

**TOWN OF MIAMI, ARIZONA**

**Annual Financial Statements  
and Independent Auditors' Report**

June 30, 2015

## TABLE OF CONTENTS

Independent Auditors' Report .....	1
Government-wide Statements	
Statement of Net Assets .....	4
Statement of Activities.....	5
Fund Statements	
Governmental Funds	
Balance Sheet.....	6
Reconciliation of the Balance Sheet to the Statement of Net Position .....	7
Statement of Revenue, Expenditures, and Changes in Fund Balance .....	8
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	9
Proprietary Funds	
Statement of Net Position .....	10
Statement of Revenue, Expenses, and Changes in Net Position.....	11
Statement of Cash Flows .....	12
Fiduciary Funds	
Statement of Fiduciary Net Position.....	14
Statement of Changes in Fiduciary Net Position .....	15
Notes to Financial Statements .....	16
Other Required Supplementary Information	
Schedule of Town's Proportionate Share of the Net Pension Liability – Cost-Sharing Pension Plans .....	45
Schedule of Changes in the Town's Net Pension Liability (Asset) and Related Ratios -Agent Pension Plans .....	46
Schedule of Town Pension Contributions.....	47
Schedule of Agent OPEB Plans' Funding Progress .....	49
Independent Auditors' Report on Compliance with requirements Applicable to the Uses of Highway User Revenue Fund Monies in Accordance ARS Title 28, Chapter 18, Article 2 .....	51



## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Miami, Arizona

We have audited 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, 2015, and the related notes to the financial statements. These financial statements 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the business-type activities and enterprise fund.

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.

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
General Fund	Unmodified
HURF Fund	Unmodified
Senior Center Fund	Unmodified
Grants Fund	Unmodified
Library Fund	Unmodified
Transit Fund	Unmodified
Utility Enterprise Fund	Disclaimer
Fiduciary Fund	Unmodified

### Basis for Disclaimer of Opinion

Due to the absence of adequate internal controls and the inadequacy of accounting records over accounts receivable and revenue in the Business-Type Activities and the Utility Enterprise Fund, we were unable to satisfy ourselves neither that all assets and revenues of the Business-Type Activities and the Utility Enterprise Fund 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, and the components making up the statements of activity, changes in net assets and cash flow.

### 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 on the financial statements of the Business-Type Activities and Utility Enterprise Fund. Accordingly, we do not express an opinion on those financial statements.

### Other Matters

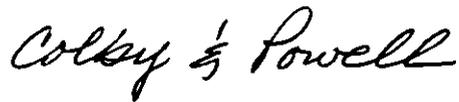
Management has omitted the management's discussion and analysis and the budgetary comparison schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the 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 June 15, 2016, 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.

A handwritten signature in cursive script that reads "Colby & Powell".

June 15, 2016  
Gilbert, Arizona

**TOWN OF MIAMI, ARIZONA**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 14,064	\$ 14,064
Cash and cash equivalents, restricted	-	56,821	56,821
Receivables, net	-	68,858	68,858
Taxes receivable	30,236	-	30,236
Due from other governments	130,918	-	130,918
Interfund balances	(975,494)	975,494	-
Capital assets, not being depreciated	447,463	5,638,678	6,086,141
Capital assets, being depreciated, net	2,193,525	3,846,489	6,040,014
<b>Total assets</b>	<u>1,826,648</u>	<u>10,600,404</u>	<u>12,427,052</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	485,174	19,405	504,579
<b>LIABILITIES</b>			
Accounts payable	389,696	110,797	500,493
Accrued expenses	653,546	1,985	655,531
Interest payable	-	58,936	58,936
Refundable deposits	-	1,450	1,450
Noncurrent liabilities			
Due within one year	35,144	2,565,715	2,600,859
Due in more than one year	1,759,026	1,086,831	2,845,857
<b>Total liabilities</b>	<u>2,837,412</u>	<u>3,825,714</u>	<u>6,663,126</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	207,626	30,535	238,161
<b>NET POSITION</b>			
Net investment in capital assets	2,640,988	5,990,044	8,631,032
Restricted for:			
Highways and streets	967,669	-	967,669
Unrestricted (deficit)	(4,341,873)	773,516	(3,568,357)
<b>Total net position</b>	<u>\$ (733,216)</u>	<u>\$ 6,763,560</u>	<u>\$ 6,030,344</u>

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

**TOWN OF MIAMI, ARIZONA**  
**Statement of Activities**  
**Year Ended June 30, 2015**

Functions / Programs	Expenses	Program Revenue			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental activities							
General government	\$ 606,647	\$ 9,590	\$ 22,650	\$ -	\$ (574,407)	\$ -	\$ (574,407)
Public safety	725,290	14,668	-	-	(710,622)	-	(710,622)
Public works	406,802	-	175,198	-	(231,604)	-	(231,604)
Welfare	400,209	-	391,602	-	(8,607)	-	(8,607)
Culture and recreation	193,570	20,323	68,416	40,800	(64,031)	-	(64,031)
<b>Total governmental activities</b>	<b>2,332,518</b>	<b>44,581</b>	<b>657,866</b>	<b>40,800</b>	<b>(1,589,271)</b>	<b>-</b>	<b>(1,589,271)</b>
Business-type activities							
Utilities	633,924	777,276	-	328,766	-	472,118	472,118
<b>Total business-type activities</b>	<b>633,924</b>	<b>777,276</b>	<b>-</b>	<b>328,766</b>	<b>-</b>	<b>472,118</b>	<b>472,118</b>
<b>Total primary government</b>	<b>\$ 2,966,442</b>	<b>\$ 821,857</b>	<b>\$ 657,866</b>	<b>\$ 369,566</b>	<b>(1,589,271)</b>	<b>472,118</b>	<b>(1,117,153)</b>
<b>General revenue:</b>							
Taxes:							
Property taxes, levied for general purposes					179,046	-	179,046
Local sales taxes					312,110	-	312,110
Franchise tax					92,424	-	92,424
Share of state sales taxes					167,881	-	167,881
Share of county auto lieu taxes					104,970	-	104,970
State urban revenue sharing					222,381	-	222,381
Other					48,204	-	48,204
<b>Total general revenue</b>					<b>1,127,016</b>	<b>-</b>	<b>1,127,016</b>
Change in net position					(462,255)	472,118	9,863
Net position, July 1, 2014, as restated					(270,961)	6,291,442	6,020,481
Net position, June 30, 2015					<b>\$ (733,216)</b>	<b>\$ 6,763,560</b>	<b>\$ 6,030,344</b>

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

**TOWN OF MIAMI, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	General Fund	HURF Fund	Senior Center Fund	Grants Fund	Library Fund	Transit Fund	Total Governmental Funds
<b>ASSETS</b>							
Taxes receivable	\$ 30,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,236
Due from other governments	24,385	16,756	35,966	-	-	53,811	130,918
Due from other funds	-	630,631	-	165,846	-	136,433	932,910
<b>Total assets</b>	<b>\$ 54,621</b>	<b>\$ 647,387</b>	<b>\$ 35,966</b>	<b>\$ 165,846</b>	<b>\$ -</b>	<b>\$ 190,244</b>	<b>\$ 1,094,064</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 348,716	\$ 21,005	\$ 9,865	\$ -	\$ 868	\$ 9,242	\$ 389,696
Accrued expenses	647,250	-	-	-	735	5,561	653,546
Due to other funds	859,115	-	540,472	-	508,817	-	1,908,404
<b>Total liabilities</b>	<b>1,855,081</b>	<b>21,005</b>	<b>550,337</b>	<b>-</b>	<b>510,420</b>	<b>14,803</b>	<b>2,951,646</b>
<b>Fund balances</b>							
Restricted for:							
Highways and streets	-	626,382	-	165,846	-	175,441	967,669
Unassigned	(1,800,460)	-	(514,371)	-	(510,420)	-	(2,825,251)
<b>Total fund balances</b>	<b>(1,800,460)</b>	<b>626,382</b>	<b>(514,371)</b>	<b>165,846</b>	<b>(510,420)</b>	<b>175,441</b>	<b>(1,857,582)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 54,621</b>	<b>\$ 647,387</b>	<b>\$ 35,966</b>	<b>\$ 165,846</b>	<b>\$ -</b>	<b>\$ 190,244</b>	<b>\$ 1,094,064</b>

*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, 2015**

Fund balances-total governmental funds	\$ (1,857,582)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,640,988
Long-term liabilities, such as net pension liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds.	(1,794,170)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	<u>277,548</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ (733,216)</u></u></b>

*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, 2015**

	General Fund	HURF Fund	Senior Center Fund	Grants Fund	Library Fund	Transit Fund	Total Governmental Funds
<b>Revenue</b>							
Intergovernmental	\$ 551,632	\$ 211,410	\$ 78,050	\$ 12,650	\$ 59,054	\$ 212,374	\$ 1,125,170
Taxes	583,580	-	-	-	-	-	583,580
Other revenue	48,206	-	-	-	-	36,225	84,431
Charges for services	14,084	-	-	-	-	20,329	34,413
Contributions	10,000	-	8,411	-	-	-	18,411
Fines and forfeitures	13,724	-	-	-	-	-	13,724
Rents	8,958	-	-	-	-	-	8,958
Licenses and permits	1,576	-	-	-	-	-	1,576
<b>Total revenue</b>	<u>1,231,760</u>	<u>211,410</u>	<u>86,461</u>	<u>12,650</u>	<u>59,054</u>	<u>268,928</u>	<u>1,870,263</u>
<b>Expenditures</b>							
Current							
General government	576,323	-	-	12,650	-	-	588,973
Public safety	750,784	-	-	-	-	-	750,784
Public works	250,936	87,005	-	-	-	-	337,941
Welfare	53,481	-	90,246	-	-	226,243	369,970
Culture and recreation	145,592	-	-	-	41,197	-	186,789
Capital outlay	21,713	-	-	-	-	-	21,713
<b>Total expenditures</b>	<u>1,798,829</u>	<u>87,005</u>	<u>90,246</u>	<u>12,650</u>	<u>41,197</u>	<u>226,243</u>	<u>2,256,170</u>
<b>Net change in fund balances</b>	(567,069)	124,405	(3,785)	-	17,857	42,685	(385,907)
Fund balances, July 1, 2014, as restated	(1,233,391)	501,977	(510,586)	165,846	(528,277)	132,756	(1,471,675)
<b>Fund balances, June 30, 2015</b>	<u>\$ (1,800,460)</u>	<u>\$ 626,382</u>	<u>\$ (514,371)</u>	<u>\$ 165,846</u>	<u>\$ (510,420)</u>	<u>\$ 175,441</u>	<u>\$ (1,857,582)</u>

*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, 2015**

Net change in fund balances-total governmental funds \$ (385,907)

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.

Current year capital acquisitions	21,713	
Current year depreciation expense	<u>(170,314)</u>	(148,601)

Town pension contributions are reported as expenditures  
in the governmental funds when made. However,  
they are reported as deferred outflows of resources in  
the Statement of Net Position because the reported net  
pension liability is measured a year before the Town's  
report date. Pension expense, which is the change in  
the net pension liability adjusted for changes in deferred  
outflows and inflows of resources related to pensions,  
is reported in the Statement of Activities.

Town pension contributions	143,249	
PSPRS health insurance transfer	(45,340)	
Pension expense	<u>(32,602)</u>	65,307

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.

Decrease in compensated absences payable		<u>6,946</u>
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**Change in net position of governmental activities \$ (462,255)**

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

**TOWN OF MIAMI, ARIZONA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Business-type Activities Enterprise Funds
	Utilities Fund
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 14,064
Cash and cash equivalents, restricted	56,821
Accounts receivable - net	68,858
Due from other funds	975,494
<b>Total current assets</b>	<b>1,115,237</b>
Noncurrent assets	
Capital assets:	
Sewer system and equipment	6,753,306
Construction in progress	5,638,678
Less accumulated depreciation	(2,906,817)
<b>Total noncurrent assets</b>	<b>9,485,167</b>
<b>Total assets</b>	<b>10,600,404</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	19,405
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	110,797
Accrued expenses	1,985
Interest payable	58,936
Refundable deposits	1,450
Notes payable, current portion	2,557,385
Compensated absences, current portion	8,330
<b>Total current liabilities</b>	<b>2,738,883</b>
Noncurrent liabilities	
Compensated absences, net of current portion	2,776
Notes payable, net of current portion	937,738
Net pension liability	146,317
<b>Total noncurrent liabilities</b>	<b>1,086,831</b>
<b>Total liabilities</b>	<b>3,825,714</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	30,535
<b>NET POSITION</b>	
Net investment in capital assets	5,990,044
Unrestricted	773,516
<b>Total net position</b>	<b>\$ 6,763,560</b>

*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, 2015**

	Business-type Activities Enterprise Funds
	Utilities Fund
<b>Operating revenue</b>	
Charges for services (net of bad debts of \$0)	\$ 777,276
<b>Operating expenses</b>	
Personnel	169,410
Depreciation	193,389
Professional services	157,475
Utilities	57,306
Materials and supplies	36,258
Other	921
<b>Total operating expenses</b>	614,759
<b>Operating income (loss)</b>	162,517
<b>Nonoperating revenue (expense)</b>	
Interest expense	(19,165)
Income (loss) before capital grants	143,352
Capital grants	328,766
<b>Increase in net position</b>	472,118
Total net position, July 1, 2014, as restated	6,291,442
<b>Total net position, June 30, 2015</b>	\$ 6,763,560

*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, 2015**

		Business-type Activities Enterprise Funds
		Utilities Fund
		<u>Fund</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	S	679.653
Payments to suppliers and providers of goods and services		(248.172)
Payments to employees		(169.067)
		<u>262.414</u>
<b>Net cash provided (used) by         operating activities</b>		<u>262.414</u>
<b>Cash flows from noncapital financing activities</b>		
Advances to other funds		(296.961)
		<u>(296.961)</u>
<b>Cash flows from capital financing activities</b>		
Proceeds from capital grants		328.766
Proceeds from issuance of debt		166.881
Repayment of debt		(2.817)
Payment of interest		(35.968)
Purchase of capital assets		(408.251)
		<u>48.611</u>
<b>Net cash provided (used) by         capital financing activities</b>		<u>48.611</u>
<b>Net change in cash</b>		14.064
Cash and cash equivalents, July 1, 2014		<u>56.821</u>
<b>Cash and cash equivalents, June 30, 2015</b>	<b>S</b>	<b><u>70.885</u></b>
<b>Noncash capital financing activities</b>		
Capital assets purchased on account	S	54.867

*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, 2015**  
*(Continued)*

	Business-type Activities	
	Enterprise Funds	
	Utilities	
	Fund	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$	162,517
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		193,389
Pension expense		7,477
Employer pension contributions		(11,969)
(Increase) decrease in:		
Accounts receivable		(99,073)
Increase (decrease) in:		
Accounts payable		8,280
Accrued expenses		1,985
Refundable deposits		1,450
Compensated absences		(1,642)
		(1,642)
<b>Net cash provided by operating activities</b>	<b>\$</b>	<b>262,414</b>

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

**TOWN OF MIAMI, ARIZONA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Investment Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 35.821</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u><u>\$ 35.821</u></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, 2015**

	<u>Investment Trust Fund</u>
<b>Additions</b>	
Contributions	\$ -
<b>Total additions</b>	<u>-</u>
<b>Deductions</b>	
Payments	-
<b>Total deductions</b>	<u>-</u>
Change in net position	-
Net position, July 1, 2014	<u>35.821</u>
Net position, June 30, 2015	<u>\$ 35.821</u>

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

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

***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 position 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, 2015**

***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, 2015**

***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, 2015**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

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

**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, 2015.

**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, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Construction in progress	5,000	N/A	N/A
Buildings	5,000	Straight-line	15-40
Equipment	5,000	Straight-line	7-15
Infrastructure	5,000	Straight-line	30-40

**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 up to 240 hours of 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 unlimited 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, 2015**

***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, 2015, totaled \$511,000.

**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 June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Town implemented this standard during this fiscal period. See the subsequent notes for further details.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued***

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The Town implemented this standard during this fiscal period. See the subsequent notes for further details.

**M. Pensions**

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 pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

***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, 2015, the carrying amount of the Town's total cash in bank was \$70,885, and the bank balance was \$157,131. The fiduciary fund cash account balance and bank balance was \$35,821. 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, 2015 included \$16,756 in state-shared revenue from highway user revenue fund (HURF) taxes, \$14,623 in state-shared revenue from sales taxes, \$4,573 in county-shared revenue from auto lieu taxes, \$5,189 in miscellaneous revenue, \$35,966 in federal and state-shared revenue from senior program grants, and \$53,811 in federal and state-shared revenue from transit grants.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	447,463	-	-	\$ 447,463
Construction-in-progress	263,834	-	263,834	-
Total capital assets not being depreciated	<u>711,297</u>	<u>-</u>	<u>263,834</u>	<u>447,463</u>
Capital assets being depreciated:				
Buildings	1,056,545	-	-	1,056,545
Equipment	2,298,112	-	-	2,298,112
Infrastructure	2,522,956	285,547	-	2,808,503
	<u>5,877,613</u>	<u>285,547</u>	<u>-</u>	<u>6,163,160</u>
Less accumulated depreciation for:				
Buildings	398,869	36,574	-	435,443
Equipment	1,555,551	59,326	-	1,614,877
Infrastructure	1,844,901	74,414	-	1,919,315
	<u>3,799,321</u>	<u>170,314</u>	<u>-</u>	<u>3,969,635</u>
Total capital assets being depreciated, net	<u>2,078,292</u>	<u>115,233</u>	<u>-</u>	<u>2,193,525</u>
Governmental activities capital assets, net	<u>\$ 2,789,589</u>	<u>\$ 115,233</u>	<u>\$ 263,834</u>	<u>\$ 2,640,988</u>
	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Construction-in-progress	\$ 5,175,560	\$ 463,118	\$ -	\$ 5,638,678
Total capital assets not being depreciated	<u>5,175,560</u>	<u>463,118</u>	<u>-</u>	<u>5,638,678</u>
Capital assets being depreciated:				
Equipment	32,806	-	-	32,806
Infrastructure	6,720,500	-	-	6,720,500
Total	<u>6,753,306</u>	<u>-</u>	<u>-</u>	<u>6,753,306</u>
Less accumulated depreciation for:				
Equipment	15,011	4,687	-	19,698
Infrastructure	2,698,417	188,702	-	2,887,119
Total	<u>2,713,428</u>	<u>193,389</u>	<u>-</u>	<u>2,906,817</u>
Total capital assets being depreciated, net	<u>4,039,878</u>	<u>(193,389)</u>	<u>-</u>	<u>3,846,489</u>
Business-type activities capital assets, net	<u>\$ 9,215,438</u>	<u>\$ 269,729</u>	<u>\$ -</u>	<u>\$ 9,485,167</u>

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

***NOTE 4 – CAPITAL ASSETS – Continued***

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 28,167
Public works	74,414
Welfare	37,374
Public safety	20,168
Culture and recreation	<u>10,191</u>
Total governmental activities depreciation expense	<u>\$ 170,314</u>
Business-type activities:	
Utilities	<u>\$ 193,389</u>

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 5 – LONG-TERM LIABILITIES**

The following schedule details the Town's long-term liability and obligation activity for the year ended June 30, 2015.

	<u>Business-type Activities</u>
	<u>Enterprise Funds</u>
	Utilities
	<u>Fund</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 679.653
Payments to suppliers and providers of goods and services	(248.172)
Payments to employees	<u>(169.067)</u>
<b>Net cash provided (used) by operating activities</b>	<u>262.414</u>
<b>Cash flows from noncapital financing activities</b>	
Advances to other funds	<u>(296.961)</u>
<b>Cash flows from capital financing activities</b>	
Proceeds from capital grants	328.766
Proceeds from issuance of debt	166.881
Repayment of debt	(2.817)
Payment of interest	(35.968)
Purchase of capital assets	<u>(408.251)</u>
<b>Net cash provided (used) by capital financing activities</b>	<u>48.611</u>
<b>Net change in cash</b>	14.064
Cash and cash equivalents, July 1, 2014	<u>56.821</u>
<b>Cash and cash equivalents, June 30, 2015</b>	<u><u>\$ 70.885</u></u>
<b>Noncash capital financing activities</b>	
Capital assets purchased on account	\$ 54.867

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 5 – LONG-TERM LIABILITIES – Continued**

Notes payable at June 30, 2015, 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.	\$ 2,539,710
Note payable to U.S. Department of Agriculture Rural Development, interest only installments through June 2016 with interest at 2.00%, monthly principal and interest payments beginning July 2016, matures July 2051.	<u>955,413</u>
	<u>\$ 3,495,123</u>

The following schedule details debt service requirements to maturity for the Town's notes payable at June 30, 2015.

Year Ending June 30	Business-type Activities	
	Notes Payable	
	Principal	Interest
2016	\$ 2,557,385	\$ 29,953
2017	18,018	18,755
2018	18,368	18,394
2019	18,726	18,027
2020	19,093	17,653
2021-2025	101,355	82,381
2026-2030	112,455	71,817
2031-2035	125,805	60,057
2035-2040	142,030	46,853
2041-2045	161,755	31,892
2046-2050	185,605	14,798
2051-2055	34,528	691
Total	<u>\$ 3,495,123</u>	<u>\$ 411,271</u>

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 6 – RESTATEMENT OF BEGINNING BALANCES**

The Town adjusted beginning fund balances/net position of the General, Library, Transit, and Utilities Funds to correct prior period accounts payable balances. The respective adjustments to the fund balances are decreases to the General, Library, and Transit Funds of \$38,887, \$138, and \$677. The Utilities Fund net position was increased by \$7,666.

The Town decreased beginning fund balance of the General Fund by \$4,684 to adjust for taxes receivable.

The Town adjusted beginning fund balance of the Utilities Fund to correct prior period accounts receivable balances. The beginning net position was decreased by \$131,596.

All of these aforementioned adjustments to the fund balances also affected the beginning net position of the Governmental Activities. In addition, the Town increased beginning net position of the Governmental Activities by \$4,098 for an addition to capital assets not previously recorded in a prior period.

**NOTE 7 – CHANGE IN ACCOUNTING PRINCIPLE**

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities	Business-type Activities and Utilities Fund
Net position as previously reported at June 30, 2014	\$ 1,264,109	\$ 6,453,381
Prior period adjustments- implementation of GASB 68:		
Net pension liability (measurement date as of June 30, 2013)	(1,644,011)	(171,477)
Deferred outflows-Town contributions made during fiscal year 2014	108,941	9,538
Total prior period adjustment	(1,535,070)	(161,939)
Net position, as restated, July 1, 2014	\$ (270,961)	\$ 6,291,442

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The Town contributes to the pension plans described below. The plans are component units of the State of Arizona.

At June 30, 2015, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liabilities	\$ 1,747,311	\$ 146,317	\$ 1,893,628
Deferred outflows of resources	485,174	19,405	504,579
Deferred inflows of resources	207,626	30,535	238,161
Pension expense	32,602	7,477	40,079

The

Town reported \$143,249 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

**A. Arizona State Retirement System**

**Plan Description** – Town employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at [www.azasrs.gov](http://www.azasrs.gov).

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Benefits Provided** – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	<u>Initial membership date:</u>	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

**Contributions** – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members’ annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members’ annual covered payroll. The Town’s contributions to the pension plan for the year ended June 30, 2015,

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

were \$79,794. The Town’s contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	<u>Health Benefit Supplement Fund</u>	<u>Long-term Disability Fund</u>
Year ended June 30,		
2015	\$ 4,450	\$ 1,780
2014	3,566	1,426
2013	3,643	1,518

During

fiscal year 2015, the Town paid for ASRS pension and OPEB contributions as follows: 63.29 percent from the General Fund, 1.90 percent from the HURF Fund, 1.72 percent from the Senior Center Fund, 14.73 percent from the Transit Fund, 3.36 percent from the Library Fund, and 15.00 percent from the Utilities Fund.

**Pension Liability** – At June 30, 2015, the Town reported a liability of \$975,450 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The Town’s proportion of the net pension liability was based on the Town’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2014. The Town’s proportion measured as of June 30, 2014, was .006592 percent, which was a decrease of .000285 from its proportion measured as of June 30, 2013.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Pension Expense and Deferred Outflows/Inflows of Resources** – For the year ended June 30, 2015, the Town recognized pension expense for ASRS of \$49,846. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,575	\$ -
Net difference between projected and actual earnings on pension plan investments	-	170,576
Changes in proportion and differences between Town contributions and proportionate share of Town contributions subsequent to the	-	32,991
	<u>79,794</u>	<u>-</u>
Total	<u>\$ 129,369</u>	<u>\$ 203,567</u>

The \$79,794 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ended June 30.	
2016	\$ (35,433)
2017	(35,433)
2018	(40,481)
2019	(42,645)
2020	-
Thereafter	-

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Actuarial Assumptions** – The significant actuarial assumptions used to measure the total pension liability are as follows:

**ASRS**

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**ASRS**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.50%
Commodities	4%	4.75%
Total	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those 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.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Town’s proportionate share of the net pension liability	\$ 1,232,919	\$ 975,450	\$ 835,761

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

**B. Public Safety Personnel Retirement System**

**Plan Descriptions** – Town police employees participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at [www.psprs.com](http://www.psprs.com).

**Benefits Provided** – The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	<u>Initial membership date:</u>	
	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012</u>
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years any age  15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
<b>Benefit percent</b>		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited services over 20 years. not to exceed 80%	2.5% per year of credited service. not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b>Survivor Benefit</b>		
Retired Members	80% of retired member's pension benefit	
Active Members	80% if accidental disability retirement benefit or 100% of average monthly compensation if death was result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Employees Covered by Benefit Terms** – At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	<b>PSPRS Police</b>
Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	1
Active employees	5
Total	8

**Contributions and Annual OPEB Cost** – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<b>PSPRS Police</b>
Active Members - Pension Town	11.05%
Pension	30.08%
Health insurance premium	1.58%

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

For the agent plans, the Town’s contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

<b>Pension</b>		<u><b>PSPRS Police</b></u>	
Contributions Made	\$	75.925	
<b>Health Insurance Premium Benefit</b>			
Annual OPEB cost		2.613	
Contributions made		2.613	

During fiscal year 2015, the Town paid for 100 percent of PSPRS pension and OPEB contributions from the General Fund.

**Net Pension Liability (Asset)** – At June 30, 2015, the Town reported the following net pension liability:

		<u><b>Net Pension Liability</b></u>	
		<u>(Asset)</u>	
PSPRS Police	\$	918.178	

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions:

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Pension Actuarial Assumptions** – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%-8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed Income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private Equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	<u>100%</u>	

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

***NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued***

**Pension Discount Rates** – The following discount rates were used to measure the total pension liabilities:

	<u>PSPRS Police</u>
Discount rates	7.85%

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' 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.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Changes in the Net Pension Liability (Asset)**

PSPRS	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 1,366,511	\$ 694,205	\$ 672,306
Changes for the year			
Service Cost	27,547	-	27,547
Interest on the total pension liability	105,691	-	105,691
Changes of benefit terms	51,404	-	51,404
Differences between expected and actual experience in the measurement of the pension liability	121,562	-	121,562
Changes of assumptions or other inputs	262,793	-	262,793
Contributions-employer	-	54,893	(54,893)
Contributions-employee	-	20,682	(20,682)
Net investment income	-	102,886	(102,886)
Benefit payments, including refunds of employee contributions	(67,802)	(67,802)	-
Other changes	-	144,664	(144,664)
Net changes	501,195	255,323	245,872
Balances at June 30, 2015	\$ 1,867,706	\$ 949,528	\$ 918,178

**Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town's net pension liabilities calculated using the discount rates noted above, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PSPRS	1% Decrease	Current Discount Rate	1% Increase
PSPRS Police			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 803,024	\$ 589,108	\$ 408,030

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

**Pension Expense** – For the year ended June 30, 2015, the Town recognized the following pension expense:

	<b>Pension Expense</b>	
PSPRS Police	\$	(9,767)

**Pension Deferred Outflows/Inflows of Resources** – At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PSPRS</b>	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 94,656	\$	-
Changes of assumptions or other inputs	204,629		-
Net difference between projected and actual earnings on pension plan investments	-		34,594
Town contributions subsequent to the measurement date	75,925		-
<b>Total</b>	<b>\$ 375,210</b>	<b>\$</b>	<b>34,594</b>

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

***NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued***

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

Year ended June 30.	<u>PSPRS Police</u>	
2016	\$	76,421
2017		76,421
2018		76,421
2019		35,428
2020		-
Thereafter		-

**Agent Plan OPEB Actuarial Assumptions** – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

Projections of benefits are based on (1) the plans as understood by the Town and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the Town and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements are as follows:

**PSPRS - OPEB Contribution Requirements**

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%-8.5%
Wage growth	4.5%

**Agent Plan OPEB Trend Information** – Annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

Year ended June 30,	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Police			
2015	\$ 2.613	100%	\$ (16.705)
2014	2.761	100%	(10.437)
2013	3.041	0%	26.608

**Agent Plan OPEB Funded Status** – The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued**

	<u>PSPRS Police</u>
Actuarial value of assets (a)	\$ 61,151
Actuarial accrued liability (b)	\$ 44,446
Unfunded actuarial accrued liability (funding excess) (b) - (a)	\$ (16,705)
Funded ratio (a)/(b)	137.58%
Annual covered payroll (c)	\$ 252,448
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.00%

The actuarial methods and assumptions for the most recent valuation date are as follows:

**PSPRS - OPEB Funded Status**

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8%
Wage growth	4%

**TOWN OF MIAMI, ARIZONA**  
**Notes to Financial Statements**  
**June 30, 2015**

***NOTE 9 – INTERFUND BALANCES AND ACTIVITY***

Interfund receivable and payable balances at June 30, 2015, were as follows:

Payable from	Payable to				Total
	HURF Fund	Grants Fund	Transit Fund	Utility Fund	
General Fund	\$ 630.631	\$ 165.846	\$ 62.638	\$ -	\$ 859.115
Senior Center Fund	-	-	73.795	466.677	540.472
Library Fund	-	-	-	508.817	508.817
<b>Total</b>	<b>\$ 630.631</b>	<b>\$ 165.846</b>	<b>\$ 136.433</b>	<b>\$ 975.494</b>	<b>\$ 1,908.404</b>

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

***NOTE 10 – 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.

**TOWN OF MIAMI, ARIZONA**  
**Required Supplementary Information**  
**Schedule of the Town's Proportionate**  
**Share of the Net Pension Liability**  
**Cost-Sharing Pension Plans**  
**June 30, 2015**

**Arizona State Retirement System**

	<b>Reporting Fiscal Year</b>	
	<b>(Measurement Date)</b>	
	<b>2015</b>	<b>2014</b>
	<b>(2014)</b>	<b>through</b>
		<b>2006</b>
Town's proportion of the net pension liability	0.006592%	Information
Town's proportionate share of the net pension liability	\$ 975,450	not available
Town's covered-employee payroll	\$ 741,586	
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.54%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

*See accompanying notes to pension plan schedules.*

**TOWN OF MIAMI, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Changes in the Town's**  
**Net Pension Liability (Asset) and Related Ratios**  
**Agent Pension Plans**  
**June 30, 2015**

**PSPRS**

	<u>Reporting Fiscal Year</u> <u>(Measurement Date)</u>	
	<u>2015</u> <u>(2014)</u>	<u>2014</u> <u>through</u> <u>2006</u>
Total pension liability		Information not available
Service cost	\$ 27,547	
Interest on the total pension liability	105,691	
Changes of benefit terms	51,404	
Differences between expected and actual experience in the measurement of the pension liability	121,562	
Changes of assumptions or other inputs	262,793	
Benefit payments, including refunds of employee contributions	<u>(67,802)</u>	
Net change in total pension liability	501,195	
Total pension liability - beginning	<u>1,366,511</u>	
Total pension liability - ending (a)	<u>\$ 1,867,706</u>	
 Plan fiduciary net position		
Contributions - employer	\$ 54,893	
Contributions - employee	20,682	
Net investment income	102,886	
Benefit payments, including refunds of employee contributions	(67,802)	
Administrative expense	-	
Other changes	<u>144,664</u>	
Net change in plan fiduciary net position	255,323	
Plan fiduciary net position - beginning	<u>694,205</u>	
Plan fiduciary net position - ending (b)	<u>\$ 949,528</u>	
 Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 918,178</u>	
 Plan fiduciary net position as a percentage of the total pension liability	50.84%	
 Covered-employee payroll	\$ 225,092	
 Town's net pension liability (asset) as a percentage of covered-employee payroll	407.91%	

*See accompanying notes to pension plan schedules.*

**TOWN OF MIAMI, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Town Pension Contributions**  
**June 30, 2015**

**Arizona State Retirement System**

	<u>Reporting Fiscal Year</u>		2013 through 2006
	2015	2014	
Statutorily required contribution	\$ 79,794	\$ 63,586	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(79,794)</u>	<u>(63,586)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Town's covered-employee payroll	\$ 741,586	\$ 594,262	
Town's contributions as a percentage of covered- employee payroll	10.76%	10.70%	

**PSPRS**

	<u>Reporting Fiscal Year</u>		2013 through 2006
	2015	2014	
Actuarially determined contribution	\$ 75,925	\$ 54,893	Information not available
Town's contributions in relation to the actuarially determined contribution	<u>(75,925)</u>	<u>(54,893)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Town's covered-employee payroll	\$ 252,448	\$ 225,092	
Town's contributions as a percentage of covered- employee payroll	30.08%	24.39%	

*See accompanying notes to pension plan schedules.*

**TOWN OF MIAMI, ARIZONA**  
**Required Supplementary Information**  
**Notes to Pension Plan Schedules**  
**June 30, 2015**

***NOTE 1 – ACTUARIALLY DETERMINED CONTRIBUTION RATES***

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value: 20% corridor
Actuarial assumptions:	
Investment rate of return	In 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%
Wage growth	In 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

**TOWN OF MIAMI, ARIZONA**  
**Required Supplementary Information**  
**Schedule of Agent OPEB Plans' Funding Progress**  
**June 30, 2015**

**Health Insurance Premium Benefit - PSPRS**

Actuarial Valuation Date	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 Percentage of Covered Payroll ((a-b)/c)
06/30/15	S 61,151	S 44,446	S (16,705)	137.6 %	S 252,448	0.00 %
06/30/14	55,198	44,761	(10,437)	123.3	225,093	0.00
06/30/13	-	26,608	26,608	0.0	151,462	17.57

*See accompanying notes to schedule of agent OPEB plans' funding progress.*

**TOWN OF MIAMI, ARIZONA**  
**Required Supplementary Information**  
**Notes to Schedule of Agent OPEB Plans' Funding Progress**  
**June 30, 2015**

***NOTE 1 – FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS***

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plan transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from the plan's Pension Fund to the new Health Insurance Fund.



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

**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, 2015, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 15, 2016. 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 \$630,631 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*

June 15, 2016  
Gilbert, Arizona

**TOWN OF MIAMI, ARIZONA**

Report on Examination of  
Annual Expenditure Limitation Report

June 30, 2015

## TABLE OF CONTENTS

Independent Accountants' Report .....	1
Annual Expenditure Limitation Report – Part I .....	2
Annual Expenditure Limitation Report – Part II .....	3
Annual Expenditure Limitation Report – Reconciliation .....	4
Notes to Annual Expenditure Limitation Report .....	5



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

## 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 have examined the accompanying Annual Expenditure Limitation Report of the Town of Miami, Arizona, for the year ended June 30, 2015. This report is the responsibility of the Town of Miami, Arizona management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the Town of Miami, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

*Colby & Powell*

June 15, 2016  
Gilbert, Arizona

**TOWN OF Miami, ARIZONA**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2015**

Voter-approved alternative expenditure limitation (approved May 15, 2012)	\$ 25,142,695
Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>3,167,132</u>
Amount under (in excess of) the expenditure limitation	<u><u>\$ 21,975,563</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: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Date: \_\_\_\_\_

*See accompanying notes to report.*

**TOWN OF Miami, ARIZONA**  
**Annual Expenditure Limitation Report – Part II**  
**Year Ended June 30, 2015**

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 2,256,170	\$ 910,962	\$ -	\$ 3,167,132
B. Less exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 2,256,170</u>	<u>\$ 910,962</u>	<u>\$ -</u>	<u>\$ 3,167,132</u>

*See accompanying notes to report.*

**TOWN OF Miami, ARIZONA**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2015**

Description	Governmental Funds	Enterprise Fund	Fiduciary Fund	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 2,256,170	\$ 633,924	\$ -	\$ 2,890,094
B. Subtractions				
Items not requiring use of working capital:				
Depreciation	-	193,389	-	193,389
Pension expense	-	7,477	-	7,477
Total subtractions	-	200,866	-	200,866
C. Additions				
Principal payments on long-term debt	-	2,817	-	2,817
Acquisition of capital assets	-	463,118	-	463,118
Pension contributions paid	-	11,969	-	11,969
Total additions	-	477,904	-	477,904
D. Amounts reported on Part II, Line A	\$ 2,256,170	\$ 910,962	\$ -	\$ 3,167,132

*See accompanying notes to report.*

**TOWN OF Miami, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2015**

***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 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 Revenues, Expenditures, and Changes in Fund Balance for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Using a voter approved alternative expenditure limitation, there are no constitutionally allowed exclusions available to the Town in determining the amount subject to the expenditure limitation. Therefore, there are no exclusions taken in Part II of the Annual Expenditure Limitation Report.

***NOTE 2 – PENSION EXPENSE AND CONTRIBUTIONS***

The subtraction of \$7,477 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$11,969 for pension contributions paid in the current year consists of the pension contributions made to the Arizona State Retirement System for the Enterprise Funds.