5,673,743	\$ 1,139,816	\$ 441,473	\$ 7,255,032
Intergovernmental	884,912	-	138,536	1,023,448
Charges for services	318,529	-	189,017	507,546
Fines and forfeitures	259,776	-	-	259,776
Licenses and permits	64,488	-	-	64,488
Investment income	14,657	1,849	329	16,835
Miscellaneous	378,620	-	17,071	395,691
Total revenues	<u>7,594,725</u>	<u>1,141,665</u>	<u>786,426</u>	<u>9,522,816</u>
EXPENDITURES				
Current:				
General government	1,655,914	-	-	1,655,914
Public Safety	5,200,944	-	21,956	5,222,900
Public works and streets	1,342,404	21,211	520,171	1,883,786
Culture and recreation	1,198,139	-	183,252	1,381,391
Economic development	656,060	-	-	656,060
Capital Outlay	102,111	-	3,165,162	3,267,273
Debt Service:				
Principal	176,945	430,000	51,983	658,928
Interest and other charges	30,946	569,536	2,810	603,292
Total expenditures	<u>10,363,463</u>	<u>1,020,747</u>	<u>3,945,334</u>	<u>15,329,544</u>
Excess (deficiency) of revenues over expenditures	(2,768,738)	120,918	(3,158,908)	(5,806,728)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	102,111	-	-	102,111
Transfers in	7,897,053	1,138,890	3,609,178	12,645,121
Transfers out	(5,230,461)	(1,133,205)	(25,003)	(6,388,669)
Total other financing sources and uses	<u>2,768,703</u>	<u>5,685</u>	<u>3,584,175</u>	<u>6,358,563</u>
Net change in fund balances	(35)	126,603	425,267	551,835
Fund balances - beginning	1,162,901	811,718	5,469,737	7,444,356
Fund balances - ending	<u>\$ 1,162,866</u>	<u>\$ 938,321</u>	<u>\$ 5,895,004</u>	<u>\$ 7,996,191</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, 2018**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	7,996,191
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>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.</p>		27,332,351
<p>Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds.</p>		186,990
<p>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.</p>		
Pension related deferred outflows		1,779,240
Pension related deferred OPEB		59,894
Deferred amounts on refunding		547,389
<p>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:</p>		
Capital lease obligations		(696,519)
Interest payable		(46,645)
Net pension liability		(7,258,615)
Pension related deferred inflows		(790,060)
Total OPEB liability		(1,905,825)
OPEB related deferred inflows		(141,401)
Accrued compensated absences		(518,746)
Unamortized debt premium		(226,417)
Revenue bond payable		(18,815,000)
<p>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:</p>		
Internal service fund net position		1,098,203
Net Position of Governmental Activities in the Statement of Net Position	\$	8,601,030

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	551,835
<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		2,452,501
Depreciation expense		(1,783,641)
Disposed capital assets		(54,481)
<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>		
		225,866
<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		45,776
<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		(102,111)
Capital lease principal payments		228,926
Revenue bond principal payments		430,000
<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		716
Change in accrued compensated absences		58,294
Change in total OPEB liability		(106,947)
Change in amortization of bond discount/premium		(68,490)
<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		(164,824)
Change in net position of governmental activities	<u>\$</u>	<u>1,713,420</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, 2018**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Proprietary Funds Statement of Net Position - June 30, 2018

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Miami Special Utility Authority</u>	<u>Airport Fund</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,588,450	\$ 35	\$ 4,588,485	\$ 1,839,368
Cash and cash equivalents, restricted	446,524	-	446,524	-
Investments	1,401,049	-	1,401,049	626,018
Accounts receivable, net	3,646,107	35,033	3,681,140	-
Other receivable	8,065	68,097	76,162	1,723,580
Accrued interest receivable	809	-	809	-
Inventory	997,886	27,735	1,025,621	-
Due from other funds	257,631	30,128	287,759	-
Total current assets	<u>11,346,521</u>	<u>161,028</u>	<u>11,507,549</u>	<u>4,188,966</u>
Non-current assets:				
Cash and cash equivalents, restricted	435,522	-	435,522	-
Investments, restricted	189,816	-	189,816	-
Capital assets:				
Land, construction in progress, and water rights	1,177,865	1,115,177	2,293,042	-
Other capital assets, net of accumulated depreciation	12,918,298	3,232,687	16,150,985	-
Total non-current assets	<u>14,721,501</u>	<u>4,347,864</u>	<u>19,069,365</u>	<u>-</u>
Total assets	<u>26,068,022</u>	<u>4,508,892</u>	<u>30,576,914</u>	<u>4,188,966</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	663,451	14,226	677,677	-
Deferred amounts related to OPEB	43,371	-	43,371	-
Total deferred outflow of resources	<u>706,822</u>	<u>14,226</u>	<u>721,048</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,983,236	296,746	2,279,982	70
Claims liability	-	-	-	2,377,983
Wages payable	131,651	819	132,470	-
Due to other funds	86,495	227,485	313,980	-
Accrued interest payable	30,159	-	30,159	-
Accrued compensated absences	14,664	-	14,664	-
Refundable deposits	39,729	-	39,729	-
Capital lease payable	340,268	-	340,268	-
Revenue bond payable	195,000	-	195,000	-
Notes payable	630,255	-	630,255	-
Total current liabilities	<u>3,451,457</u>	<u>525,050</u>	<u>3,976,507</u>	<u>2,378,053</u>
Non-current liabilities:				
Accrued compensated absences	129,176	-	129,176	-
Net pension liability	2,354,986	-	2,354,986	-
Total OPEB liability	1,380,091	-	1,380,091	-
Refundable deposits	357,563	-	357,563	-
Capital lease payable	413,095	-	413,095	-
Revenue bond payable	609,956	-	609,956	-
Notes payable, net	3,483,365	-	3,483,365	-
Total non-current liabilities	<u>8,728,232</u>	<u>-</u>	<u>8,728,232</u>	<u>-</u>
Total liabilities	<u>12,179,689</u>	<u>525,050</u>	<u>12,704,739</u>	<u>2,378,053</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	318,677	33,426	352,103	-
Deferred amounts related to OPEB	102,394	-	102,394	-
Total deferred inflow of resources	<u>421,071</u>	<u>33,426</u>	<u>454,497</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	8,424,224	4,347,864	12,772,088	-
Restricted for debt service	801,168	-	801,168	-
Unrestricted (deficit)	4,948,692	(383,222)	4,565,470	1,810,913
Total net position	<u>\$ 14,174,084</u>	<u>\$ 3,964,642</u>	<u>18,138,726</u>	<u>\$ 1,810,913</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

	\$ 712,710
Total net position per Government-Wide financial statements	\$ 18,851,436

See accompanying notes to the basic financial statements.

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2018

	Enterprise Funds			Internal Service Fund
	Miami Special Utility Authority	Airport Fund	Total	
REVENUES				
Charges for services	\$ 24,628,761	\$ 128,202	\$ 24,756,963	\$ 1,974,894
Fees, licenses and permits	134,997	-	134,997	-
Miscellaneous	620,581	-	620,581	351,372
Total operating revenues	<u>25,384,339</u>	<u>128,202</u>	<u>25,512,541</u>	<u>2,326,266</u>
OPERATING EXPENSES				
Personal services	3,837,538	34,257	3,871,795	-
Materials and supplies	11,738,278	67,469	11,805,747	-
Other services and charges	3,367,287	117,894	3,485,181	525,240
Insurance claims and expense	-	-	-	2,078,664
Depreciation expense	1,279,813	220,967	1,500,780	-
Total operating expenses	<u>20,222,916</u>	<u>440,587</u>	<u>20,663,503</u>	<u>2,603,904</u>
Operating income (loss)	<u>5,161,423</u>	<u>(312,385)</u>	<u>4,849,038</u>	<u>(277,638)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	36,431	-	36,431	7,891
Miscellaneous	58,717	-	58,717	-
Interest expense and fiscal charges	(143,104)	-	(143,104)	-
Total non-operating revenue (expenses)	<u>(47,956)</u>	<u>-</u>	<u>(47,956)</u>	<u>7,891</u>
Income (loss) before contributions and transfers	<u>5,113,467</u>	<u>(312,385)</u>	<u>4,801,082</u>	<u>(269,747)</u>
Contributed capital revenue	414,855	646,405	1,061,260	-
Transfers in	6,374,669	85,147	6,459,816	-
Transfers out	(12,716,268)	-	(12,716,268)	-
Change in net position	<u>(813,277)</u>	<u>419,167</u>	<u>(394,110)</u>	<u>(269,747)</u>
Total net position - beginning	14,987,361	3,545,475	18,532,836	2,080,660
Total net position - ending	<u>\$ 14,174,084</u>	<u>\$ 3,964,642</u>	<u>\$ 18,138,726</u>	<u>\$ 1,810,913</u>
Change in net position above			(394,110)	
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			(104,923)	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ (499,033)</u>	

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2018

	<u>Enterprise Funds</u>			Internal Service Fund
	Miami Special Utility Authority	Airport Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 24,798,751	\$ 98,848	\$ 24,897,599	\$ 2,826,382
Payments to suppliers	(14,938,436)	93,888	(14,844,548)	(525,674)
Payments to employees	(3,856,020)	(36,413)	(3,892,433)	-
Receipts from other funds	12,538	166,642	179,180	-
Payments to other funds	(176,583)	-	(176,583)	-
Receipts of customer meter deposits	169,175	-	169,175	-
Refunds of customer meter deposits	(188,110)	-	(188,110)	-
Claims and judgments paid	-	-	-	(2,149,333)
Net cash provided by operating activities	<u>5,821,315</u>	<u>322,965</u>	<u>6,144,280</u>	<u>151,375</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	6,374,669	85,147	6,459,816	-
Transfers to other funds	(12,716,268)	-	(12,716,268)	-
Interaccount transfers in	587,090	-	587,090	-
Interaccount transfers out	(587,090)	-	(587,090)	-
Net cash provided by (used in) noncapital financing activities	<u>(6,341,599)</u>	<u>85,147</u>	<u>(6,256,452)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(301,492)	(1,000,517)	(1,302,009)	-
Principal paid on debt	(1,004,095)	-	(1,004,095)	-
Proceeds of capital grants	-	592,405	592,405	-
Interest and fiscal agent fees paid on debt	(148,751)	-	(148,751)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,454,338)</u>	<u>(408,112)</u>	<u>(1,862,450)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	1,265,209	-	1,265,209	(7,891)
Interest and dividends	36,431	-	36,431	7,891
Net cash provided by investing activities	<u>1,301,640</u>	<u>-</u>	<u>1,301,640</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(672,982)	-	(672,982)	151,375
Balances - beginning of year	<u>6,143,478</u>	<u>35</u>	<u>6,143,513</u>	<u>1,687,993</u>
Balances - end of year	<u>\$ 5,470,496</u>	<u>\$ 35</u>	<u>\$ 5,470,531</u>	<u>\$ 1,839,368</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 4,588,450	\$ 35	\$ 4,588,485	\$ 1,839,368
Restricted cash and cash equivalents - current	446,524	-	446,524	-
Restricted cash and cash equivalents - non-current	435,522	-	435,522	-
Total cash and cash equivalents, end of year	<u>\$ 5,470,496</u>	<u>\$ 35</u>	<u>\$ 5,470,531</u>	<u>\$ 1,839,368</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 5,161,423	\$ (312,385)	\$ 4,849,038	\$ (277,638)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,279,813	220,967	1,500,780	-
Other nonoperating revenue	58,717	-	58,717	-
Change in assets and liabilities:				
Receivables, net	(636,676)	5,346	(631,330)	500,116
Other receivable	(7,629)	(34,700)	(42,329)	-
Due from other funds	(176,583)	-	(176,583)	-
Inventory	(153,456)	5,654	(147,802)	-
Deferred outflows related to pension	102,497	9,364	111,861	-
Deferred outflows related to OPEB	(10,561)	-	(10,561)	-
Accounts payable	320,585	273,597	594,182	(434)
Claims liability	-	-	-	(70,669)
Due to other funds	12,538	166,642	179,180	-
Due to employees	4,174	129	4,303	-
Refundable deposits	(18,935)	-	(18,935)	-
Total OPEB liability	(14,377)	-	(14,377)	-
Net pension liability	(386,154)	(21,397)	(407,551)	-
Accrued compensated absences	(36,258)	-	(36,258)	-
Deferred inflows related to pension	219,803	9,748	229,551	-
Deferred inflows related to OPEB	102,394	-	102,394	-
Net cash provided by operating activities	<u>\$ 5,821,315</u>	<u>\$ 322,965</u>	<u>\$ 6,144,280</u>	<u>\$ 151,375</u>
Noncash activities:				
Asset acquired by capital lease	\$ 458,831	\$ -	\$ 458,831	\$ -
Asset contributed by others	414,855	17,185	432,040	-
	<u>\$ 873,686</u>	<u>\$ 17,185</u>	<u>\$ 890,871</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, 2018

	<u>MCEA</u>	<u>MDRA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 125,976	\$ 17,835	\$ 177,809	\$ 102,055	\$ 423,675
Total current assets	<u>125,976</u>	<u>17,835</u>	<u>177,809</u>	<u>102,055</u>	<u>423,675</u>
Non-current assets:					
Capital assets:					
Land, construction in progress, and water rights	-	-	103,517	248,221	351,738
Other capital assets, net of accumulated depreciation	7,977,111	10,100	767,087	338,121	9,092,419
Total non-current assets	<u>7,977,111</u>	<u>10,100</u>	<u>870,604</u>	<u>586,342</u>	<u>9,444,157</u>
Total assets	<u>8,103,087</u>	<u>27,935</u>	<u>1,048,413</u>	<u>688,397</u>	<u>9,867,832</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	-	18,809	-	1,500	20,309
Accrued compensated absences	-	2,808	-	-	2,808
Notes payable	-	-	50,627	-	50,627
Total current liabilities	<u>-</u>	<u>21,617</u>	<u>50,627</u>	<u>1,500</u>	<u>73,744</u>
Non-current liabilities:					
Notes payable, net	-	-	384,804	-	384,804
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>384,804</u>	<u>-</u>	<u>384,804</u>
Total liabilities	<u>-</u>	<u>21,617</u>	<u>435,431</u>	<u>1,500</u>	<u>458,548</u>
NET POSITION					
Net investment in capital assets	7,977,111	10,100	435,173	586,342	9,008,726
Unrestricted (deficit)	125,976	(3,782)	177,809	100,555	400,558
Total net position	<u>\$ 8,103,087</u>	<u>\$ 6,318</u>	<u>\$ 612,982</u>	<u>\$ 686,897</u>	<u>\$ 9,409,284</u>

See accompanying notes to the basic financial statements.

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Discretely Presented Component Units Combining Statement of Changes in Net Position - Year Ended June 30, 2018

	<u>MCFA</u>	<u>MDRA</u>	<u>MIDA</u>	<u>MIPFA</u>	<u>Total</u>
REVENUES					
Charges for services	\$ 172,418	\$ 192,940	\$ 77,755	\$ 44,819	\$ 487,932
Miscellaneous	-	2,281	430	-	2,711
Total operating revenues	<u>172,418</u>	<u>195,221</u>	<u>78,185</u>	<u>44,819</u>	<u>490,643</u>
OPERATING EXPENSES					
Personal services	99	118,069	-	-	118,168
Materials and supplies	8,044	24,804	3,050	-	35,898
Other services and charges	61,879	170,421	6,500	5,475	244,275
Depreciation expense	226,616	2,526	20,727	24,043	273,912
Total operating expenses	<u>296,638</u>	<u>315,820</u>	<u>30,277</u>	<u>29,518</u>	<u>672,253</u>
Operating income (loss)	<u>(124,220)</u>	<u>(120,599)</u>	<u>47,908</u>	<u>15,301</u>	<u>(181,610)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	1	113	114
Miscellaneous income	1,490	226,140	-	-	227,630
Interest expense and fiscal charges	(978)	(4,598)	(16,474)	-	(22,050)
Total non-operating revenue (expenses)	<u>512</u>	<u>221,542</u>	<u>(16,473)</u>	<u>113</u>	<u>205,694</u>
Change in net position	(123,708)	100,943	31,435	15,414	24,084
Total net position - beginning	8,226,795	(94,625)	581,547	671,483	9,385,200
Total net position - ending	<u>\$ 8,103,087</u>	<u>\$ 6,318</u>	<u>\$ 612,982</u>	<u>\$ 686,897</u>	<u>\$ 9,409,284</u>

See accompanying notes to the basic financial statements.

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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

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

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

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

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

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

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

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

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

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

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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, MCVB & Tourism 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, and Police Grant.

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.

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, 2018 by these entities are as follows:

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Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less Than One
Demand deposits	\$ 13,930,514	N/A	\$ 13,930,514	\$ -
Cash on hand	3,345	N/A	3,345	-
Time deposits	2,240,366	N/A	-	2,240,366
Money Market Funds	1,136,519	Not rated	-	1,136,519
Sub-Total	<u>\$ 17,310,744</u>		<u>\$ 13,933,859</u>	<u>\$ 3,376,885</u>

Reconciliation to Financial Statements:

Cash and cash equivalents	\$ 15,070,378
Investments	2,240,366
	<u>\$ 17,310,744</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, 2018:

- Money Market Mutual Funds of \$1,136,519 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 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, 2018, the City was not exposed to custodial credit risk.

Component Unit:

The bank deposit of the MDRA component unit of \$17,835 at June 30, 2018 was fully insured by the F.D.I.C.

The bank deposits of the MCFA component unit of \$125,976 at June 30, 2018 was fully insured by the F.D.I.C.

The bank deposits of the MIPFA component unit of \$102,055 at June 30, 2018 was fully insured by the F.D.I.C.

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The bank deposits of the MIDA component unit of \$177,809 at June 30, 2018 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, 2018, the investments held by the City mature between 2018 through 2019.

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). No concentration of credit risk existed as of June 30, 2018.

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, 2018 are as follows:

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Cash and cash equivalents:	
Cash Restricted for Refundable deposits	\$ 49,518
Money Markets Restricted for Debt Service	397,006
	\$ 446,524
Cash and cash equivalents, noncurrent:	
Money Markets Restricted for Debt Service	\$ 434,327
Cash Restricted for Refundable deposits	1,195
	\$ 435,522
Investments:	
Refundable deposits	\$ 189,816
	\$ 189,816

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.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxes	\$ 1,062,959	\$ -	\$ 1,062,959
Due from other governments	68,483	-	68,483
Court fines	433,780	(287,511)	146,269
Other	1,738,208	-	1,738,208
Total Governmental Activities	\$ 3,303,430	\$ (287,511)	\$ 3,015,919
Reconciliation to Statement of Net Position:			
Accounts receivable, net			\$ 246,003
Due from other governmental agencies			1,046,336
Other receivable			1,723,580
Total			\$ 3,015,919
Business-Type Activities:			
Utilities	\$ 5,484,665	\$ (1,803,525)	\$ 3,681,140

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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, 2018, capital assets balances changed as follows:

	Balance at July 1, 2017	Additions	Transfers/ Deductions	Balance at June 30, 2018
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,487,269	\$ -	\$ -	\$ 5,487,269
Construction in progress	512,678	2,309,824	2,646,654	175,848
Total capital assets not being depreciated	<u>5,999,947</u>	<u>2,309,824</u>	<u>2,646,654</u>	<u>5,663,117</u>
Other capital assets:				
Buildings	20,765,679	2,344,310	-	23,109,989
Infrastructure	45,283,268	24,691	-	45,307,959
Machinery, furniture and equipment	11,446,637	420,330	130,658	11,736,309
Total other capital assets at historical cost	<u>77,495,584</u>	<u>2,789,331</u>	<u>130,658</u>	<u>80,154,257</u>
Less accumulated depreciation for:				
Buildings	15,653,985	392,019	-	16,046,004
Infrastructure	32,048,995	903,652	-	32,952,647
Machinery, furniture and equipment	9,074,579	487,970	76,177	9,486,372
Total accumulated depreciation	<u>56,777,559</u>	<u>1,783,641</u>	<u>76,177</u>	<u>58,485,023</u>
Other capital assets, net	<u>20,718,025</u>	<u>1,005,690</u>	<u>54,481</u>	<u>21,669,234</u>
Governmental activities capital assets, net	<u>\$ 26,717,972</u>	<u>\$ 3,315,514</u>	<u>\$ 2,701,135</u>	<u>\$ 27,332,351</u>

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	Balance at July 1, 2017	Additions	Transfers/ Deductions	Balance at June 30, 2018
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 750,530	\$ -	\$ -	\$ 750,530
Construction in progress	958,156	1,382,917	798,561	1,542,512
Total capital assets not being depreciated	<u>1,708,686</u>	<u>1,382,917</u>	<u>798,561</u>	<u>2,293,042</u>
Other capital assets:				
Buildings and utility infrastructure	20,429,426	211,904	-	20,641,330
Machinery, furniture and equipment	13,989,575	569,822	41,280	14,600,677
Infrastructure	16,872,256	860,468	-	17,732,724
Total other capital assets at historical cost	<u>51,291,257</u>	<u>1,642,194</u>	<u>41,280</u>	<u>52,974,731</u>
Less accumulated depreciation for:				
Buildings and utility infrastructure	10,998,435	484,515	-	11,482,950
Machinery, furniture and equipment	11,232,955	634,326	38,132	11,905,413
Infrastructure	13,053,444	381,939	-	13,435,383
Total accumulated depreciation	<u>35,284,834</u>	<u>1,500,780</u>	<u>38,132</u>	<u>36,823,746</u>
Other capital assets, net	<u>16,006,423</u>	<u>141,414</u>	<u>3,148</u>	<u>16,150,985</u>
Business-type activities capital assets, net	<u>\$ 17,715,109</u>	<u>\$ 1,524,331</u>	<u>\$ (795,413)</u>	<u>\$ 18,444,027</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:

Governmental Activities:	
General Government	\$ 124,306
Public Safety	195,868
Streets	980,580
Culture and Recreation	423,944
Economic Development	58,943
Total	<u>\$ 1,783,641</u>
Business-Type Activities:	
Airport	\$ 220,967
Electric	366,835
Water	281,764
Wastewater	424,904
Sanitation	206,310
Total	<u>\$ 1,500,780</u>

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Capital assets of the component units were:

MIDA

	Balance at August 1, 2017	Additions	Deductions	Balance at July 31, 2018
<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	248,539	20,727	-	269,266
Other capital assets, net	<u>787,814</u>	<u>(20,727)</u>	<u>-</u>	<u>767,087</u>
MIDA capital assets, net	<u>\$ 891,331</u>	<u>\$ (20,727)</u>	<u>\$ -</u>	<u>\$ 870,604</u>

MDRA

	Balance at July 1, 2017	Additions	Deductions	Balance at June 30, 2018
<i>MDRA - Discreetly Presented Component unit</i>				
Other capital assets:				
Buildings	6,500	-	-	6,500
Machinery, furniture and equipment	18,756	-	-	18,756
Total other capital assets at historical cost	<u>25,256</u>	<u>-</u>	<u>-</u>	<u>25,256</u>
Less accumulated depreciation for:				
Buildings	3,250	650	-	3,900
Machinery, furniture and equipment	9,380	1,876	-	11,256
Total accumulated depreciation	<u>12,630</u>	<u>2,526</u>	<u>-</u>	<u>15,156</u>
Other capital assets, net	<u>12,626</u>	<u>(2,526)</u>	<u>-</u>	<u>10,100</u>
MDRA capital assets, net	<u>\$ 12,626</u>	<u>\$ (2,526)</u>	<u>\$ -</u>	<u>\$ 10,100</u>

MIPFA

	Balance at July 1, 2017	Additions	Deductions	Balance at June 30, 2018
<i>MIPFA - Discreetly Presented Component unit</i>				
Capital assets not being depreciated:				
Land	\$ 144,429	\$ 103,792	\$ -	\$ 248,221
Total capital assets not being depreciated	<u>144,429</u>	<u>103,792</u>	<u>-</u>	<u>248,221</u>
Other capital assets:				
Buildings	574,724	-	-	574,724
Machinery, furniture and equipment	162,235	-	-	162,235
Total other capital assets at historical cost	<u>736,959</u>	<u>-</u>	<u>-</u>	<u>736,959</u>
Less accumulated depreciation for:				
Buildings	298,706	19,681	-	318,387
Machinery, furniture and equipment	76,089	4,362	-	80,451
Total accumulated depreciation	<u>374,795</u>	<u>24,043</u>	<u>-</u>	<u>398,838</u>
Other capital assets, net	<u>362,164</u>	<u>(24,043)</u>	<u>-</u>	<u>338,121</u>
MIPFA capital assets, net	<u>\$ 506,593</u>	<u>\$ 79,749</u>	<u>\$ -</u>	<u>\$ 586,342</u>

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MCFA

	Balance at July 1, 2017	Additions	Deductions	Balance at June 30, 2018
<i>MCFA - Discreetly Presented Component unit</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Buildings	8,600,399	-	-	8,600,399
Less accumulated depreciation for:				
Buildings	396,672	226,616	-	623,288
Other capital assets, net	8,203,727	(226,616)	-	7,977,111
MCFA capital assets, net	<u>\$ 8,203,727</u>	<u>\$ (226,616)</u>	<u>\$ -</u>	<u>\$ 7,977,111</u>

7. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

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

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	68,589	Expense reimbursement
MSUA	Airport Fund	455	Expense reimbursement
MSUA	* General Fund	31,459	Expense reimbursement
Airport Fund	General Fund	30,128	Posting correction
MSUA	* Airport Fund	225,717	To cover negative balance in pooled cash
Total		<u>\$ 489,217</u>	

* Denotes major fund.

	Due From Other Funds	Due To Other Funds	Net Internal Balances
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 201,458	\$ (175,237)	\$ 26,221
Proprietary Funds	287,759	(313,980)	(26,221)
Total	<u>\$ 489,217</u>	<u>\$ (489,217)</u>	<u>\$ -</u>
Reconciliation to Statement of Net Position:			
Net Internal Balances	\$ (26,221)		
Internal Service Fund Activity reported in Business-type Activities	712,710		
Net Internal Balance	<u>\$ 686,489</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, 2018 were as follows:

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<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>	
* General Fund	* MSUA	\$ 7,883,053	Operating subsidy/pledged sales tax	
* General Fund	Street and Alley	14,000	B	Operating subsidy
* General Fund	* Street Project	1,133,205	Pledged sales tax	
* Street Project	* MSUA	1,138,890	Pledged sales tax	
Street and alley	* MSUA	500,000	A	Operating subsidy
Grant Fund	* MSUA	65,481	A	Operating subsidy
Capital Improvement Fund	* MSUA	11,649	A	Debt Service payments
Capital Improvement Fund	* MSUA	2,232,048	A	Operating subsidy
Capital Improvement Fund	* MSUA	800,000	A	Capital project
* MSUA	Coleman Project	11,003	B	To close fund
Airport	* MSUA	85,147	Capital project	
* MSUA	* General Fund	5,230,461	Operating subsidy/pledged sales tax	
		<u>\$ 19,104,937</u>		
* Denotes Major Fund		Subtotal non-major Governmental Funds transfers in	\$ 3,609,178	A
		Subtotal non-major Governmental Funds transfers out	\$ 25,003	B
		Transfers to	Transfers from	Net
Reconciliation to fund financial statements:		<u>Other Funds</u>	<u>Other Funds</u>	<u>Transfers</u>
Governmental Funds		\$ (6,388,669)	\$ 12,645,121	\$ 6,256,452
Enterprise Funds		(12,716,268)	6,459,816	(6,256,452)
Totals		<u>\$ (19,104,937)</u>	<u>\$ 19,104,937</u>	<u>\$ -</u>
Reconciliation to Statement of Activities:				
Net Transfers		(6,256,452)		
Transfer of assets from Governmental Activities to Business Type Activities		432,040		
Transfers - Internal Activity		<u>\$ (5,824,412)</u>		

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, 2018, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue Bond Premium	\$ 246,693	\$ -	\$ 20,276	\$ 226,417	\$ -
Revenue Bonds	19,245,000	-	430,000	18,815,000	440,000
Capital Lease Obligations	823,334	102,111	228,926	696,519	191,238
Accrued Compensated Absences	577,040	-	58,294	518,746	51,875
Total Governmental Activities	<u>\$ 20,892,067</u>	<u>\$ 102,111</u>	<u>\$ 737,496</u>	\$ 20,256,682	\$ 683,113
Plus: Total OPEB liability				1,905,825	-
Net pension liability				7,258,615	-
				<u>\$ 29,421,122</u>	<u>\$ 683,113</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 683,113	
Due in more than one year				28,738,009	
				<u>\$ 29,421,122</u>	

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<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable	\$ 4,716,438	\$ -	\$ 602,818	\$ 4,113,620	\$ 630,255
Unamortized Bond Discount	(6,521)	-	(1,476)	(5,045)	-
Revenue Bonds	1,000,000	-	190,000	810,000	195,000
Capital Lease Obligations	505,807	458,831	211,274	753,364	340,268
Accrued Compensated Absences	180,098	-	36,258	143,840	14,664
	<u>\$ 6,395,822</u>	<u>\$ 458,831</u>	<u>\$ 1,038,874</u>	<u>\$ 5,815,779</u>	<u>\$ 1,180,187</u>
Plus: Total OPEB liability				1,380,091	-
Net pension obligation				2,354,986	-
Refundable deposits				397,292	39,729
				<u>\$ 9,948,148</u>	<u>\$ 1,219,916</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 1,219,916	
Due in more than one year				8,728,232	
				<u>\$ 9,948,148</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.

\$18,815,000

Current portion
Non-current portion

\$440,000

18,375,000

\$18,815,000

Capital Lease Obligations:

\$86,689 capital lease obligation for the purchase of a boom mower, matures August 2018
with a stated interest rate of 3.77%.

\$2,225

\$90,154 capital lease obligation for the purchase of a crawler/dozer, matures September 2021
with a stated interest rate of 3.81%.

32,272

\$993,730 capital lease obligation for the purchase of fire trucks, matures July 2020
with a stated interest rate of 5.00%

424,033

\$102,111 capital lease obligation for the purchase of police cars, matures September 2020
with a stated interest rate of 2.66%.

77,339

\$149,481 capital lease obligation for the purchase of fire rescue truck, matures March 21, 2022
with a stated interest rate of 3.01%.

113,958

\$113,194 capital lease obligation for the purchase of two Torro mowers, matures July 2020
with a stated interest rate of 2.15%

46,692

Total capital lease obligations

\$696,519

Current portion
Non-current portion

\$191,238

505,281

\$696,519

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

Capital Lease Obligation:

\$44,900 capital lease obligation for the purchase of a mini excavator, matures July 2021 with a stated interest rate of 1.95%	\$28,264
\$209,365 capital lease obligation for the purchase of a bucket truck, matures October 2019 with a stated interest rate of 2.300%	50,569
\$503,720 capital lease obligation for the purchase of a trash truck, matures July 2019 with a stated interest rate of 1.97%	113,880
\$82,210 capital lease obligation for the purchase of a work truck, matures July 2019 with a stated interest rate of 2.13%	18,625
\$69,950 capital lease obligation for the purchase of a mini excavator, matures July 2021 with a stated interest rate of 1.95%.	43,938
\$95,994 capital lease obligation for the purchase of a truck for water, matures August 2022 with a stated interest rate of 2.99%.	80,975
\$362,837 capital lease obligation for the purchase of a refuse truck, matures June 2021 with a stated interest rate of 3.62%.	362,837
\$86,408 capital lease obligation for the purchase of a tractor, matures July 2021 with a stated interest rate of 1.95%.	<u>54,276</u>
Total Capital Leases	<u>\$753,364</u>
Current portion	\$340,268
Non-current portion	<u>413,096</u>
	<u>\$753,364</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>\$810,000</u>
Current portion	\$195,000
Non-current portion	<u>615,000</u>
	<u>\$810,000</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.	\$484,000
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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.	1,165,160
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.	478,661
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.	1,069,840
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.	680,273
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>235,686</u>
Total Notes Payable – Oklahoma Water Resources Board	<u>\$4,113,620</u>
Current portion	\$630,255
Non-current portion	<u>3,483,365</u>
	<u>\$4,113,620</u>

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		
2019	\$ 440,000	\$ 555,338	\$ 191,238	\$ 25,674		
2020	450,000	546,438	197,001	17,617		
2021	455,000	537,388	280,465	2,549		
2022	465,000	528,188	27,815	563		
2023	475,000	518,788	-	-		
2024-2028	2,525,000	2,445,544	-	-		
2029-2033	1,085,000	2,213,863	-	-		
2034-2038	4,435,000	1,922,150	-	-		
2039-2043	3,925,000	1,124,625	-	-		
2044-2047	4,560,000	498,750	-	-		
Total	<u>\$ 18,815,000</u>	<u>\$ 10,891,072</u>	<u>\$ 696,519</u>	<u>\$ 46,403</u>		

Business-Type Activities						
Year Ending June 30,	Notes Payable		Revenue Bonds Payable		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 630,255	\$ 96,893	\$ 195,000	\$ 18,473	\$ 340,268	\$ 17,764
2020	641,594	82,226	200,000	14,025	199,027	10,116
2021	658,024	66,114	205,000	8,858	186,792	3,976
2022	669,477	48,626	210,000	3,045	23,840	393
2023	691,702	29,264	-	-	3,437	13
2024-2026	822,568	9,989	-	-	-	-
Total	<u>\$ 4,113,620</u>	<u>\$ 333,112</u>	<u>\$ 810,000</u>	<u>\$ 44,401</u>	<u>\$ 753,364</u>	<u>\$ 32,262</u>

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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. At June 30, 2018, \$7,490,000 of the 2010 bonds remain outstanding to be paid with the escrow account.

MDRA Debt:

<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Component Unit:					
MDRA notes payable	\$ 96,452	\$ -	\$ 96,452	\$ -	\$ -
Accrued Compensated Absences	2,808	-	-	2,808	2,808
Total MDRA	<u>\$ 99,260</u>	<u>\$ -</u>	<u>\$ 96,452</u>	<u>\$ 2,808</u>	<u>\$ 2,808</u>

MCFA:

<u>Type of Debt</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Component Unit:					
Note payable	\$ 163,542		\$ 163,542	\$ -	\$ -
	<u>\$ 163,542</u>	<u>\$ -</u>	<u>\$ 163,542</u>	<u>\$ -</u>	<u>\$ -</u>

MIDA Debt:

The MIDA issued the 2005 note payable to the Miami Area Economic Development Services, Inc, payable in monthly Installments of \$3,300 with interest at 5.00% maturity date of February 1, 2020 \$234,628

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 155,988

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 44,815

Total debt outstanding – MIDA \$435,431

<u>Type of Debt</u>	<u>Balance August 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance July 31, 2018</u>	<u>Due Within One Year</u>
Component Unit:					
MIDA Note payable	\$ 493,189	\$ -	\$ 57,758	\$ 435,431	\$ 50,627

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Component Unit - MIDA		
Year Ending June 30,	Notes Payable	
	Principal	Interest
2018	\$ 50,627	\$ 13,439
2020	384,804	7,794
Total	<u>\$ 435,431</u>	<u>\$ 21,233</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 \$4,446,732. Net utility revenues received in the current year were \$5,347,858. Debt service payments of \$723,159 for the current fiscal year were 13.5% 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 \$30,560,473. Pledged sales taxes received in the current year were \$5,230,461. Net revenues and sales tax pledged during the year was \$10,578,319. Debt service payments of \$1,212,768 for the current fiscal year were 11.5% 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.
- 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, 2018 net position restricted by enabling legislation totaled \$202,674.

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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:

	General Fund	Major Capital Project Fund		Other Governmental Fund	Total
		Street and Stadium Project Fund			
Fund Balance:					
Restricted For:					
Police operations - grants	\$ -	\$ -	\$ -	\$ 18,934	\$ 18,934
General obligation debt service	-	-	305,157	126,302	431,459
Capital improvements	-	-	-	318,710	318,710
Street improvements	-	-	633,164	-	633,164
Culture and rec programs	11,752	-	-	264,466	276,218
Economic development	-	-	-	97,179	97,179
Police - drug programs	-	-	-	931	931
Sub-total restricted	11,752	-	938,321	826,522	1,776,595
Committed for:					
Street operations	-	-	-	2,616,098	2,616,098
Assigned for:					
Capital improvements	-	-	-	2,455,701	2,455,701
Demolition	119,865	-	-	-	119,865
Culture and rec programs	13,772	-	-	-	13,772
Supplement next year's budget	335,762	-	-	-	335,762
Sub-total assigned	469,399	-	-	2,455,701	2,925,100
Unassigned (deficit):	681,715	-	-	(3,317)	678,398
TOTAL FUND BALANCE	\$ 1,162,866	\$ 938,321	\$ 5,895,004	\$ 7,996,191	

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Beginning net positions was restated due to the implementatin of GASB 75, OPEB. Restatements were as follows:

Statement of Activities:	<u>Governmental Activities:</u>	<u>Business-type Activities:</u>	
	<u>Government-wide</u>	<u>Fund Level</u>	<u>Government-wide</u>
Beginning net position as previously reported	\$8,259,944	\$16,070,735	\$20,433,843
Implementation of GASB OPEB Statement 75, recognition of beginning toal OPEB liability and deferred outflows	<u>(1,372,334)</u>	<u>(1,083,374)</u>	<u>(1,083,374)</u>
Beginning net position, restated	<u><u>\$6,887,610</u></u>	<u><u>\$14,987,361</u></u>	<u><u>\$19,350,469</u></u>

11. Revenues

Program Revenues:

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

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

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

Sales Tax Revenue:

Sales tax revenue represents a 3.65 cents tax on each dollar of taxable sales of which is collected by the Oklahoma Tax Commission and remitted to the City. 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, 2018, the City did not assess a property tax. Ad valorem collections related to delinquent taxes collected in the current year.

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12. Risk Management

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

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

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

	<u>Worker's Compensation</u>	<u>Health Care</u>	<u>Unemployment Fund</u>	<u>Total</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	2,362,057	86,595	-	2,448,652
Claims and changes in estimates	431,497	1,641,563	5,604	2,078,664
Claims payments	<u>(707,835)</u>	<u>(1,435,894)</u>	<u>(5,604)</u>	<u>(2,149,333)</u>
Claim liability, June 30, 2018	<u>\$ 2,085,719</u>	<u>\$ 292,264</u>	<u>\$ -</u>	<u>\$ 2,377,983</u>

13. Retirement Plan Participation

The following is a summary of the deferred outflows, deferred inflows and net pension liability by plan as of June 30, 2018:

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	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Deferred Outflows:			
Police Pension	\$ 402,909	\$ -	\$ 402,909
Fire Pension	928,811	-	928,811
OkMRF	447,520	677,677	1,125,197
Total	<u>\$ 1,779,240</u>	<u>\$ 677,677</u>	<u>\$ 2,456,917</u>
Deferred Inflows:			
Police Pension	\$ 228,250	\$ -	\$ 228,250
Fire Pension	184,459	-	184,459
OkMRF	377,351	352,103	729,454
Total	<u>\$ 790,060</u>	<u>\$ 352,103</u>	<u>\$ 1,142,163</u>
Net Pension Liability:			
Police Pension	\$ 29,715	\$ -	\$ 29,715
Fire Pension	5,243,677	-	5,243,677
OkMRF	1,985,223	2,354,986	4,340,209
Total	<u>\$ 7,258,615</u>	<u>\$ 2,354,986</u>	<u>\$ 9,613,601</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>	As of 07/01/17 <u>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

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- | | |
|-----------------------------------|---|
| 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 |
| 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	122
Deferred Vested Former Employees	10
Retirees or Retiree Beneficiaries	<u>81</u>
Total	<u>213</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 12.33% of covered payroll as of July 1, 2017. For the year ended June 30, 2018, the City recognized \$635,553 of employer contributions to the plan which is in excess of the actuarially determined amount by \$44,586 based on covered payroll of \$4,792,921. Employees contribute 3.75% to the plan in accordance with the plan provisions adopted by the City Council. Employee contributions for fiscal 2018 were \$179,737.

F. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2017
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:
	Year 1: 215
	Year 2: 140
	Year 3: 95
	Year 4: 65
	Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

G. Discount Rate –

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

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

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2017 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
	<hr/>		<hr/>
TOTAL	<u>100%</u>		
Average Real Return			4.75%
Inflation			<u>3.00%</u>
Long-term expected return			<u><u>7.75%</u></u>

H. Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2017 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, 2017 and the City's report ending date of June 30, 2018, 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	\$ 14,571,195	\$ 9,470,500	\$ 5,100,695
Changes for the Year:			
Service cost	330,866	-	330,866
Interest expense	1,087,717	-	1,087,717
Experience losses (gains) - (amortized over avg remain svc period of actives & inactive)	(535,480)	-	(535,480)
Changes of assumptions	321,010	-	321,010
Contributions--City	-	650,799	(650,799)
Contributions--members	-	183,989	(183,989)
Net investment income	-	1,149,965	(1,149,965)
Benefits paid	(1,092,673)	(1,092,673)	-
Plan administrative expenses	-	(20,154)	20,154
Net Changes	<u>111,440</u>	<u>871,926</u>	<u>(760,486)</u>
Balances End of Year	<u>\$ 14,682,635</u>	<u>\$ 10,342,426</u>	<u>\$ 4,340,209</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	\$ 6,158,585	\$ 4,340,209	\$ 2,858,110

The City reported \$567,699 in pension expense for the year ended June 30, 2018. At June 30, 2018, 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	\$ 45,320	\$ 546,332
Changes of assumptions	-	-
Net difference between projected and actual earnings	28,884	-
Changes in assumptions	251,827	-
Changes in proportion and differences between City contributions and proportionate share of contributions	151,713	151,622
City contributions during measurement date	11,900	31,500
City contributions subsequent to the measurement date	635,553	-
Total	<u>\$ 1,125,197</u>	<u>\$ 729,454</u>

The \$635,553 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, 2019. 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:

2019	\$	(114,269)
2020		47,182
2021		(42,092)
2022		(130,631)
2023		-
	\$	(239,810)

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 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.

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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 \$169,204. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$379,501 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 \$367,445. 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, 2018, the City reported a liability of \$5,243,677 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2017. Based upon this information, the City's proportion was .4169%.

For the year ended June 30, 2018, the City recognized pension expense of \$585,756. At June 30, 2018, 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	\$ 700,464	\$ -
Net difference between projected and actual earnings on pension plan investments	-	146,123
Changes in proportion and differences between City contributions and proportionate share of contributions	59,143	35,063
City contributions during the measurement date	-	3,273
City contributions subsequent to the measurement date	169,204	-
Total	<u>\$ 928,811</u>	<u>\$ 184,459</u>

The \$169,204 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, 2019. 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:

	2019	\$	47,057
	2020		209,305
	2021		158,102
	2022		13,842
	2023		119,619
	Thereafter		27,223
	Total	\$	575,148

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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, 2017, 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, 2017, 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%	4.38%
Domestic equity	47%	7.72%
International equity	15%	9.70%
Real estate	10%	6.96%
Other assets	8%	5.75%

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	\$ 6,878,942	\$ 5,243,677	\$ 3,857,835

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,

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$162,102. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$159,542 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 \$132,440. 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, 2018, the City reported a liability of \$29,715 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2017. Based upon this information, the City's proportion was .3863%.

For the year ended June 30, 2018, the City recognized pension expense of \$171,896. At June 30, 2018, 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	\$ 1,492	\$ 179,651
Net difference between projected and actual earnings on pension plan investments	221,328	-
Changes in proportion and differences between City contributions and proportionate share of contributions	16,446	34,413
City contributions during measurement date	1,541	14,186
City contributions subsequent to the measurement date	162,102	-
Total	\$ 402,909	\$ 228,250

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The \$162,102 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, 2019. 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:

2019	\$	(16,699)
2020		99,649
2021		42,925
2022		(91,091)
2023		(22,227)
Total	\$	<u>12,557</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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, 2017, 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, 2017, 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	4.51%
Domestic equity	6.62%
International equity	9.70%
Real estate	6.96%
Private Equity	9.86%
Commodities	5.18%

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)	\$ 1,004,300	\$ 29,715	\$ (793,468)

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, 2018, employees contributed \$117,334 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, 2018, 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. A substantive plan is one in which the plan terms are understood by the employer and the plan members. This understanding is based on communication between the employer and the plan member and historical pattern of practice with regard to the sharing of benefit costs. 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.

Benefits provided - The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully self-insured health plan. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health and prescription drug benefits. The retiree retains coverage with the City, by making an election within 30 days of termination of service and have 10+ years of creditable service in with the City and are at least 55 years old at the time of termination.

The amount of benefit payments during fiscal year June 30, 2018 were \$78,120.

Employees Covered by Benefit Terms

Active Employees	180
Inactive or beneficiaries receiving benefits	<u>11</u>
Total	<u>191</u>

Total OPEB Liability – The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2017 which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2017 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age

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- Discount Rate – 3.87% based on the 20 year municipal bond yield
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Medical Trend Rates:

2018	6.05%
2019	6.02%
2020	5.99%
2025	5.86%
2030	5.99%
2035	5.87%
2040	5.33%
2045	5.15%
2050	5.03%
2060	4.87%

Changes in Total OPEB Liability -

	Total OPEB Liability
Balances at Beginning of Year	\$ 3,320,163
Changes for the Year:	
Service cost	233,167
Interest expense	91,272
Change in assumptions	(280,566)
Difference between expected and actual experience	-
Benefits paid	(78,120)
Net Changes	(34,247)
Balances End of Year	\$ 3,285,916

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the City recognized OPEB expense of \$166,841. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	243,795
Net difference between projected and actual earnings on OPEB plan investments	-	-
City Contributions subsequent to the measurement date	103,265	-
Total	\$ 103,265	\$ 243,795

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ended June 30:

2019	\$	(36,771)
2020		(36,771)
2021		(36,771)
2022		(36,771)
2023		(36,771)
Thereafter		<u>(59,940)</u>
	\$	<u><u>(243,795)</u></u>

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total OPEB liability, as well as what the City's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1- percentage-point higher (4.58 percent) than the current discount rate:

	Current Discount Rate		
	1% Decrease (2.58%)	(3.58%)	1% Increase (4.58%)
Employers' total OPEB liability	\$ 3,998,651	\$ 3,285,916	\$ 2,729,310

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates - The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.90 percent decreasing to 3.87 percent) or 1- percentage point higher (7.09 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	Current Discount Rate		
	1% Decrease (5.90% decreasing to 3.87%)	(6.90% decreasing to 4.87%)	1% Increase (7.09% decreasing to 5.87%)
Employers' total OPEB liability	\$ 2,746,707	\$ 3,285,916	\$ 3,957,823

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 2018, 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.

Pensacola Dam Licensing

The City has experienced flooding at various degrees for many years which the City asserts has been aggravated by operational changes at a nearby lake. The City contends that the instances of flooding have increased because the quasi-governmental agency that operates the Pensacola Dam that forms Grand Lake (and its hydroelectric operations), the Grand River Dam Authority (GRDA), has been granted permission to raise lake levels by the Federal Energy Regulatory Commission (FERC), which licenses GRDA to operate the dam.

FERC has notified the City that the appropriate time to address these problems is at the time the operational license for the dam is renewed in 2022. That process started in 2018 and could potentially take over five years to complete. The City has engaged legal counsel to represent its interest during the relicensing process and to require GRDA to modify its lake operations to reduce instances of flooding and to purchase flood easements.

During fiscal 2018, the City incurred approximately \$496,000 of costs related to this matter in the form of legal, technical, and other supporting activities, and an additional \$630,000 of costs for the period July 1, 2018 through January 2019. The ultimate disposition of this matter is not known, but management does not expect these costs to materially impact the City's operations or financial condition. No provisions or reserves have been established in the accompanying financial statements regarding this matter.

16. Future Accounting Pronouncements

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.

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

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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 84 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 June 30, 2020. The primary objective of this Statement is to increase 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.

GASB Statement 88, *Certain Disclosures Related to Debt* - GASB No. 88 was issued April 2018, the primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The City has not yet determined the impact that implementation of GASB 88 will have on its net position.

GASB Statement 90, *Majority Equity Interests (An amendment of GASB Statement 14 and 61)* –issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB 90 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, 2018

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 1,411,026	\$ 1,441,026	\$ 962,168	\$ (478,858)
Resources (Inflows):				
Taxes and assessments	6,562,000	6,563,200	6,697,121	133,921
Fees, licenses and permits	44,350	44,350	50,007	5,657
Charges for services	190,000	192,000	218,008	26,008
Fines and forfeitures	212,900	212,900	215,329	2,429
Interest earned	12,000	12,000	14,329	2,329
Miscellaneous	-	164,959	172,389	7,430
Intergovernmental	76,699	92,891	188,970	96,079
Total Resources (Inflows)	<u>7,097,949</u>	<u>7,282,300</u>	<u>7,556,153</u>	<u>273,853</u>
Amounts available for appropriation	<u>8,508,975</u>	<u>8,723,326</u>	<u>8,518,321</u>	<u>(205,005)</u>
Charges to Appropriations (Outflows):				
General Government				
Municipal Court	176,024	181,989	169,102	12,887
General Government	1,332,751	1,287,943	1,018,621	269,322
Human Resources	408,879	322,327	273,092	49,235
Legal	119,879	119,879	104,936	14,943
Public Safety				
Police	2,565,543	2,185,954	2,130,709	55,245
Fire	2,022,020	2,089,113	2,052,350	36,763
Emergency Management	44,746	122,287	112,497	9,790
Police Communications	-	376,836	355,436	21,400
Code Enforcement	114,148	114,148	106,734	7,414
Risk Management	-	88,083	79,621	8,462
Public Works and Streets				
Streets	728,202	727,374	652,287	75,087
Cemetery	298,020	305,257	297,752	7,505
Facilities	309,645	311,645	270,502	41,143
Animal Control	123,010	126,354	120,520	5,834
Culture and Recreation				
Parks	644,870	685,833	548,106	137,727
Swimming Pool	191,621	191,621	154,794	36,827
Library	518,382	556,915	533,272	23,643
Total Charges to Appropriations	<u>9,597,740</u>	<u>9,793,558</u>	<u>8,980,331</u>	<u>813,227</u>
Other financing sources (uses)				
Transfers from other funds	7,740,263	7,754,263	7,842,053	87,790
Transfers to other funds	(6,354,650)	6,363,482	(6,485,980)	(12,849,462)
Total other financing sources (uses)	<u>1,385,613</u>	<u>14,117,745</u>	<u>1,356,073</u>	<u>(12,761,672)</u>
Ending Budgetary Fund Balance	<u>\$ 296,848</u>	<u>\$ 13,047,513</u>	<u>\$ 894,063</u>	<u>\$ (12,153,450)</u>

See accompanying notes to this schedule.

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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</u> <u>July 1, 2017</u>	<u>Net Change in</u> <u>Fund Balance</u>	<u>Fund Balance</u> <u>June 30, 2018</u>
Budget to GAAP Reconciliation:			
Fund Balance - GAAP Basis	\$1,162,901	(\$35)	\$1,162,866
Increases (Decreases):			
Revenues:			
Receivable from other governments and entities	(698,479)	(105,217)	(803,696)
Accounts receivable	(116,549)	(69,098)	(185,647)
State on behalf pension payments	(545,939)	6,896	(539,043)
Combining accounts	(99,186)	56,566	(42,620)
Expenditures:			
Accrued payroll	256,866	38,244	295,110
Other expenditures	456,615	11,435	468,050
State on behalf pension payments	545,939	(6,896)	539,043
Fund Balance - Budgetary Basis	<u>\$962,168</u>	<u>(\$68,105)</u>	<u>\$894,063</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability	0.413176%	0.418954%	0.4143524%	0.4169184%
City's proportionate share of the net pension liability	\$ 4,887,039	\$ 4,446,809	\$ 5,062,191	\$ 5,243,677
City's covered-employee payroll	\$ 1,089,326	\$ 1,144,680	\$ 1,159,023	\$ 1,185,003
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	449%	388%	437%	443%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%

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

Notes to Schedule:

Only the previous four 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>	<u>2018</u>
Statutorially required contribution	\$ 160,255	\$ 162,264	\$ 165,905	\$ 169,204
Contributions in relation to the statutorially required contribution	<u>160,255</u>	<u>162,264</u>	<u>165,905</u>	<u>169,204</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,144,680	\$ 1,159,023	\$ 1,185,033	\$ 1,208,603
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.4416%	0.3977%	0.4577%	0.3683%
City's proportionate share of the net pension liability (asset)	\$ (148,685)	\$ 16,217	\$ 700,954	\$ 29,715
City's covered-employee payroll	\$ 1,184,882	\$ 1,131,472	\$ 1,201,369	\$ 1,169,953
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.55%	1.43%	58.35%	2.54%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%	99.68%

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

Notes to Schedule:

Only the previous four 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>	<u>2018</u>
Statutorially required contribution	\$ 145,903	\$ 156,178	\$ 152,094	\$ 162,102
Contributions in relation to the statutorially required contribution	<u>145,903</u>	<u>156,178</u>	<u>152,094</u>	<u>162,102</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,131,472	\$ 1,201,369	\$ 1,169,953	\$ 1,246,941
Contributions as a percentage of covered-employee payroll	12.89%	13.00%	13.00%	13.00%

Notes to Schedule:

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

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
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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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability				
Service cost	\$ 276,403	\$ 308,701	\$ 344,545	\$ 330,866
Interest	1,034,763	1,037,326	1,073,154	1,087,717
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	102,207	(202,315)	(535,480)
Changes of assumptions	-	-	-	321,010
Benefit payments, including refunds of member contributions	(997,138)	(1,006,438)	(964,663)	(1,092,673)
Net change in total pension liability	<u>314,028</u>	<u>441,796</u>	<u>250,721</u>	<u>111,440</u>
Total pension liability - beginning	<u>13,564,650</u>	<u>13,878,678</u>	<u>14,320,474</u>	<u>14,571,195</u>
Total pension liability - ending (a)	<u>\$ 13,878,678</u>	<u>\$ 14,320,474</u>	<u>\$ 14,571,195</u>	<u>\$ 14,682,635</u>
Plan fiduciary net position				
Contributions - employer	\$ 569,542	\$ 618,748	\$ 640,172	\$ 650,799
Contributions - member	166,578	175,420	181,046	183,989
Net investment income	1,363,071	261,920	83,267	1,149,965
Benefit payments, including refunds of member contributions	(997,138)	(1,006,438)	(964,663)	(1,092,673)
Administrative expense	(20,151)	(19,533)	(18,698)	(20,154)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>1,081,902</u>	<u>30,117</u>	<u>(78,876)</u>	<u>871,926</u>
Plan fiduciary net position - beginning	<u>8,437,357</u>	<u>9,519,259</u>	<u>9,549,376</u>	<u>9,470,500</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,519,259</u>	<u>\$ 9,549,376</u>	<u>\$ 9,470,500</u>	<u>\$ 10,342,426</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,359,419</u>	<u>\$ 4,771,098</u>	<u>\$ 5,100,695</u>	<u>\$ 4,340,209</u>
Plan fiduciary net position as a percentage of the total pension liability	68.59%	66.68%	64.99%	70.44%
Covered employee payroll	\$ 4,356,987	\$ 4,742,831	\$ 4,657,554	\$ 4,735,571
Net pension liability as a percentage of covered-employee payroll	100.06%	100.60%	109.51%	91.65%

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

Notes to Schedule:

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

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
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**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Fiscal Year			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 616,160	\$ 643,059	\$ 592,589	\$ 590,967
Contributions in relation to the actuarially determined contribution	616,160	643,059	623,633	635,553
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,044)</u>	<u>\$ (44,586)</u>
Covered employee payroll	\$ 4,661,027	\$ 4,849,681	\$ 4,703,091	\$ 4,792,921
Contributions as a percentage of covered-employee payroll	13.22%	13.26%	13.26%	13.26%

Notes to Schedule:

1. Only the previous four fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2017
3. Actuarially determined contribution rate is calculated as of July 1, 2017
July 2017 through June 2018 contributions were at a rate of 12.33%.
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 29 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

**CITY OF MIAMI, OKLAHOMA
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Required Supplementary Information – OPEB

Schedule of Changes in Total OPEB Liability and Related Ratios
Postemployment Health Insurance Implicit Rate Subsidy Plan

		<u>2018</u>
Total OPEB Liability		
Service cost	\$	233,167
Interest		91,272
Changes in assumptions		(280,566)
Benefit payments		<u>(78,120)</u>
Net change in total OPEB liability		(34,247)
Balances at Beginning of Year		<u>3,320,163</u>
Balances End of Year	\$	<u><u>3,285,916</u></u>
Covered employee payroll	\$	7,400,000
Total OPEB liability as a percentage of covered- employee payroll		44.40%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available

OTHER SUPPLEMENTARY INFORMATION

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

Combining Balance Sheet – General Fund Accounts - June 30, 2018

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Travel Information Center Account</u>	<u>MCVB & Tourism Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
ASSETS						
Cash and cash equivalents	\$ 591,058	\$ 31,359	\$ -	\$ 7,548	\$ 113,297	\$ 743,262
Investments	23,483	-	-	-	-	23,483
Receivables:						
Accounts receivable	185,647	-	-	2,250	-	187,897
Due from other funds	87,808	-	-	-	-	87,808
Due from other accounts	17,984	-	-	-	-	17,984
Receivable from other governments	803,696	-	-	18,102	6,568	828,366
Total assets	<u>\$ 1,709,676</u>	<u>\$ 31,359</u>	<u>\$ -</u>	<u>\$ 27,900</u>	<u>\$ 119,865</u>	<u>\$ 1,888,800</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 135,117	\$ 13,180	\$ 11,799	\$ 18,080	\$ -	\$ 178,176
Wages payable	259,110	-	-	6,872	-	265,982
Due to other funds	68,244	-	68,589	-	-	136,833
Due to other accounts	-	17,984	-	-	-	17,984
Total liabilities	<u>462,471</u>	<u>31,164</u>	<u>80,388</u>	<u>24,952</u>	<u>-</u>	<u>598,975</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	126,959	-	-	-	-	126,959
Fund balances:						
Restricted	11,752	-	-	-	-	11,752
Assigned	349,534	-	-	-	119,865	469,399
Unassigned (deficit)	758,960	195	(80,388)	2,948	-	681,715
Total fund balances	<u>1,120,246</u>	<u>195</u>	<u>(80,388)</u>	<u>2,948</u>	<u>119,865</u>	<u>1,162,866</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,709,676</u>	<u>\$ 31,359</u>	<u>\$ -</u>	<u>\$ 27,900</u>	<u>\$ 119,865</u>	<u>\$ 1,888,800</u>

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2018

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Travel Information Center Account</u>	<u>MCVB & Tourism Account</u>	<u>Demolition Account</u>	<u>Total General Fund</u>
REVENUES						
Taxes	\$ 5,470,946	\$ -	\$ -	\$ 202,797	\$ -	\$ 5,673,743
Intergovernmental	884,912	-	-	-	-	884,912
Charges for services	231,313	-	-	87,216	-	318,529
Fines and forfeitures	226,526	-	-	-	33,250	259,776
Licenses and permits	64,488	-	-	-	-	64,488
Investment income	14,657	-	-	-	-	14,657
Miscellaneous	209,048	-	169,572	-	-	378,620
Total revenues	<u>7,101,890</u>	<u>-</u>	<u>169,572</u>	<u>290,013</u>	<u>33,250</u>	<u>7,594,725</u>
EXPENDITURES						
Current:						
General government	1,562,580	-	-	-	93,334	1,655,914
Public safety	5,200,944	-	-	-	-	5,200,944
Public works and streets	1,342,404	-	-	-	-	1,342,404
Culture and recreation	1,198,139	-	-	-	-	1,198,139
Economic development	-	-	224,002	432,058	-	656,060
Capital Outlay	102,111	-	-	-	-	102,111
Debt Service:						
Principal	176,945	-	-	-	-	176,945
Interest and fiscal charges	30,946	-	-	-	-	30,946
Total expenditures	<u>9,614,069</u>	<u>-</u>	<u>224,002</u>	<u>432,058</u>	<u>93,334</u>	<u>10,363,463</u>
Excess (deficiency) of revenues over expenditures	<u>(2,512,179)</u>	<u>-</u>	<u>(54,430)</u>	<u>(142,045)</u>	<u>(60,084)</u>	<u>(2,768,738)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	102,111	-	-	-	-	102,111
Proceeds from capital leases	-	-	-	-	-	-
Transfers in - interaccount	-	-	-	144,993	-	144,993
Transfers in	7,842,053	-	5,000	-	50,000	7,897,053
Transfers out	(5,230,461)	-	-	-	-	(5,230,461)
Transfers out - component unit	(144,993)	-	-	-	-	(144,993)
Total other financing sources and uses	<u>2,568,710</u>	<u>-</u>	<u>5,000</u>	<u>144,993</u>	<u>50,000</u>	<u>2,768,703</u>
Net change in fund balances	56,531	-	(49,430)	2,948	(10,084)	(35)
Fund balances - beginning	1,063,715	195	(30,958)	-	129,949	1,162,901
Fund balances - ending	<u>\$ 1,120,246</u>	<u>\$ 195</u>	<u>\$ (80,388)</u>	<u>\$ 2,948</u>	<u>\$ 119,865</u>	<u>\$ 1,162,866</u>

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2018

	SPECIAL REVENUE FUNDS								
	FISHING LICENSE FUND	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	GRANT FUND	RFC 07-09 GRANT FUND	MDA-HOUSING CONSTRUCTION FUND	COLEMAN PROJECT	POLICE GRANTS
ASSETS									
Cash and cash equivalents	\$ 61,792	\$ 2,626,466	\$ 931	\$ 225,039	\$ 21,749	\$ 5,463	\$ 91,716	\$ -	\$ 19,158
Accounts receivable	-	-	-	-	-	-	-	-	-
Due from other governments	-	10,028	-	-	4,621	-	-	-	-
Due from other funds	-	106,993	-	-	-	-	-	-	-
Total assets	<u>\$ 61,792</u>	<u>\$ 2,743,487</u>	<u>\$ 931</u>	<u>\$ 225,039</u>	<u>\$ 26,370</u>	<u>\$ 5,463</u>	<u>\$ 91,716</u>	<u>\$ -</u>	<u>\$ 19,158</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ -	\$ 127,389	\$ -	\$ 10,058	\$ 25,066	\$ -	\$ -	\$ -	\$ 224
Wages payable	-	-	-	12,307	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>127,389</u>	<u>-</u>	<u>22,365</u>	<u>25,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224</u>
Deferred Inflows:									
Deferred revenue	-	-	-	-	4,621	-	-	-	-
Fund balances:									
Restricted	61,792	-	931	202,674	-	5,463	91,716	-	18,934
Committed	-	2,616,098	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(3,317)	-	-	-	-
Total fund balances	<u>61,792</u>	<u>2,616,098</u>	<u>931</u>	<u>202,674</u>	<u>(3,317)</u>	<u>5,463</u>	<u>91,716</u>	<u>-</u>	<u>18,934</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 61,792</u>	<u>\$ 2,743,487</u>	<u>\$ 931</u>	<u>\$ 225,039</u>	<u>\$ 26,370</u>	<u>\$ 5,463</u>	<u>\$ 91,716</u>	<u>\$ -</u>	<u>\$ 19,158</u>

(continued)

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2018, Continued

	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS					TOTALS
	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND	POOL IMPROVEMENT FUND	PARK DEPARTMENT PROJECTS	
ASSETS							
Cash and cash equivalents	\$ 126,302	\$ 125,898	\$ 67,776	\$ 2,706,021	\$ 82,995	\$ 42,041	\$ 6,203,347
Accounts receivable	-	-	-	58,106	-	-	58,106
Due from other governments	55,410	-	-	-	-	-	70,059
Due from other funds	-	-	-	6,657	-	-	113,650
Total assets	<u>\$ 181,712</u>	<u>\$ 125,898</u>	<u>\$ 67,776</u>	<u>\$ 2,770,784</u>	<u>\$ 82,995</u>	<u>\$ 42,041</u>	<u>\$ 6,445,162</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 276,679	\$ -	\$ -	\$ 439,416
Wages payable	-	-	-	-	-	-	12,307
Due to other funds	-	-	-	38,404	-	-	38,404
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,083</u>	<u>-</u>	<u>-</u>	<u>490,127</u>
Deferred Inflows:							
Deferred revenue	<u>55,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,031</u>
Fund balances:							
Restricted	126,302	125,898	67,776	-	82,995	42,041	826,522
Committed	-	-	-	-	-	-	2,616,098
Assigned	-	-	-	2,455,701	-	-	2,455,701
Unassigned (deficit)	-	-	-	-	-	-	(3,317)
Total fund balances	<u>126,302</u>	<u>125,898</u>	<u>67,776</u>	<u>2,455,701</u>	<u>82,995</u>	<u>42,041</u>	<u>5,895,004</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 181,712</u>	<u>\$ 125,898</u>	<u>\$ 67,776</u>	<u>\$ 2,770,784</u>	<u>\$ 82,995</u>	<u>\$ 42,041</u>	<u>\$ 6,445,162</u>

CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2018

	SPECIAL REVENUE FUNDS								
	FISHING LICENSE FUND	STREET AND ALLEY	DRUG FORFEITURE FUND	SUMMER RECREATION PROGRAM	GRANT FUND	RFC 07-09 GRANT FUND	MDA-HOUSING CONSTRUCTION FUND	COLEMAN PROJECT	POLICE GRANTS
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	118,623	-	-	9,750	-	-	-	5,163
Charges for services	-	-	-	177,504	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous	-	11,949	65	1,062	-	-	-	-	3,995
Total revenues	<u>5,000</u>	<u>130,572</u>	<u>65</u>	<u>178,566</u>	<u>9,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,158</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	1,347	-	2,000	-	-	-	18,609
Public works	-	466,081	-	-	54,090	-	-	-	-
Culture and recreation	-	-	-	144,782	38,470	-	-	-	-
Capital Outlay	-	377,212	-	-	-	-	-	-	-
Debt Service									
Principal retirement	-	40,436	-	-	-	-	-	-	-
Interest and fiscal charges	-	1,807	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>885,536</u>	<u>1,347</u>	<u>144,782</u>	<u>94,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,609</u>
Revenues over (under) expenditures	5,000	(754,964)	(1,282)	33,784	(84,810)	-	-	-	(9,451)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	500,000	-	-	65,481	-	-	-	-
Transfers out	-	(14,000)	-	-	-	-	-	(11,003)	-
Total other financing sources (uses)	<u>-</u>	<u>486,000</u>	<u>-</u>	<u>-</u>	<u>65,481</u>	<u>-</u>	<u>-</u>	<u>(11,003)</u>	<u>-</u>
Net change in fund balances	5,000	(268,964)	(1,282)	33,784	(19,329)	-	-	(11,003)	(9,451)
Fund balances - beginning	56,792	2,885,062	2,213	168,890	16,012	5,463	91,716	11,003	28,385
Fund balances - ending	<u>\$ 61,792</u>	<u>\$ 2,616,098</u>	<u>\$ 931</u>	<u>\$ 202,674</u>	<u>\$ (3,317)</u>	<u>\$ 5,463</u>	<u>\$ 91,716</u>	<u>\$ -</u>	<u>\$ 18,934</u>

(continued)

**CITY OF MIAMI, OKLAHOMA
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As of and for the Year Ended June 30, 2018**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2018,
Continued**

	DEBT SERVICE FUND	CAPITAL PROJECT FUNDS					TOTALS
	G.O. BOND SINKING FUND	CEMETERY PERPETUAL CARE	MAIN STREET PROJECT	CAPITAL IMPROVEMENT FUND	POOL IMPROVEMENT FUND	PARK DEPARTMENT PROJECTS	
REVENUES							
Taxes	\$ 18,590	\$ -	\$ -	\$ 422,883	\$ -	\$ -	\$ 441,473
Intergovernmental	-	-	-	-	-	-	138,536
Charges for services	-	11,513	-	-	-	-	189,017
Investment earnings	-	-	-	329	-	-	329
Miscellaneous	-	-	-	-	-	-	17,071
Total revenues	<u>18,590</u>	<u>11,513</u>	<u>-</u>	<u>423,212</u>	<u>-</u>	<u>-</u>	<u>786,426</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	21,956
Public works	-	-	-	-	-	-	520,171
Culture and recreation	-	-	-	-	-	-	183,252
Capital Outlay	-	35,075	-	2,732,175	20,700	-	3,165,162
Debt Service							
Principal retirement	-	-	-	11,547	-	-	51,983
Interest and fiscal charges	901	-	-	102	-	-	2,810
Total Expenditures	<u>901</u>	<u>35,075</u>	<u>-</u>	<u>2,743,824</u>	<u>20,700</u>	<u>-</u>	<u>3,945,334</u>
Excess (deficiency) of revenues over expenditures	17,689	(23,562)	-	(2,320,612)	(20,700)	-	(3,158,908)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	3,043,697	-	-	3,609,178
Transfers out	-	-	-	-	-	-	(25,003)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,043,697</u>	<u>-</u>	<u>-</u>	<u>3,584,175</u>
Net change in fund balances	17,689	(23,562)	-	723,085	(20,700)	-	425,267
Fund balances - beginning	108,613	149,460	67,776	1,732,616	103,695	42,041	5,469,737
Fund balances - ending	<u>\$ 126,302</u>	<u>\$ 125,898</u>	<u>\$ 67,776</u>	<u>\$ 2,455,701</u>	<u>\$ 82,995</u>	<u>\$ 42,041</u>	<u>\$ 5,895,004</u>

CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Net Position – Special Utility Authority Accounts – June 30, 2018

	Miami Special Utility Authority Accounts				
	Public Utilities	Utility Improvement Account	Stormwater Account	Rainy Day Account	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,160,476	\$ (16,043)	\$ 265,765	\$ 3,178,252	\$ 4,588,450
Cash and cash equivalents, restricted	330,574	115,950	-	-	446,524
Investments	-	-	-	1,401,049	1,401,049
Accounts receivable, net	3,646,107	-	-	-	3,646,107
Other receivable	8,065	-	-	-	8,065
Accrued interest receivable	809	-	-	-	809
Inventory	997,886	-	-	-	997,886
Due from other accounts	123,523	-	-	-	123,523
Due from other funds	257,631	-	-	-	257,631
Total current assets	<u>6,525,071</u>	<u>99,907</u>	<u>265,765</u>	<u>4,579,301</u>	<u>11,470,044</u>
Non-current assets:					
Cash and cash equivalents, restricted	435,522	-	-	-	435,522
Investments, restricted	189,816	-	-	-	189,816
Capital assets:					
Land, construction in progress, and water rights	1,177,865	-	-	-	1,177,865
Other capital assets, net of accumulated depreciation	12,918,298	-	-	-	12,918,298
Total non-current assets	<u>14,721,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,721,501</u>
Total assets	<u>21,246,572</u>	<u>99,907</u>	<u>265,765</u>	<u>4,579,301</u>	<u>26,191,545</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred amounts related to pension	663,451	-	-	-	663,451
Deferred amounts related to OPEB	43,371	-	-	-	43,371
Total deferred outflow of resources	<u>706,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,822</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,970,406	12,830	-	-	1,983,236
Wages payable	131,651	-	-	-	131,651
Due to other accounts	-	-	123,523	-	123,523
Due to other funds	86,495	-	-	-	86,495
Accrued interest payable	30,159	-	-	-	30,159
Accrued compensated absences	14,664	-	-	-	14,664
Refundable deposits	39,729	-	-	-	39,729
Capital lease payable	340,268	-	-	-	340,268
Revenue bond payable	-	195,000	-	-	195,000
Notes payable	630,255	-	-	-	630,255
Total current liabilities	<u>3,243,627</u>	<u>207,830</u>	<u>123,523</u>	<u>-</u>	<u>3,574,980</u>
Non-current liabilities:					
Accrued compensated absences	129,176	-	-	-	129,176
Net pension liability	2,354,986	-	-	-	2,354,986
Total OPEB liability	1,380,091	-	-	-	1,380,091
Refundable deposits	357,563	-	-	-	357,563
Capital lease payable	413,095	-	-	-	413,095
Revenue bond payable	-	609,956	-	-	609,956
Notes payable, net	3,483,365	-	-	-	3,483,365
Total non-current liabilities	<u>8,118,276</u>	<u>609,956</u>	<u>-</u>	<u>-</u>	<u>8,728,232</u>
Total liabilities	<u>11,361,903</u>	<u>817,786</u>	<u>123,523</u>	<u>-</u>	<u>12,303,212</u>
DEFERRED INFLOW OF RESOURCES					
Deferred amounts related to pensions	318,677	-	-	-	318,677
Deferred amounts related to OPEB	102,394	-	-	-	102,394
Total deferred inflow of resources	<u>421,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,071</u>
NET POSITION					
Net investment in capital assets	9,229,180	(804,956)	-	-	8,424,224
Restricted for debt service	685,218	115,950	-	-	801,168
Unrestricted	256,022	(28,873)	142,242	4,579,301	4,948,692
Total net position	<u>\$ 10,170,420</u>	<u>\$ (717,879)</u>	<u>\$ 142,242</u>	<u>\$ 4,579,301</u>	<u>\$ 14,174,084</u>

**CITY OF MIAMI, OKLAHOMA
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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Special Utility Authority
Accounts - Year Ended June 30, 2018**

	Miami Special Utility Authority Accounts				Total
	Public Utilities	Utility Improvement Account	Stormwater Account	Rainy Day Account	
REVENUES					
Charges for services	\$ 24,628,761	\$ -	\$ -	\$ -	\$ 24,628,761
Fees, licenses and permits	-	-	134,997	-	134,997
Miscellaneous	620,581	-	-	-	620,581
Total operating revenues	<u>25,249,342</u>	<u>-</u>	<u>134,997</u>	<u>-</u>	<u>25,384,339</u>
OPERATING EXPENSES					
Personal services	3,767,776	-	69,762	-	3,837,538
Materials and supplies	11,731,396	-	6,882	-	11,738,278
Other services and charges	3,265,166	-	5,721	96,400	3,367,287
Depreciation expense	1,279,813	-	-	-	1,279,813
Total operating expenses	<u>20,044,151</u>	<u>-</u>	<u>82,365</u>	<u>96,400</u>	<u>20,222,916</u>
Operating income (loss)	<u>5,205,191</u>	<u>-</u>	<u>52,632</u>	<u>(96,400)</u>	<u>5,161,423</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	3,448	483	-	32,500	36,431
Miscellaneous	44,523	-	-	14,194	58,717
Interest expense and fiscal charges	(117,397)	(25,707)	-	-	(143,104)
Total non-operating revenue (expenses)	<u>(69,426)</u>	<u>(25,224)</u>	<u>-</u>	<u>46,694</u>	<u>(47,956)</u>
Income (loss) before contributions and transfers	<u>5,135,765</u>	<u>(25,224)</u>	<u>52,632</u>	<u>(49,706)</u>	<u>5,113,467</u>
Transfers in, interaccount	226,150	214,858	-	372,232	813,240
Transfers out, interaccount	(587,090)	(226,150)	-	-	(813,240)
Capital contributions from governmental activities	414,855	-	-	-	414,855
Transfers in	6,374,669	-	-	-	6,374,669
Transfers out	(10,484,220)	-	-	(2,232,048)	(12,716,268)
Change in net position	<u>1,080,129</u>	<u>(36,516)</u>	<u>52,632</u>	<u>(1,909,522)</u>	<u>(813,277)</u>
Total net position - beginning, restated	9,090,291	(681,363)	89,610	6,488,823	14,987,361
Total net position - ending	<u>\$ 10,170,420</u>	<u>\$ (717,879)</u>	<u>\$ 142,242</u>	<u>\$ 4,579,301</u>	<u>\$ 14,174,084</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Cash Flows – Special Utility Authority Accounts - Year Ended June 30, 2018

	Miami Special Utility Authority Accounts				Total
	Public Utilities	Utility Improvement Account	Stormwater Account	Rainy Day Account	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 24,649,560	\$ -	\$ 134,997	\$ 14,194	\$ 24,798,751
Payments to suppliers	(14,841,263)	11,830	(12,603)	(96,400)	(14,938,436)
Payments to employees	(3,786,258)	-	(69,762)	-	(3,856,020)
Receipts from other funds	-	-	12,538	-	12,538
Payments to other funds	(176,583)	-	-	-	(176,583)
Receipts of customer meter deposits	169,175	-	-	-	169,175
Refunds of customer meter deposits	(188,110)	-	-	-	(188,110)
Net cash provided by (used in) operating activities	5,826,521	11,830	65,170	(82,206)	5,821,315
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	6,374,669	-	-	-	6,374,669
Transfers to other funds	(10,484,220)	-	-	(2,232,048)	(12,716,268)
Interaccount transfer in	-	214,858	-	372,232	587,090
Interaccount transfer out	(587,090)	-	-	-	(587,090)
Net cash provided by (used in) noncapital financing activities	(4,696,641)	214,858	-	(1,859,816)	(6,341,599)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets purchased	(75,342)	(226,150)	-	-	(301,492)
Principal paid on debt	(814,095)	(190,000)	-	-	(1,004,095)
Interest and fiscal agent fees paid on debt	(124,521)	(24,230)	-	-	(148,751)
Net cash provided by (used in) capital and related financing activities	(1,013,958)	(440,380)	-	-	(1,454,338)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (Purchase) of investments	(2,292)	-	-	1,267,501	1,265,209
Interest and dividends	3,448	483	-	32,500	36,431
Net cash provided by investing activities	1,156	483	-	1,300,001	1,301,640
Net increase (decrease) in cash and cash equivalents	117,078	(213,209)	65,170	(642,021)	(672,982)
Balances - beginning of year	1,809,494	313,116	200,595	3,820,273	6,143,478
Balances - end of year	\$ 1,926,572	\$ 99,907	\$ 265,765	\$ 3,178,252	\$ 5,470,496
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	\$ 1,160,476	\$ (16,043)	\$ 265,765	\$ 3,178,252	\$ 4,588,450
Restricted cash and cash equivalents - current	330,574	115,950	-	-	446,524
Restricted cash and cash equivalents - noncurrent	435,522	-	-	-	435,522
Total cash and cash equivalents, end of year	\$ 1,926,572	\$ 99,907	\$ 265,765	\$ 3,178,252	\$ 5,470,496
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 5,205,191	\$ -	\$ 52,632	\$ (96,400)	\$ 5,161,423
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	1,279,813	-	-	-	1,279,813
Other nonoperating revenue	44,523	-	-	14,194	58,717
Change in assets and liabilities:					
Receivables, net	(636,676)	-	-	-	(636,676)
Other receivable	(7,629)	-	-	-	(7,629)
Due from other funds	(176,583)	-	-	-	(176,583)
Inventory	(153,456)	-	-	-	(153,456)
Deferred outflows related to pension	102,497	-	-	-	102,497
Deferred outflows related to OPEB	(10,561)	-	-	-	(10,561)
Accounts payable	308,755	11,830	-	-	320,585
Due to other funds	-	-	12,538	-	12,538
Due to employees	4,174	-	-	-	4,174
Refundable deposits	(18,935)	-	-	-	(18,935)
Total OPEB liability	(14,377)	-	-	-	(14,377)
Net pension obligation	(386,154)	-	-	-	(386,154)
Accrued compensated absences	(36,258)	-	-	-	(36,258)
Deferred inflows related to OPEB	102,394	-	-	-	102,394
Deferred inflows related to pension	219,803	-	-	-	219,803
Net cash provided by (used in) operating activities	\$ 5,826,521	\$ 11,830	\$ 65,170	\$ (82,206)	\$ 5,821,315
Noncash activities:					
Asset acquired by capital lease	\$ 458,831	\$ -	\$ -	\$ -	\$ 458,831
Asset contributed by others	414,855	-	-	-	414,855
	\$ 873,686	\$ -	\$ -	\$ -	\$ 873,686

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Combining Statement of Net Position – Internal Service Funds – June 30, 2018

	<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	\$ 1,372,696	\$ 168,006	\$ 298,666	\$ 1,839,368
Investments	626,018	-	-	626,018
Other receivable	1,553,215	-	170,365	1,723,580
Total current assets	<u>3,551,929</u>	<u>168,006</u>	<u>469,031</u>	<u>4,188,966</u>
Total assets	<u>3,551,929</u>	<u>168,006</u>	<u>469,031</u>	<u>4,188,966</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	-	-	70	70
Claims liability	2,085,719	-	292,264	2,377,983
Total liabilities	<u>2,085,719</u>	<u>-</u>	<u>292,334</u>	<u>2,378,053</u>
NET POSITION				
Unrestricted	1,466,210	168,006	176,697	1,810,913
Total net position	<u>\$ 1,466,210</u>	<u>\$ 168,006</u>	<u>\$ 176,697</u>	<u>\$ 1,810,913</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, 2018**

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Worker's Compensation Fund</u>	<u>Unemployment Fund</u>	<u>Health Insurance Fund</u>	
REVENUES				
Charges for services	\$ 327,263	\$ 24,634	\$ 1,622,997	\$ 1,974,894
Miscellaneous	23,238	-	328,134	351,372
Total operating revenues	<u>350,501</u>	<u>24,634</u>	<u>1,951,131</u>	<u>2,326,266</u>
OPERATING EXPENSES				
Other services and charges	189,680	-	335,560	525,240
Insurance claims and expense	431,497	5,604	1,641,563	2,078,664
Total operating expenses	<u>621,177</u>	<u>5,604</u>	<u>1,977,123</u>	<u>2,603,904</u>
Operating income	<u>(270,676)</u>	<u>19,030</u>	<u>(25,992)</u>	<u>(277,638)</u>
NON-OPERATING REVENUES				
Investment income	7,891	-	-	7,891
Total non-operating revenue	<u>7,891</u>	<u>-</u>	<u>-</u>	<u>7,891</u>
Change in net position	(262,785)	19,030	(25,992)	(269,747)
Total net position - beginning	1,728,995	148,976	202,689	2,080,660
Total net position - ending	<u>\$ 1,466,210</u>	<u>\$ 168,006</u>	<u>\$ 176,697</u>	<u>\$ 1,810,913</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Statement of Cash Flows – Internal Service Funds - Year Ended June 30, 2018

	WORKER'S COMPENSATION FUND	UNEMPLOYMENT FUND	HEALTH INSURANCE FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 957,787	\$ 24,634	\$ 1,843,961	\$ 2,826,382
Payments to suppliers	(189,680)	-	(335,994)	(525,674)
Payments to other funds	-	-	-	-
Claims and benefits paid	(707,835)	(5,604)	(1,435,894)	(2,149,333)
Net Cash Provided by Operating Activities	<u>60,272</u>	<u>19,030</u>	<u>72,073</u>	<u>151,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	7,891	-	-	7,891
Sale (Purchase) of investments	(7,891)	-	-	(7,891)
Net Cash Provided by (used in) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	60,272	19,030	72,073	151,375
Balances - beginning of the year	1,312,424	148,976	226,593	1,687,993
Balances - end of the year	<u>\$ 1,372,696</u>	<u>\$ 168,006</u>	<u>\$ 298,666</u>	<u>\$ 1,839,368</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 1,372,696	\$ 168,006	\$ 298,666	\$ 1,839,368
Total cash and cash equivalents	<u>\$ 1,372,696</u>	<u>\$ 168,006</u>	<u>\$ 298,666</u>	<u>\$ 1,839,368</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (270,676)	\$ 19,030	\$ (25,992)	\$ (277,638)
Change in assets and liabilities:				
Receivables, net	607,286	-	(107,170)	500,116
Accounts payable	-	-	(434)	(434)
Claims liability	(276,338)	-	205,669	(70,669)
Net Cash Provided by Operating Activities	<u>\$ 60,272</u>	<u>\$ 19,030</u>	<u>\$ 72,073</u>	<u>\$ 151,375</u>

**CITY OF MIAMI, OKLAHOMA
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Combining Schedule of Cash Flows – Discretely Presented Component Units - Year Ended June 30, 2018

	<u>MCFA</u>	<u>MDRA</u>	<u>MIPFA</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 174,908	\$ 422,573	\$ 44,819	\$ 642,300
Payments to suppliers	(70,173)	(194,121)	(6,225)	(270,519)
Payments to employees	(99)	(118,069)	-	(118,168)
Net Cash Provided by Operating Activities	<u>104,636</u>	<u>110,383</u>	<u>38,594</u>	<u>253,613</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	-	(103,793)	(103,793)
Principal paid on capital debt	(163,542)	(96,452)	-	(259,994)
Interest and fiscal charges paid on capital debt	(1,523)	(4,598)	-	(6,121)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(165,065)</u>	<u>(101,050)</u>	<u>(103,793)</u>	<u>(369,908)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	-	-	113	113
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>113</u>	<u>113</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(60,429)	9,333	(65,086)	(116,182)
Balances - beginning of the year	<u>186,405</u>	<u>8,502</u>	<u>167,141</u>	<u>362,048</u>
Balances - end of the year	<u>\$ 125,976</u>	<u>\$ 17,835</u>	<u>\$ 102,055</u>	<u>\$ 245,866</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 125,976	\$ 17,835	\$ 102,055	245,866
Total cash and cash equivalents	<u>\$ 125,976</u>	<u>\$ 17,835</u>	<u>\$ 102,055</u>	<u>\$ 245,866</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	(124,220)	(120,599)	15,301	(\$229,518)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	226,616	2,526	24,043	253,185
Other nonoperating revenue	1,490	226,140	-	227,630
Change in assets and liabilities:				
Other receivable	1,000	1,212	-	2,212
Accounts payables	(250)	1,104	(750)	104
Net Cash Provided by Operating Activities	<u>\$ 104,636</u>	<u>\$ 110,383</u>	<u>\$ 38,594</u>	<u>\$ 253,613</u>

**CITY OF MIAMI, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

Schedule of Federal Awards

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant ID. Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>				
Pass through Oklahoma Department of Libraries				
Grants to States	45.310	F-18-169	\$ 609	\$ 586
Grants to States	45.310	F-18-048	9,000	9,000
Subtotal Grants to States 45.310			<u>9,609</u>	<u>9,586</u>
Pass through Oklahoma Humanities Council				
Promotion of the Humanities	45.168	Y 18.003	1,000	1,000
Total Institute of Museum and Library Sciences				
Total Institute of Museum and Library Services			<u>10,609</u>	<u>10,586</u>
<u>Department of the Interior</u>				
Pass through Oklahoma Department of Interior				
Outdoor Recreation Acquisition, Development and Planning	15.916	40-01231	291,825	4,621
<u>Department of Homeland Security</u>				
Pass through Oklahoma Emergency Management				
Disaster Grants - Public Assistance	97.036	FEMA 4315	11,264	11,264
Disaster Grants - Public Assistance	97.036	FEMA 4256	6,042	6,042
Subtotal Disaster Grants 97.036			<u>17,306</u>	<u>17,306</u>
Emergency Management Performance Grant	97.042	EMPG 17	26,699	26,699
Hazard Mitigation Grant	97.039	HMPG 4256	192,000	137,766
Total Department of Homeland Security			<u>236,005</u>	<u>181,771</u>
<u>US Department of Transportation</u>				
Airport Improvement Program	20.106	3-40-0059-019-0217	426,120	184,443
			<u>426,120</u>	<u>184,443</u>
Total Federal Awards			<u>\$ 964,559</u>	<u>\$ 381,421</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
ANNUAL FINANCIAL REPORT
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Debt Service Coverage Schedule - Year Ended June 30, 2018

DEBT SERVICE COVERAGE:

	OWRB Series 2001A, 2003A, 2004A, 2005 & 2006A Promissory Notes	2011 Sales Tax and 2016 Revenue Bonds
GROSS REVENUE AVAILABLE:		
Charges for services (water, electric and wastewater)	\$22,817,228	\$22,817,228
Investment income	36,431	36,431
Pledged sales tax	-	5,230,461
	<u>22,853,659</u>	<u>28,084,120</u>
OPERATING EXPENSES:		
Total Operating Expenses (excludes depreciation and amortization)	<u>17,505,801</u>	<u>17,505,801</u>
Net Revenue Available for Debt Service	<u>\$5,347,858</u>	<u>\$10,578,319</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>680%</u>	<u>523%</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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 7, 2019. 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.

February 7, 2019