

TOWN OF MIAMI, ARIZONA

Government Auditing Standards
and
Single Audit Act Reports

June 30, 2013

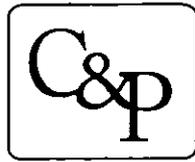
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COLBY &
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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS'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 Town Council
Town of Miami, Arizona

We were engaged audit, 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, each major fund, and the aggregate remaining fund information of the Town of Miami, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Miami, Arizona's, basic financial statements, and have issued our report thereon dated August 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Miami, Arizona'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 Town of Miami, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Miami, Arizona's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs items 2012-01, 2012-03, 2011-01, 2011-02, 2011-03, 2011-04, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs item 2011-05 to be a significant deficiencies.

Compliance and Other Matters

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

Town of Miami, Arizona's Response to Findings

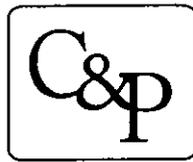
The Town of Miami, Arizona's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Atkey & Howell

August 14, 2015
Gilbert, Arizona



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Town Council
Town of Miami, Arizona

Report on Compliance for Each Major Federal Program

We have engaged to audit the Town of Miami, Arizona's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Miami, Arizona's major federal programs for the year ended June 30, 2013. Town of Miami, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, The Town of Miami, Arizona did not comply with reserve funding requirements regarding CFDA 10.760 Water and Waste Disposal Systems for Rural Communities, or the cash management requirements regarding CFDA 14.228 Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the Town of Miami, Arizona to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 10.760 Water and Waste Disposal Systems for Rural Communities and CFDA 14.228 Community Development Block Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town of Miami, Arizona, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 10.760 Water and Waste Disposal Systems for Rural Communities and CFDA 14.228 Community Development Block Grant for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Programs

In our opinion, the Town of Miami, Arizona, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant weaknesses.

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

a timely basis. We consider the deficiencies in internal control over compliance describe in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02 to be material weaknesses.

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

The Town of Miami, Arizona's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Miami Arizona's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report of Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We were engaged to audit the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Miami, Arizona as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Miami, Arizona's basic financial statements. We issued our report thereon dated August 14, 2015, which contained a disclaimer of opinion on those financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements.

Colby & Powell

August 14, 2015
Gilbert, Arizona

TOWN OF MIAMI, ARIZONA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor or/Pass Through Grant or/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through the Arizona Department of Housing Community Development Block Grant	14.228	140-11	\$ <u>389,046</u>
U.S. Department of Health and Human Services			
Passed Through Pinal-Gila Council for Senior Citizens Aging Cluster			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Cntr	93.044	0010-0253	3,500
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	0010-0253	44,982
Nutrition Services Incentive Program	93.053	0010-0253	<u>12,207</u>
Total Aging Cluster			60,689
Social Services Block Grant	93.667	0010-0253	<u>6,418</u>
			<u>67,107</u>
U.S. Department of Transportation			
Passed through Arizona Department of Transportation			
Formula Grants for Rural Areas	20.509	5311	116,530
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	5311	<u>8,278</u>
			<u>124,808</u>
U.S. Department of Agriculture			
Rural Development			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	638,098
Passed through Water Infrastructure Finance Authority of Arizona			
Water and Waste Disposal Loans and Grants	10.770	710142-10	<u>240,220</u>
			<u>878,318</u>
Total Federal Assistance			<u>\$ 1,459,279</u>

The accompanying notes are an integral part of this schedule

TOWN OF MIAMI, ARIZONA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant and loan activity of the Town of Miami, Arizona, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a select portion of the operations of the Town of Miami, Arizona, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Tow of Miami, Arizona.

NOTE 2 – FEDERAL LOAN PROGRAM

The Town of Miami, Arizona has received a loan from the U.S, Department of Agriculture for a sewer system rehabilitation project (CFDA Number 10.760). The transactions relating to this loan are included in the Town of Miami, Arizona's basic financial statements. The outstanding loan balance at June 30, 2013, was \$638,098.

Town of Miami, Arizona
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

SECTION I	SUMMARY OF AUDITORS' RESULTS
<i>Financial Statements</i>	
1. Type of auditor's report issued	Disclaimer
2. Internal control over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes
c. Noncompliance material to the financial statements noted?	Yes
<i>Federal Awards</i>	
1. Internal control over major program:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes
2. Type of auditor's report issued on compliance for major program:	Disclaimer
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	Yes
4. Identification of major program:	
<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grant	14.228
Water and Waste Disposal Systems for Rural Communities	10.760
Water and Waste Disposal Loans and Grants	10.770
5. Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	No

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Prior Year Findings

Finding 2012-01 – Lack of Internal Accounting Controls

Condition - There is a general lack of internal control over the Town's accounting and financial reporting system.

The numerous and repeat findings in the Schedule of Findings and Questioned Costs indicate that either the Town has an inadequate system of internal control over the accounting and financial reporting process or that the system in place is not being implemented. We particularly emphasize findings 2011-01, 2011-02, and 2011-03 below.

Management is responsible for the preparation and fair presentation of 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 misstatements, whether due to fraud or error.

Management must take responsibility for the design and implementation of a system of internal control which will allow for proper accounting and safeguarding of assets, financial reporting, and compliance with applicable laws, regulations, and agreements.

This deficiency is considered to be a material internal control weakness.

This is a repeat finding.

Response -The Town will improve the accounting controls by developing and instituting clear operating and financial procedures, procurement procedures, monthly accounting close cycles and filing and record retention for all operating statistics and financial record keeping.

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

Finding 2011-01 – Records Storage and Retrieval

Condition - During our audit we noted that important accounting records could not be located when needed for audit purposes. These records included detailed supporting documents and subsidiary ledgers and journals.

The causes of the problem appear to be (a) lack of a clearly specified system for filing records, (b) failure of those who removed records from the files to indicate who took the record, (c) failure to return the record to the files or misfiling it when it was returned, and (d) lack of specific policies for removing prior year records from the files to a designated storage space. The result was that employees spent nonproductive time searching for need documents. In several instances needed documents were unable to be located. This condition could also present problems when documents are needed in support of tax returns and other reports subject to audit by us or other governmental agencies.

While the Town has made improvement in its recordkeeping since the prior audit, there were still items that could not be located during the audit process. We recommend that the following steps be taken: (1) Decide on a systematic manner of filing documents, for example, vendor bills alphabetically by vendor name, journal entries by month, and so on. Describe the system in an accounting manual or post a description on the filing cabinets or in the storage room so that employees will know how to find and re-file documents. (2) Also, decide on when records should be removed from more accessible files to other storage areas. For example, some organizations keep current and prior year records in the accounting department or in storage rooms on the Organization's premises and store older records at an off-premise secure location. (3) Assign personnel the responsibility to periodically clean out the files in accordance with the established policy.

We also noted that various accounting records, such as monthly accounts receivable detail reports could not be provided. It is our understanding that the Town's computer system does not allow for some accounting reports to be generated after the month end date has passed. Therefore, it is important to produce certain detailed reports at specific time periods, and to maintain these records for possible analysis by users such as management, independent auditors, or other governmental bodies.

This deficiency is considered to be a material internal control weakness.

This is a repeat finding.

Response - Since early 2014 and through late 2015 the Town has improved the file retention and record keeping and will further develop procedures for all files and record storage both for the short and long term. This will be broken into legal records, operating statistics, financial records, and personnel records.

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

Finding 2011-02 –Preparation of the General Ledger

Condition - The year-end general ledger was not prepared or reconciled on a timely basis. The year-end general ledger prepared and presented to us for audit was incomplete and contained errors, inconsistencies, and omissions.

The general ledger is the backbone of the financial reporting system and is key to the proper safeguarding of assets. The importance of a properly reconciled and timely prepared general ledger cannot be overstated.

Management should assess the adequacy of the design of its policies and procedures related to preparation of the general ledger and design appropriate controls and procedures as necessary. When developing control policies and procedures for a process, management should consider where errors or fraud could occur that would cause a material misstatement in the financial statements and which policies or procedures, if operating properly, would prevent or detect the error or fraud on a timely basis. Special care should be taken to include all financial transactions in the general ledger.

Employees should be instructed and properly trained to perform appropriate activities, such as an accuracy and completeness check, approval, and review, as part of their daily activities, and appropriate, timely investigations and corrective actions should be taken if errors are identified by the check and review process. The policies and procedures management develops, documents, and communicates should include routine transaction processing and recording matters as well as nonroutine matters such as journal entries and revenue recognition. The policies and procedures should also include the identification of those positions responsible for the policy and for performing the steps or procedures; and for handling questions about, or exceptions to, the policy. The policies and procedures can be documented in a number of ways, including narratives, flowcharts, or checklists.

This deficiency is considered to be a material internal control weakness.

This is a repeat finding.

Response - The Town is developing daily, weekly, and monthly procedures to reconcile and balance all account activities to ensure general ledger is in balance and utilized as a financial management tool. We have already developed: cash management worksheet, new time sheets, and forms for; payment request authorization, purchase requisitions, purchase orders, fund transfers, and journal entry. In addition we are establishing a monthly close cycle, and procedures for credit card usage, time keeping, cash receiving, bank reconciliations, utility billing and collections, travel expense and reimbursements, accounts payable processing, procurement, issuance of business licenses, and building permits. This will all be completed by the end of 2015.

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

Finding 2011-03 – Reconciling Accounts to Supporting Documentation

Condition - Few of the general ledger accounts were reconciled to supporting documents or subsidiary ledgers.

In order to make the financial reports generated by the accounting system as meaningful as possible, the Town should reconcile the general ledger accounts to supporting documentation or subsidiary ledgers on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

Bank statements were not reconciled to the appropriate general ledger accounts until long after the end of the audit period. Timely preparation of complete and accurate bank reconciliations is a key to insuring that cash receipts and disbursements are properly recorded. Other account balances, such as accounts receivable, accounts payable, loan balances, etc., should also be adjusted to the correct balances on a monthly basis. These reconciliations and adjustments will ensure meaningful and accurate financial statements.

This deficiency is considered to be a material internal control weakness.

This is a repeat finding.

Response - Effective July 2015 Town staff has hired an independent financial consultant to assist in reconciling all bank accounts and to develop key daily, weekly and monthly procedures to ensure that all subsidiary ledger accounts are balanced on a monthly and that there is a monthly closing cycle complete on a monthly basis.

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

Finding 2011-04 –Debit Card Transactions

Condition - We noted during the audit that debit card transactions are not being properly authorized before used to purchase goods or services. We also noted that the receipts supporting the debit card purchases are given to finance personnel with no indication as to the purpose of the expenditure or which department made the transaction.

Debit card transactions are similar to other cash transactions, such as petty cash, and require strong internal control procedures to prevent errors or misuse.

We recommend that preapproval, such as a purchase order by the department head, be used for all debit card purchases. This type of preapproval will not only help in the prevention of errors and irregularities but also in the proper classification of expenditures. Employees should be held accountable for their use of Town debit cards.

This deficiency is considered to be a material internal control weakness.

This is a repeat finding.

Response – In late 2014 Town staff has eliminated the use of its debit cards. Staff has also implemented the use of purchase requisitions for the approval of goods which must be approved by the Town manager. Staff has implemented the use of credit cards with controls in place restricting the time and day of usage coupled with cards issued to specific individuals which will be held accountable for all charges on each card.

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

Finding 2011-05 – Control the Numerical Sequence of Checks Used

Condition - During our audit testing of the cash accounts, we noted that checks were not used in numerical sequence.

To prevent unauthorized use and ensure that all checks issued are recorded in the proper period, we recommend that all checks be used in order. Additionally, tight control should be maintained over used and unused checks to prevent misuse and to make sure that all checks issued are recorded in the appropriate period

We recommend that management periodically review the cash disbursement journal to determine that checks are being written in numerical sequence. Also, the sequence of used and unused check numbers should be accounted for periodically.

This deficiency is considered to be a material internal control weakness.

This is a repeat finding.

Response - Effective in late 2014 staff has eliminated the use of several bank accounts and associated checking accounts in order to facilitate the improved control on the disbursement of Town funds. Staff will also be developing account payable policy and procedures for additional control improvements.

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2013-01 – Debt Service Reserve and Short Lived Asset Replacement Fund

CFDA No. 10.760, Water and Waste Disposal Systems for Rural Communities
U.S. Department of Agriculture

Criteria – The Town’s agreement with the U.S. Department of Agriculture calls for the creation of a debt service reserve fund and a short lived assets replacement fund.

Condition: The Town has failed to establish a debt service reserve fund and short lived asset replacement fund as called for in its agreement.

Questioned Costs - None

Context - The Town has entered into a loan and grant agreement with the U.S. Department of Agriculture for a sewer system rehabilitation project. That loan agreement requires the Town to establish and fund a Debt Service Reserve Fund and a Short Lived Asset Replacement Fund. The Town did not establish either Fund which puts the Town at risk of default.

Cause – The finance department appeared to not be aware of the need to establish the debt service reserve fund and short lived asset replacement fund.

Recommendation - We recommend that the Town closely monitor its debt service obligations and covenants and immediately create and fund the debt service reserve fund and the short lived asset replacement fund and place the payment due dates on a master calendar. A responsible management level employee should be assigned accountability for informing the finance department of upcoming payment obligations.

This deficiency is considered to be a material internal control weakness.

Response - Effective in September of 2015 the Town will establish sufficient reserve accounts to meet all obligations defined in its loan agreements. In addition staff will establish other accounts to start to build appropriate reserve funds to allow for proper and efficient management of Town activities.

TOWN OF MIAMI, ARIZONA
Schedule of Findings and Responses
June 30, 2013

Finding 2013-02 – Cash Management

CFDA No. 14.228, Community Development Block Grant
U.S. Department of Housing and Urban Development
Arizona Department of Housing Contract No. 140-11

Criteria – OMB Circulars A-102 and A-110 require that when grants are funded on a reimbursement basis, programs costs are to be paid for by the recipient before reimbursement is requested from the funding agency.

Condition – Community Development Block Grant (CDBG) funds were requested and received prior to the disbursement of such funds for allowable program costs. The final grant reimbursement was received in May 2013. However, the final allowable costs were not paid in full until January 2015, some seventeen months later.

Questioned Costs – None

Context – The total CDBG grant award was \$418,369. Of the total award \$101,655 of costs were paid to two vendors subsequent to the reimbursement request. \$89,466 was paid to a vendor seven days after receiving reimbursement and the remaining \$12,189 was paid in several installments to another vendor. Those installments concluded seventeen months subsequent to reimbursement. All of the aforementioned costs were allowable costs under the program and were invoiced prior to receipt of the final reimbursement. This appears to be an isolated instance applicable to this award only.

Cause – The finance department did not appear to be aware that the final disbursements to vendors were not paid.

Recommendation – We recommend that the Town have controls in place to ensure that reimbursement is not requested until after the actual disbursement to vendors.

This deficiency is considered to be a material internal control weakness.

Management Response – Staff will improve the understanding and management of grant funding along with the distribution and request for reimbursement of funds for all grant activities.

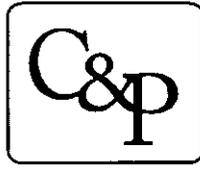
TOWN OF MIAMI, ARIZONA

Annual Financial Statements
and Independent Auditors' Report

June 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Miami, Arizona

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Miami, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town'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 the financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the basis of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Due to the absence of adequate internal controls, and the inadequacy of accounting records, we were unable to satisfy ourselves neither that all assets, liabilities, revenues and expenditures of the Town had been recorded nor that the recorded transactions were proper. As a result we were unable to determine whether adjustments were required in respect of recorded or unrecorded assets, recorded or unrecorded liabilities and the components making up the statements of activity, changes in net assets and cash flow. In addition, as required by generally accepted auditing standards, we were unable to obtain written representations from the Town's management concerning transactions during the year ended June 30, 2013.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Management has omitted the management's discussion and analysis and the budgetary comparison schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

Accounting principles generally accepted in the United States of America require that Schedule of Agent Retirement Plan Funding Progress on page 28 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2015, on our consideration of the Town of Miami, Arizona'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 Town of Miami, Arizona's internal control over financial reporting and compliance.



August 14, 2015
Gilbert, Arizona

TOWN OF MIAMI, ARIZONA
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 353,511	\$ 116,782	\$ 470,293
Receivables, net	-	55,803	55,803
Taxes receivable	91,360	-	91,360
Due from other governments	71,468	-	71,468
Interfund balances	(926,597)	926,597	-
Capital assets, not being depreciated	447,463	3,346,029	3,793,492
Capital assets, being depreciated, net	2,318,135	4,215,249	6,533,384
Total assets	2,355,340	8,660,460	11,015,800
LIABILITIES			
Accounts payable	445,573	50,937	496,510
Accrued expenses	464,888	61,877	526,765
Noncurrent liabilities			
Due within one year	36,814	8,722	45,536
Due in more than one year	19,823	3,010,455	3,030,278
Total liabilities	967,098	3,131,991	4,099,089
NET POSITION			
Invested in capital assets, net of related debt	2,765,598	4,555,520	7,321,118
Restricted for:			
Highways and streets	679,466	-	679,466
Unrestricted (deficit)	(2,056,822)	972,949	(1,083,873)
Total net position	\$ 1,388,242	\$ 5,528,469	\$ 6,916,711

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Activities
Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 494,139	\$ 8,262	\$ -	\$ -	\$ (485,877)	\$ -	\$ (485,877)
Public safety	431,799	20,944	-	-	(410,855)	-	(410,855)
Public works	8,715	-	-	-	(8,715)	-	(8,715)
Highways and streets	338,497	-	163,677	-	(174,820)	-	(174,820)
Welfare	315,766	31,825	545,289	-	261,348	-	261,348
Culture and recreation	203,451	13,918	129,725	-	(59,808)	-	(59,808)
Total governmental activities	1,792,367	74,949	838,691	-	(878,727)	-	(878,727)
Business-type activities							
Utilities	553,824	367,982	-	389,046	-	203,204	203,204
Total business-type activities	553,824	367,982	-	389,046	-	203,204	203,204
Total primary government	\$ 2,346,191	\$ 442,931	\$ 838,691	\$ 389,046	(878,727)	203,204	(675,523)
General revenue:							
Taxes:							
Property taxes, levied for general purposes					172,337	-	172,337
Local sales taxes					527,870	-	527,870
Franchise tax					115,516	-	115,516
Share of state sales taxes					150,361	-	150,361
Share of county auto lieu taxes					95,845	-	95,845
State urban revenue sharing					125,103	-	125,103
Other					320,096	-	320,096
Total general revenue					1,507,128	-	1,507,128
Change in net position					628,401	203,204	831,605
Net position, July 1, 2012					759,841	5,325,265	6,085,106
Net position, June 30, 2013					\$ 1,388,242	\$ 5,528,469	\$ 6,916,711

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	HURF Fund	Senior Center Fund	Grants Fund	Library Fund	Transit Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 353,441	\$ -	\$ -	\$ 70	\$ -	\$ 353,511
Taxes receivable	62,982	-	-	-	-	-	62,982
Due from other governments	16,946	15,627	38,895	-	-	-	71,468
Due from other funds	-	154,533	-	165,846	-	-	320,379
Total assets	\$ 79,928	\$ 523,601	\$ 38,895	\$ 165,846	\$ 70	\$ -	\$ 808,340
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 417,495	\$ 9,981	\$ 6,835	\$ -	\$ 4,152	\$ 7,110	\$ 445,573
Accrued expenses	463,213	-	692	-	-	983	464,888
Deferred revenue	7,026	-	-	-	-	-	7,026
Due to other funds	234,368	-	498,281	-	511,648	2,679	1,246,976
Total liabilities	1,122,102	9,981	505,808	-	515,800	10,772	2,164,463
Fund balances							
Restricted for:							
Highways and streets	-	513,620	-	165,846	-	-	679,466
Unassigned	(1,042,174)	-	(466,913)	-	(515,730)	(10,772)	(2,035,589)
Total fund balances	(1,042,174)	513,620	(466,913)	165,846	(515,730)	(10,772)	(1,356,123)
Total liabilities and fund balances	\$ 79,928	\$ 523,601	\$ 38,895	\$ 165,846	\$ 70	\$ -	\$ 808,340

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
Year Ended June 30, 2013

Fund balances--total governmental funds	\$ (1,356,123)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,765,598
Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.	35,404
Some liabilities are not due and payable in the current period, and therefore, are not reported in the funds	<u>(56,637)</u>
Net position of governmental activities	<u>\$ 1,388,242</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2013

	General Fund	HURF Fund	Senior Center Fund	Grants Fund	Library Fund	Transit Fund	Total Governmental Fund
Revenue							
Taxes							
Sales	\$ 527,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,870
Property	161,662	-	-	-	-	-	161,662
Franchise	115,516	-	-	-	-	-	115,516
Intergovernmental	371,310	163,677	74,770	-	44,725	470,519	1,125,001
Fines and forfeitures	20,944	-	-	-	-	-	20,944
Licenses and permits	2,323	-	-	-	-	-	2,323
Charges for services	13,746	-	20,731	-	171	11,094	45,742
Rents	5,939	-	-	-	-	-	5,939
Contributions	85,000	-	-	-	-	-	85,000
Other revenue	320,096	-	-	-	-	-	320,096
Total revenue	1,624,406	163,677	95,501	-	44,896	481,613	2,410,093
Expenditures							
Current							
General government	389,525	-	-	-	-	-	389,525
Public safety	411,417	-	-	-	-	-	411,417
Public works	8,715	-	-	-	-	-	8,715
Highways and streets	540	267,544	-	-	-	-	268,084
Welfare	-	-	133,947	-	-	155,951	289,898
Culture and recreation	143,847	-	-	-	56,009	-	199,856
Capital outlay							
Highways and streets	-	213,353	-	-	-	-	213,353
Welfare	-	-	-	-	-	267,504	267,504
Total expenditures	954,044	480,897	133,947	-	56,009	423,455	2,048,352
Net change in fund balances	670,362	(317,220)	(38,446)	-	(11,113)	58,158	361,741
Fund balances, July 1, 2013	(1,712,536)	830,840	(428,467)	165,846	(504,617)	(68,930)	(1,717,864)
Fund balances, June 30, 2014	\$ (1,042,174)	\$ 513,620	\$ (466,913)	\$ 165,846	\$ (515,730)	\$ (10,772)	\$ (1,356,123)

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balance to the Statement of Activities
Governmental Funds
Year Ended June 30, 2013

Net change in fund balances--total governmental funds \$ 361,741

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

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of
those assets is allocated over their estimated useful
lives and reported as depreciation expense.

Expenditures for capital assets	480,857
Current year depreciation	(223,762)

Revenue in the Statement of Activities that do not provide
current financial resources are not reported as revenue
in the funds.

10,675

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

(1,110)

Change in net position of governmental activities

\$ 628,401

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Net Assets
Proprietary Funds
June 30, 2013

	Business-type Activities
	<u>Enterprise Funds</u>
	Utilities
	<u>Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 116,782
Accounts receivable - net	55,803
Due from other funds	<u>926,597</u>
Total current assets	<u>1,099,182</u>
Noncurrent assets	
Capital assets:	
Sewer system and plant	6,735,500
Construction in progress	3,346,029
Less accumulated depreciation	<u>(2,520,251)</u>
Total noncurrent assets	<u>7,561,278</u>
Total assets	<u>8,660,460</u>
LIABILITIES	
Current liabilities	
Accounts payable	50,937
Accrued expenses	61,877
Compensated absences, current portion	<u>8,722</u>
Total current liabilities	<u>121,536</u>
Noncurrent liabilities	
Compensated absences	4,697
Notes payable	<u>3,005,758</u>
Total noncurrent liabilities	<u>3,010,455</u>
Total liabilities	<u>3,131,991</u>
Net position	
Invested in capital assets, net of related debt	4,555,520
Unrestricted	<u>972,949</u>
Total net position	<u>\$ 5,528,469</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2013

	Business-type Activities <u>Enterprise Funds</u> Utilities <u>Fund</u>
Operating revenue	
Charges for services (net of bad debts of \$4,163)	<u>\$ 367,982</u>
Operating expenses	
Employee related expense	142,617
Services and supplies	206,485
Depreciation	<u>190,845</u>
Total operating expenses	<u>539,947</u>
Operating income (loss)	(171,965)
Nonoperating revenue (expense)	
Interest expense	<u>(13,877)</u>
Total nonoperating revenue (expense)	<u>(13,877)</u>
Income (loss) before contributions	(185,842)
Capital contributions	<u>389,046</u>
Increase in net position	203,204
Total net position, July 1, 2012	<u>5,325,265</u>
Total net position, June 30, 2013	<u><u>\$ 5,528,469</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	Business-type Activities <u>Enterprise Funds</u> Utilities <u>Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 366,888
Payments to suppliers and providers of goods and services	(216,610)
Payments to employees	<u>(142,290)</u>
Net cash provided by operating activities	<u>7,988</u>
Cash flows from noncapital financing activities	
Advances to other funds	<u>(26,483)</u>
Net cash used by noncapital financing activities	<u>(26,483)</u>
Cash flows from capital and related financing activities:	
Proceeds from notes payable	638,100
Capital contribution	389,046
Principal paid on long-term debt	(560,000)
Purchase of capital assets	<u>(369,261)</u>
Net cash provided by capital and related financing activities	<u>97,885</u>
Net change in cash	79,390
Cash and cash equivalents, July 1, 2012	<u>37,392</u>
Cash and cash equivalents, June 30, 2013	<u><u>\$ 116,782</u></u>
 Noncash capital financing activities	
Accrued interest	\$ 13,877
Capital assets purchased using long-term debt	\$ 192,080

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013
(Continued)

		Business-type Activities
		<u>Enterprise Funds</u>
		Utilities
		<u>Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$	(171,965)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		190,845
Provision for bad debts		4,163
(Increase) decrease in:		
Accounts receivable		(5,257)
Increase (decrease) in:		
Accounts payable		(10,125)
Compensated absences		327
		<u> </u>
Net cash provided by operating activities	\$	<u>7,988</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Investment Trust Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 34,379</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 34,379</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	<u>Investment Trust Fund</u>
Additions	
Contributions	<u>\$ 1,407</u>
Change in net position	1,407
Net position, July 1, 2012	<u>32,972</u>
Net position, June 30, 2013	<u><u>\$ 34,379</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Miami, Arizona, conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Reporting Entity

The Town is a general purpose local government that is governed by a separately elected Town Council. The accompanying financial statements present the activities of the Town (the primary government) and its component unit.

Component units are legally separate entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Town. The blended component unit discussed below has a June 30 year-end. The Town has no discretely presented component units.

The Town of Miami Municipal Property Corporation is an Arizona nonprofit corporation incorporated under the laws of the State of Arizona. The principal objective of the Corporation is to assist the Town of Miami, Arizona, in acquiring, constructing, financing, operating, improving or modifying public facilities for the benefit of the Town. The Corporation's board of directors is appointed by the Miami Town Council.

Separate financial statements of the blended component unit are not prepared.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Town as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements—provide information about the primary government (the Town). The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided,
- operating grants and contributions, and
- capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—provide information about the Town's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund's principal activity in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as nonoperating revenues, such as investment earnings.

The Town reports the following major governmental funds:

The ***General Fund*** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***HURF Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund that is legally restricted to expenditures for highways and streets.

The ***Grants Fund*** accounts for specific revenue received that is legally restricted to expenditures for specified purposes.

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The *Senior Center Fund* accounts for specific revenue received that is legally restricted to expenditures for assisting the elderly.

The *Library Fund* accounts for specific revenue received that is restricted to expenditures associated with the library.

The *Transit Fund* accounts for specific revenue received that is legally restricted to expenditures associated with local transportation.

The Town reports the following major enterprise funds:

The *Utilities Fund* accounts for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the Town Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or for which the Town Council has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town reports the following fund types:

The *Investment Trust Fund* accounts for pooled assets held and invested by the Town Treasurer on behalf of retired firefighters.

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

The Town's business-type activities and enterprise funds follow FASB Statements and Interpretations issued before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Cash and Investments

For purposes of its statement of cash flows, the Town considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Property Tax Calendar

Property taxes are recognized as revenue in the fund financial statements in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred revenue.

The Town levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Property taxes receivable consist of uncollected property taxes as determined from the records of the County Treasurer's office at June 30, 2013.

F. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	N/A	N/A
Construction in progress	5,000	N/A	N/A
Buildings	5,000	Straight-line	40
Equipment	5,000	Straight-line	7-15
Infrastructure	5,000	Straight-line	25

G. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

H. Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services already rendered.

Employees may accumulate vacation time depending on years of service. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate up to 1,040 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements.

I. Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54 requires fund balances to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable* fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact such as fund balance associated with inventories, prepaids, long-term loans and notes receivable (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution provisions or enabling legislation, or external resource providers,
3. *Committed* fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the town council,

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. *Assigned* fund balances are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* fund balance is the residual classification for the Town's governmental funds and includes all spendable amounts not contained in other classifications.

The Town's policy for committed fund balances is through formal resolutions passed through the elected town council. The process of rescinding a committed fund balance requires the same process.

The Town's policy for assigned fund balances is through motions passed by the elected town council. Assigned fund balances do not require a formal resolution.

When expenditures incur for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the Town's policy is to apply the expenditure first to restricted, and then to unrestricted in the following order of committed, assigned, and then unassigned.

J. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable in the Utility Fund are estimated by the Town. The amount recorded as uncollectible at June 30, 2014 totaled \$228,853.

K. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the financial statements and has determined that there are no significant subsequent events requiring disclosure.

L. Impact of Recently Issued Accounting Principles

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012.

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's investment pool; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. The statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Deposits—At June 30, 2013, the carrying amount of the Town's total cash in bank was \$469,998 and the bank balance was \$479,487. The fiduciary fund cash account balance and bank balance was \$34,379. Of the bank balances, all was covered by federal depository insurance or assets pledged by the Town's banks.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2013 included \$15,627 in state-shared revenue from highway user revenue fund (HURF) taxes, \$13,091 in state-shared revenue from sales taxes, \$3,855 in county-shared revenue from auto lieu taxes, and \$38,895 in federal and state shared revenue from senior program grants.

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	447,463	-	-	\$ 447,463
Capital assets being depreciated:				
Buildings	1,056,545	-	-	1,056,545
Equipment	1,807,366	480,857	-	2,288,223
Infrastructure	2,522,956	-	-	2,522,956
Total	<u>5,386,867</u>	<u>480,857</u>	<u>-</u>	<u>5,867,724</u>
Less accumulated depreciation for:				
Buildings	341,178	27,713	-	368,891
Equipment	1,284,575	125,636	-	1,410,211
Infrastructure	1,700,074	70,413	-	1,770,487
Total	<u>3,325,827</u>	<u>223,762</u>	<u>-</u>	<u>3,549,589</u>
Total capital assets being depreciated, net	<u>2,061,040</u>	<u>257,095</u>	<u>-</u>	<u>2,318,135</u>
Governmental activities capital assets, net	<u>\$ 2,508,503</u>	<u>\$ 257,095</u>	<u>\$ -</u>	<u>\$ 2,765,598</u>
	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-type activities:				
Capital assets not being depreciated:				
Sewer rehab work-in-process	<u>\$ 2,784,688</u>	<u>\$ 561,341</u>	<u>\$ -</u>	<u>\$ 3,346,029</u>
Capital assets being depreciated:				
Utility systems and equipment	<u>6,735,500</u>	<u>-</u>	<u>-</u>	<u>6,735,500</u>
Less accumulated depreciation for:				
Utility systems	<u>2,329,406</u>	<u>190,845</u>	<u>-</u>	<u>2,520,251</u>
Total capital assets being depreciated, net	<u>4,406,094</u>	<u>(190,845)</u>	<u>-</u>	<u>4,215,249</u>
Business-type activities capital assets, net	<u>\$ 7,190,782</u>	<u>\$ 370,496</u>	<u>\$ -</u>	<u>\$ 7,561,278</u>

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 4 – CAPITAL ASSETS – Continued

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 103,504
Highways and streets	70,413
Welfare	25,868
Public safety	20,382
Culture and recreation	<u>3,595</u>
Total governmental activities depreciation expense	<u>\$ 223,762</u>
Business-type activities:	
Utilities	<u>\$ 190,845</u>

NOTE 5 – LONG-TERM LIABILITIES

The following schedule details the Town's long-term liability and obligation activity for the year ended June 30, 2013.

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>one year</u>
Governmental activities:					
Compensated absences	<u>\$ 55,527</u>	<u>\$ 22,211</u>	<u>\$ 21,101</u>	<u>\$ 56,637</u>	<u>\$ 36,814</u>
Business-type activities:					
Notes payable	\$2,735,579	\$ 830,179	\$ 560,000	\$ 3,005,758	\$ -
Compensated absences	<u>13,092</u>	<u>5,236</u>	<u>4,909</u>	<u>13,419</u>	<u>8,722</u>
Total business-type activities:	<u>\$2,748,671</u>	<u>\$ 835,415</u>	<u>\$ 564,909</u>	<u>\$ 3,019,177</u>	<u>\$ 8,722</u>

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 5 – LONG-TERM LIABILITIES - Continued

Notes payable at June 30, 2013, consists of the following:

	Business-type Activities
	Utilities Fund
Note payable to the Water Infrastructure Finance Authority of Arizona, semi-annual interest only installments with interest at 0.427%, balloon principal payment due July 2016.	\$ 2,367,660
Note payable to U.S. Department of Agriculture Rural Development, interest only installments through June 2016 with interest at 2.00%, principal and interest payments beginning July 2016, matures July 2053.	638,098
	\$ 3,005,758

The following schedule details debt service requirements to maturity for the Town's notes payable at June 30, 2013.

Year Ending June 30	Business-type Activities	
	Notes Payable	
	Principal	Interest
2014	-	29,240
2015	-	14,357
2016	2,378,459	14,357
2017	11,044	14,114
2018	11,293	13,866
2019-2023	60,393	65,401
2024-2028	67,499	58,294
2029-2033	75,443	50,351
2034-2038	84,321	41,473
2039-2043	94,243	31,550
2044-2048	105,334	20,460
2049-2053	117,729	8,064
Total	\$ 3,005,758	\$ 361,527

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 6 – RISK MANAGEMENT

The Town is routinely exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – RETIREMENT PLANS

Plan Descriptions—The Town contributes to the two plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the Town. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000 or (800) 621-3778

PSPRS
3010 E. Camelback Rd., Ste 200
Phoenix, AZ 85016
(602) 255-5575

Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rates.

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 7 – RETIREMENT PLANS - Continued

Cost-sharing plans—For the year ended June 30, 2013, active ASRS members and the Town were each required by statute to contribute at the actuarially determined rate of 10.90 percent (10.66 percent retirement and 0.24 percent long-term disability) of the members’ annual covered payroll. The Town’s contributions to ASRS for the years ended June 30, 2013, 2012, and 2011, were approximately \$54,500, \$56,400, and \$58,200 respectively, which were equal to the required contributions for the year.

Agent plans—For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members’ annual covered payroll, and the Town was required to contribute at the actuarially determined rate of 12.86 percent.

Annual Pension Cost—The Town’s pension cost for the agent plan for the year ended June 30, 2013, and related information follows.

	<u>PSPRS</u>
Contribution rates:	
Town	12.86%
Plan members	9.55%
Annual pension cost	\$ 40,164
Contributions made	\$ 40,164
Actuarial valuation date	6/30/2013
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.85%
Projected salary increases	4.50% - 8.50%
Includes inflation at	4.50%
Cost-of-living adjustments	None
Amortization method	Level percent-of-pay closed
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuating method	7-year smoothed market%

TOWN OF MIAMI, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 7 – RETIREMENT PLANS – Continued

Trend Information—Annual pension cost information for the current and 2 preceding years follows for each of the agent plans.

Plan	Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS	2013	\$ 40,164	100 %	-
	2012	\$ 49,528	100	-
	2011	\$ 49,086	100	-

NOTE 8 – DEFICIT FUND BALANCES AND INTERFUND BALANCES AND ACTIVITY

At June 30, 2013, deficit fund balances existed in the General Fund, Senior Center Fund, Library Fund, and Transit Fund, of \$1,042,174, \$466,913, \$515,730, and \$10,772, respectively.

Interfund receivable and payable balances at June 30, 2013, were as follows:

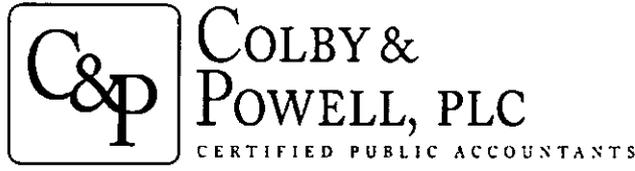
Payable from	Payable to			Total
	HURF Fund	Grants Fund	Utility Fund	
General Fund	\$ 154,533	\$ 79,835	\$ -	\$ 234,368
Senior Center Fund	-	86,011	412,270	498,281
Library Fund	-	-	511,648	511,648
Transit Fund	-	-	2,679	2,679
Total	<u>\$ 154,533</u>	<u>\$ 165,846</u>	<u>\$ 926,597</u>	<u>\$ 1,246,976</u>

These deficit fund balances and Interfund receivable and payable balances exist in order to fund General Fund and other general government expenditures.

TOWN OF MIAMI, ARIZONA
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2013

Public Safety Personnel Retirement System
Schedule of Funding Progress

Year Ended June 30	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding Liability (Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percent of Covered Payroll ([b-a]/c)
2013	\$ 776,620	\$ 1,366,511	\$ 589,891	56.8 %	\$ 151,462	389.5 %
2012	\$ 760,833	\$ 1,230,867	\$ 470,034	61.8 %	168,104	279.6 %
2011	\$ 771,814	\$ 1,077,984	\$ 306,170	71.6 %	154,955	197.6 %



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO THE USES OF HIGHWAY USER
REVENUE FUND MONIES IN ACCORDANCE WITH ARS TITLE 28,
CHAPTER 18, ARTICLE 2**

To the Town Council
Town of Miami, Arizona

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Miami as of and for the year ended June 30, 2013, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 14, 2015. We did not express an opinion on the Town of Miami's financial statements because the scope of our work was not sufficient to enable us to express such an opinion.

In connection with our audit, we were unable to determine if the Town used highway user revenue fund monies received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the Town solely for the authorized transportation purposes. However, we noted that the Town has loaned \$154,533 of highway user revenue to other funds for various purposes that may not be related to highways and streets. We do not consider such loans in compliance with Arizona Revised Statutes.

This report is intended solely for the information and use of management, the Town Council, and members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Colby & Powell

August 14, 2015
Gilbert, Arizona

TOWN OF MIAMI, ARIZONA

Report on Examination of
Annual Expenditure Limitation Report

June 30, 2013

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INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council of the
Town of Miami, Arizona

We were engaged to examine the accompanying Annual Expenditure Limitation Report of the Town of Miami, Arizona, for the year ended June 30, 2013. This report is the responsibility of the Town of Miami, Arizona management.

As required by attestation standards established by the American Institute of Certified Public Accountants we were unable to obtain representations from the Town's management concerning transactions during the year ended June 30, 2013. Also, because of the inadequacy of accounting records we were not able to satisfy ourselves about the amounts at which certain assets, liabilities, revenues, and expenditures are recorded in the Town's financial statements.

Because of the restriction on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Annual Expenditure Limitation Report referred to in the first paragraph.

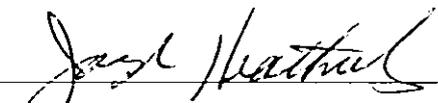
Colby & Powell

December 15, 2015
Gilbert, Arizona

TOWN OF Miami, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2013

Voter-approved alternative expenditure limitation (approved May 15, 2012)	\$ 15,767,607
Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>3,528,509</u>
Amount under (in excess of) the expenditure limitation	<u><u>\$ 12,239,098</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: 

Name and Title: JOSEPH HEATON TOWN MANAGER

Telephone Number: 928-473-4403 Date: 12/29/15

See accompanying notes to report.

TOWN OF Miami, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2013

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 2,048,352	\$ 1,480,157	\$ -	\$ 3,528,509
B. Less exclusions claimed:				
1. Bond proceeds	-	-	-	-
Debt service requirements on bonded indebtedness	-	-	-	-
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long- term obligations	-	-	-	-
2. Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-	-
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the federal government	-	-	-	-
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	-
6. Amounts received from the State of Arizona	-	-	-	-
7. Quasi-external interfund transactions	-	-	-	-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-
10. Contracts with other political subdivisions	-	-	-	-
11. Refunds, reimbursements, and other recoveries	-	-	-	-
12. Voter approved exclusions not identified above (attach resolution)	-	-	-	-
13. Prior years carry forward	-	-	-	-
14. Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 2,048,352</u>	<u>\$ 1,480,157</u>	<u>\$ -</u>	<u>\$ 3,528,509</u>

See accompanying notes to report.

TOWN OF Miami, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2013

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 2,048,352	\$ 553,824	\$ -	\$ 2,602,176
B. Subtractions				
1. Items not requiring use of working capital:				
Depreciation	-	190,845	-	190,845
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	4,163	-	4,163
Other postemployment benefits expense	-	-	-	-
Claims incurred but not recorded	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
4. Involuntary court judgments	-	-	-	-
5. Total subtractions	-	195,008	-	195,008
C. Additions				
1. Principal payments on long-term debt	-	560,000	-	560,000
2. Acquisition of capital assets	-	561,341	-	561,341
3. Other postemployment benefits paid in the current year but reported as expenses in previous years	-	-	-	-
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-
5. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-	-
6. Total additions	-	1,121,341	-	1,121,341
D. Amounts reported on Part II, Line A	\$ 2,048,352	\$ 1,480,157	\$ -	\$ 3,528,509

See accompanying notes to report.

TOWN OF Miami, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes Section 41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted May 15, 2012, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenue, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Funds; and the Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

NOTE 2 – ADDITIONS TO FUND EXPENDITURES

The addition of \$560,000 for principal payments on long-term debt in the Enterprise Funds consists of payments made on a loan obligation to the Water Infrastructure Finance Authority of Arizona.

RESOLUTION NO. 1113

A RESOLUTION OF THE COMMON COUNCIL OF THE TOWN OF MIAMI, ARIZONA, PROPOSING AN ALTERNATIVE EXPENDITURE LIMITATION AND REFERRING IT TO THE VOTERS OF THE TOWN OF MIAMI, ARIZONA

WHEREAS, the Arizona State Constitution permits the submission to the voters of a city or town of an alternative expenditure limitation; and

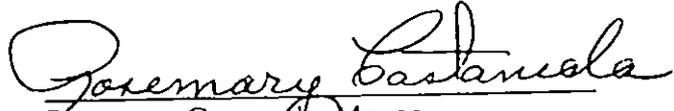
WHEREAS, the Town Council of the Town of Miami, after holding two public hearings, has determined that an alternative expenditure limitation is necessary for the Town of Miami,

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the Town of Miami, Arizona that the following alternative expenditure limitation be submitted to the voters of the Town of Miami, Arizona at the general election to be held May 15, 2012:

SHALL THE FOLLOWING BE ADOPTED BY THE TOWN OF MIAMI AS AN ALTERNATIVE EXPENDITURE LIMITATION:

"THE MAYOR AND COMMON COUNCIL OF THE TOWN OF MIAMI SHALL ANNUALLY, AS PART OF THE ANNUAL BUDGET ADOPTION PROCESS, ADOPT AN ALTERNATIVE EXPENDITURE LIMITATION EQUAL TO THE TOTAL AMOUNT OF BUDGETED EXPENDITURES /EXPENSES AS IT APPEARS ON THE ANNUAL BUDGET AS ADOPTED BY THE COUNCIL TO APPLY TO THE TOWN OF MIAMI FOR EACH OF THE FOUR FISCAL YEARS IMMEDIATELY FOLLOWING ADOPTION OF THE ALTERNATIVE EXPENDITURE LIMITATION. THE ALTERNATIVE EXPENDITURE LIMITATION SHALL BE ADOPTED EACH YEAR AFTER A PUBLIC HEARING AT WHICH THE CITIZENS OF THE TOWN OF MIAMI MAY COMMENT ON THE PROPOSED ALTERNATIVE EXPENDITURE LIMITATION. NO EXPENDITURES MAY BE MADE IN VIOLATION OF SUCH ALTERNATIVE EXPENDITURE LIMITATION, NOR MAY ANY PROPOSED EXPENDITURES BE IN EXCESS OF ESTIMATED AVAILABLE REVENUES, EXCEPT THAT THE MAYOR AND THE COMMON COUNCIL MAY, BY THREE-FOURTHS VOTE, DECLARE AN EMERGENCY AND SUSPEND THE ALTERNATIVE EXPENDITURE LIMITATION. THE SUSPENSION OF THE ALTERNATIVE EXPENDITURE LIMITATION SHALL BE IN EFFECT FOR ONLY ONE FISCAL YEAR AT A TIME."

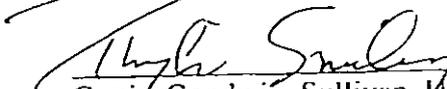
PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE TOWN OF MIAMI, ARIZONA THIS 24 DAY OF DECEMBER, 2011.


Rosemary Castenaga, Mayor

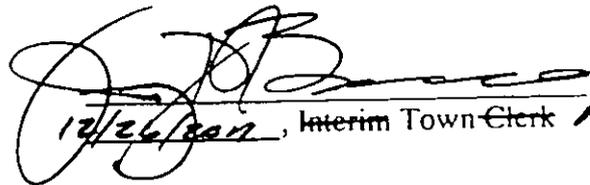
ATTEST:


12/26/2011, Interim Town Clerk **MANAGER**

APPROVED AS TO FORM:


Curtis, Goodwin, Sullivan, Udall & Schwab, PLC
Town Attorneys
By: Thyllis Smiley

I hereby certify the above foregoing Resolution No. 1113 was duly passed by the Council of the Town of Miami, Arizona, at a regular meeting held on December 26 2011, and that quorum was present thereat and that the vote thereon was 6 ayes and 0 nays and 0 abstentions.
1 Council members were absent or excused.


12/26/2011, Interim Town Clerk **MANAGER**