County Financial Statements and Single Audit Reporting Guidelines–2015

The Office of the Auditor General created these reporting guidelines following the Governmental Accounting Standards Board's, the Office of Management and Budget's, and the American Institute of Certified Public Accountants' authoritative literature. They include illustrative examples of financial statements, disclosures, and schedules, as well as the auditors' reports. The examples are neither authoritative nor required to be followed. Instead, they provide sample displays and disclosures to help ensure consistent and accurate presentation.

When county management uses these guidelines, management agrees to take responsibility for preparing and fairly presenting the County's basic financial statements, related note disclosures, and all accompanying information, including required supplementary information (RSI), supplementary information other than RSI, and other required disclosures. County management should ensure that its reports follow applicable authoritative guidance.

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[1] When the Yellow Book report on internal control and compliance is issued separately move to the Reports Issued Separately section at the bottom of the page.

(Letterhead)

Independent Auditors' Report

Members of the Arizona State Legislature[1]

The Board of Supervisors of
_____ County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information[2] of _____ County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. (We did not audit the financial statements of the [*identify component unit, fund, organization, function, or activity*], which represent ___ percent, ____ percent, and ___ percent, respectively, of the assets, [net position or fund balance], and revenues of the [*identify opinion unit(s)*].[3] Those statements were audited by other auditors whose report(s) has (have) been furnished to us, and our opinion(s), insofar as it (they) relate(s) to the amounts included for [*identify component unit, fund, organization, function, or activity*], is (are) based solely on the report(s) of the other auditors.) We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. ***Add the following sentence when a portion of the County was not audited in accordance with Government Auditing Standards.*** The financial statements of the *(name of the portion of the entity, such as the name of the component unit or fund, and if it is not evident from the financial statements,*

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[1] Contract auditors should address to "The Auditor General of the State of Arizona."

[2] The introductory and opinion paragraphs should list only the opinion units presented in the basic financial statements. Normally, the aggregate discretely presented component units and the aggregate remaining fund information are treated as separate opinion units. If either of these two opinion units are not quantitatively or qualitatively material to the primary government and the auditor has chosen to combine the two into a single opinion unit, this sentence would change to the following: "governmental activities, business-type activities, each major fund, and aggregate discretely presented component unit(s) and remaining fund information."

[3] Appropriate changes to this sentence should be made when an entire opinion unit is audited by another auditor. For example, "We did not audit the financial statements of the _____ Fund, which is both a major fund and XX percent, XX percent, and XX percent, respectively, of the assets, net position, and revenues of the _____ activities." However, the report still should indicate in the "Auditors' Responsibility" section the group auditors' responsibility for auditing that opinion unit. The group auditor should also express or disclaim an opinion in the "Opinion" section of the report. For further discussion and guidance see the AICPA *Codification of Statements on Auditing Standards,* AU-C §600, *Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors).*

the opinion unit to which the component unit or fund relates) were not audited by the other auditors in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, (based on our audit and the report(s) of the other auditors,) the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of _____ County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Adoption of New Accounting Standard—Add an emphasis-of-matter paragraph for consistency here if the County adopted a new GASB accounting standard during fiscal year 2015 and the implementation of the new standard had a material effect on the County's financial statements/disclosures (i.e., 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; and GASB Statement No. 69, Government Combinations and Disposals of Governmental Operations). See AU-C §§708.07 and 708.A7 for additional guidance.

As discussed in Note __ to the financial statements, for the year ended June 30, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. ***(insert new accounting standards adopted)***. Our opinions are not modified with respect to this matter.

Correction of a Material Misstatement (Error) in Previously Issued Financial Statements—Add an emphasis-of-matter paragraph here when the financial statements' beginning balances are restated to correct a material misstatement in the previously issued financial statements (AU-C §708.13).

As described in Note __ to the financial statements, the County restated beginning net position/fund balance(s) of its financial statements for the year ended June 30, 2015, to correct a misstatement(s) in its previously issued financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages ___ through ___, Budgetary Comparison Schedules on pages ___ through ___, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on pages ___ through ___, Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios—Agent Pension Plans on pages ___ through ___, Schedule of County Pension Contributions on pages ___ through ___, Schedule of Agent OPEB Plans' Funding Progress on page ___, and the Infrastructure Assets information on pages ___ through ___ be presented to supplement the basic financial statements ***(include only those RSI schedules that were included in the 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 (and the other auditors)[1] have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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.

Add the following two paragraphs if the County includes a Schedule of Expenditures of Federal Awards with its financial statements.

Supplementary Information—Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards (by us and the other auditors).[1] In our opinion, (based on our audit, the procedures performed as described above, and the report(s) of the other auditors,)[1] the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

[1] Reference to the other auditors is only appropriate when the other auditors' report discusses applicable RSI, SI, or both. See the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide, *State and Local Governments,* as of March 1, 2015, Chapter 15, Appendix A, Footnote 46. Omit parenthetical phrase if not referring to other auditors.

Add the following three paragraphs if the County issues a Comprehensive Annual Financial Report (CAFR).

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards (by us and the other auditors).[1] In our opinion, (based on our audit, the procedures performed as described above, and the report(s) of the other auditors,)[1] the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies[2]

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

OR

When an instance of noncompliance is identified by the auditor over HURF compliance include a description of the identified instance(s) of noncompliance here, see AU-C §806.13b. In connection with

[1] Reference to the other auditors is only appropriate when the other auditors' report discusses applicable RSI, SI, or both. See the AICPA Audit and Accounting Guide, *State and Local Governments,* as of March 1, 2015, Chapter 15, Appendix A, Footnote 46. Omit parenthetical phrase if not referring to other auditors.

[2] To help ensure continuity and consistency in reporting the results of our audit of county HURF monies in accordance with A.R.S. §41-1279.21(A)(1) our report on compliance over the use of these monies should be included in our audit report on the County's financial statements following the guidance of the AICPA *Codification of Statements on Auditing Standards,* AU-C §806. As long as sufficient evidence was examined during our audits of the financial statements, regardless of whether or not HURF was in a major fund, the Office will not issue a separate report on HURF compliance. In addition, when applicable, the auditors should include in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters instances of noncompliance governing the use of HURF monies or other dedicated state transportation revenues that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance. Also, AU-C §250 provides that the auditor should communicate with those charged with governance matters involving noncompliance with laws and regulations that come to the auditor's attention, other than when the matters are clearly inconsequential. For additional guidance, see the AICPA Audit Guide, *Government Auditing Standards and Single Audits*, as of February 1, 2015, paragraphs 4.31 through 4.34, and *Government Auditing Standards*, Chapter 4, paragraphs 4.23 through 4.27.

our audit, we noted that the County spent $_____ of highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and other dedicated state transportation revenues received by the County for _____ which was (were) not for authorized transportation purposes, insofar as they relate to accounting matters. Our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

When reporting on HURF compliance in the auditors' report on the County's financial statements AU-C §§806 and 905 require that a separate paragraph be added to the auditors' report that includes an appropriate alert. Include the following paragraph when either of the two HURF paragraphs above are used. The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, (the Auditor General of the State of Arizona,)[1] the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated ***[date of report]***, on our consideration of the County'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 County's internal control over financial reporting and compliance.

OR

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County'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 at a future date. 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 County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

_____
Date of auditors' report.

OR

_____
Date of auditors' report, except for our report on the Supplementary Information—Schedule of Expenditures of Federal Awards for which the date is _____.

[1] Contract auditors should include a reference to "the Auditor General of the State of Arizona."

When reporting on the Schedule of Expenditures of Federal Awards (SEFA) is included in the auditors' report on the financial statements, the date of the report on the SEFA depends on when the auditors have completed the procedures relating to the SEFA. When those procedures are performed concurrently with the financial statements, the date on the SEFA would be the same as the auditors' report on the financial statements. However, when the procedures related to the SEFA are completed subsequent to the financial statements report date, the report on the schedule will carry a later date, resulting in a dual-dated report. See the AICPA Audit Guide, Government Auditing Standards and Single Audits, February 1, 2015, paragraphs 13.17 and 13.18.

Illustrative auditors' reports, other than the preceding unmodified opinions on basic financial statements, are included in the AICPA Audit and Accounting Guide, State and Local Governments, as of March 1, 2015, Chapter 15, Appendix A.

Management's Discussion and Analysis

This should be printed on the County's letterhead or otherwise clearly noted that it is the County's document. The County's MD&A must comply with the provisions of GASB Statement 34, but cannot go beyond those provisions. Refer to GASB Statement 34, paragraphs 8-11 and GASB Statement 37, paragraph 4.

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2015. Please read it in conjunction with the transmittal letter on page ___ and the County's basic financial statements, which begin on page ___. ***Modify as needed.***

____County in 2015

Using This Annual Report—

Explain the reporting model—including how the statements relate to one another and the significant differences between them. Describe how the information in the fund financial statements reinforces the information in the government-wide statements, or at least provides additional information.

Overall Analysis—

Discuss the County's current-year results in comparison with the prior year, emphasizing the current year. Explain the County's overall financial position from the Statement of Net Position and results of operations from the Statement of Activities in a way that helps users assess whether conditions are better or worse than the previous year and why. The focus of the analysis should be on the primary government, addressing both governmental and business-type activities, as applicable. If component units must be discussed, be sure readers know that the discussion's focus has shifted. Also, when appropriate, the County's MD&A should refer readers to the component unit's separately issued financial statements.

The analysis must provide the reasons for significant changes rather than simply the amounts or percentages of change. The analysis should also take into account any important economic factors that significantly affected the County's operating results during the year. Use graphics where appropriate. Also, where appropriate, incorporate the required elements listed in the next section. Further, explain any restrictions, commitments, or other limitations that significantly affect the future use of resources.

Required elements—

The County should present the information needed to support the preceding analysis. Accordingly, MD&A must include condensed financial information derived from the government-wide financial statements comparing the current year to the prior year and must include the following elements:

- ***Total assets, distinguishing between capital and other assets***
- ***Total deferred outflows of resources***
- ***Total liabilities, distinguishing between long-term liabilities and other liabilities***
- ***Total deferred inflows of resources***
- ***Total net position, distinguishing among net investment in capital assets, restricted amounts, and unrestricted amounts***
- ***Program revenues, by major source***
- ***General revenues, by major source***
- ***Total revenues***
- ***Program expenses, at a minimum by function***
- ***Total expenses***

- *Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers*
- *Contributions*
- *Special and extraordinary items*
- *Transfers*
- *Change in net position*
- *Ending net position*

Fund Analysis—
Discuss individual funds' balances and transactions. Explain the reasons for any significant changes in fund balances or fund net position. Also, explain any restrictions, commitments, or other limitations that significantly affect the future use of fund resources.

Budget Variations Analysis—
If appropriate and for the General Fund only, discuss significant variations between the original and final budget, and between the final budget and the actual amounts. Make a particular point of addressing any variations that could have a significant effect on future services or liquidity.

Capital Asset and Debt Administration—
Describe significant capital asset and long-term debt activity, including commitments for capital expenditures. Also, discuss any changes in the County's credit ratings and debt limitations that may affect its ability to finance its plans.

Infrastructure Modified Approach—
If the County is using the modified approach for reporting infrastructure, it must also discuss the following:

- *Significant changes in the assessed condition of eligible infrastructure assets from previous condition assessments.*
- *How the current assessed condition compares with the condition level the government has established.*
- *Any significant differences from the estimated annual amount to maintain/preserve eligible infrastructure assets compared with the actual amounts spent during the current period.*

Other Significant Matters—
Comment on any facts, decisions, or conditions known by the end of the auditors' fieldwork that could significantly impact the County's financial position or results of operations. Examples of these types of situations include acceptance or termination of major grant awards, claims adjudicated, natural disasters, significant changes in tax rates, pollution remediation obligations, etc. These matters should include situations that occurred during the year and up through the auditors' opinion date and include only known facts, decisions, and conditions.

_____ County
Statement of Net Position
June 30, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and cash equivalents				
Investments				
Cash and investments held by trustee(s)				
Receivables (net of allowances for uncollectibles):				
Property taxes				
Accounts				
Special assessments				
Loans				
Accrued interest				
Other				
Internal balances				
Due from other governments				
Hedging derivative instruments—interest rate swap				
Cash and investments held by trustee(s)—restricted				
Inventories				
Prepaid items				
Capital assets, not being depreciated				
Capital assets, being depreciated, net				
Total assets				
Deferred Outflows of Resources				
Deferred outflows related to pensions				
Deferred charge on debt refunding				
Accumulated decrease in fair value of hedging derivatives				
List other deferred outflows				
Total deferred outflows of resources				
Liabilities				
Accounts payable				
Accrued payroll and employee benefits				
Contracts payable				
Accrued interest				
Due to other governments				
Deposits held for others				
Unearned revenue				
Forward contract				
Noncurrent liabilities				
Due within 1 year				
Due in more than 1 year				
Total liabilities				
Deferred Inflows of Resources				
Deferred inflows related to pensions				
Deferred credit on debt refunding				
Accumulated increase in fair value of hedging derivatives				
List other deferred inflows				
Total deferred inflows of resources				

See accompanying notes to financial statements.

_____ County
Statement of Net Position
June 30, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Net Position				
Net investment in capital assets				
Restricted for:				
Public safety				
Highways and streets				
Health and welfare				
Education				
Debt service				
Capital projects				
Other purposes *Use this line for the accumulation of immaterial restricted amounts.*				
Unrestricted (deficit)				
Total net position				

See accompanying notes to financial statements.

_____ County
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses[1]	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary government:								
Governmental activities:								
General government								
Public safety								
Highways and streets								
Sanitation								
Health								
Welfare								
Culture and recreation								
Education								
Interest on long-term debt								
Total governmental activities								
Business-type activities:								
Landfill								
List any other identifiable activities								
Total business-type activities								
Total primary government								
Component units:								
Private Industry Council								
List any other component units								
Total component units								
General revenues:								
Taxes:								
Property taxes, levied for general purposes								
Property taxes, levied for flood control								
Property taxes, levied for debt service								
County sales taxes ***List and describe purpose***								
Special county taxes ***List and describe purpose of other county taxes***								
Shared revenue—state sales tax								
Shared revenue—state vehicle license tax[2]								
Grants and contributions not restricted to specific programs								
Investment earnings								
Gain on disposal of capital assets								
Miscellaneous								
Special item(s):								
Describe nature of event or transaction								
Extraordinary item(s):								
Describe nature of event or transaction								
Transfers								
Total general revenues, special and extraordinary items, and transfers								
Change in net position								
Net position as restated, July 1, 2014								
Net position, June 30, 2015								

[1]Some functions, such as general government, include expenses that are, in essence, indirect expenses of other functions. Counties are not required to allocate those indirect expenses to other functions. However, some counties may prefer to allocate some indirect expenses or use a full-cost allocation approach among functions. If indirect expenses are allocated, direct and indirect expenses should be presented in separate columns to enhance comparability of direct expenses between governments that allocate indirect expenses and those that do not (GASB Statement 34, paragraph 42).

[2]Represents only that portion of the vehicle license tax monies apportioned to the County's general fund. The portion of vehicle license tax monies apportioned for transportation purposes should be reported in program revenues.

See accompanying notes to financial statements.

_____ County
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	*Major* Fund	*Major* Fund	*Major* Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents						
Investments						
Cash and investments held by trustee(s)						
Receivables (net of allowances for uncollectibles):						
Property taxes						
Accounts						
Special assessments						
Accrued interest						
Other						
Due from:						
Other funds						
Other governments						
Cash and investments held by trustee(s)—restricted						
Inventories						
Prepaid items						
Total assets						
Liabilities						
Accounts payable						
Accrued payroll and employee benefits						
Contracts payable						
Accrued interest						
Due to:						
Other funds						
Other governments						
Deposits held for others						
Bond interest payable						
General obligation bonds payable						
Special assessment bonds with governmental commitment payable						
Unearned revenue						
Total liabilities						
Deferred Inflows of Resources						
Unavailable revenue—property taxes						
Unavailable revenue—special assessments						
Unavailable revenue—intergovernmental						
List other deferred inflows						
Total deferred inflows of resources						
Fund Balances						
Nonspendable						
Restricted						
Committed						
Assigned						
Unassigned						
Total fund balances						
Total liabilities, deferred inflows of resources. and fund balances						

See accompanying notes to financial statements.

_____ County
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
June 30, 2015

Fund balances—total governmental funds

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.

Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Net pension assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds.

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.

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.

Internal service funds are used by management to charge the costs of certain activities, including insurance, automotive maintenance and operation, and telecommunications to individual funds. ***Modify as appropriate.*** The assets, deferred outflows of resources, liabilities, and deferred inflows of resources, of the internal service funds are included in governmental activities in the Statement of Net Position. ***Modify as appropriate.***

Net position of governmental activities

See accompanying notes to financial statements.

_____ County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	*Major* Fund	*Major* Fund	*Major* Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes						
County sales taxes						
Special assessments						
Licenses and permits						
Fines and forfeits						
Intergovernmental[1]						
Charges for services						
Investment earnings						
Miscellaneous						
Total revenues						
Expenditures:						
Current:						
General government						
Public safety						
Highways and streets						
Sanitation						
Health						
Welfare						
Culture and recreation						
Education						
Debt service:						
Principal						
Interest and other charges						
Bond issuance costs						
Capital outlay						
Total expenditures						
Excess (deficiency) of revenues over expenditures						
Other financing sources (uses):						
General obligation bonds issued						
Premium/Discount on general obligation bonds						
Special assessment bonds issued						
Revenue bonds issued						
Certificates of participation issued						
Payment to bond refunding escrow agent						
Capital lease agreement(s)						
Installment purchase agreement(s)						
Sale of capital assets						
Transfers in						
Transfers out						
Total other financing sources and uses						
Special item(s):						
Describe nature of event or transaction						
Extraordinary item(s):						
Describe nature of event or transaction						
Net change in fund balances						
Fund balances, July 1, 2014						
Changes in nonspendable resources:						
Increase (decrease) in inventories						
Increase (decrease) in prepaid items						
Fund balances, June 30, 2015						

[1] State shared revenues such as state shared sales taxes and vehicle license taxes should be reported as intergovernmental revenues.

See accompanying notes to financial statements.

_____ County

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities

Year Ended June 30, 2015

Net change in fund balances—total governmental funds

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.

Capital outlay

Depreciation expense _____

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. ***OR*** Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

County 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 County'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.

County pension contributions

Pension expense _____

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the Statement of Activities.

Debt issued or incurred

Principal repaid

Payment to escrow agent for refunding

Amortization of bond discount/premium

Amortization of deferred charge/credit on bond refunding _____

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

(Increase **or** Decrease) in compensated absences

(Increase **or** Decrease) in claims and judgments _____

See accompanying notes to financial statements.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities
Year Ended June 30, 2015

Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the Statement of Activities, however, they are reported as expenses when consumed.	
(Increase **or** Decrease) in inventories	
(Increase **or** Decrease) in prepaid items	_____
Internal service funds are used by management to charge the costs of certain activities, including insurance, automotive maintenance and operation, and telecommunications, to individual funds. ***Modify as appropriate.*** The net revenue (expense) of certain internal service funds is reported with governmental activities in the Statement of Activities. ***Modify as appropriate.***	_____
Change in net position of governmental activities	_____

See accompanying notes to financial statements.

_____ County
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities—Enterprise Funds				Governmental Activities—Internal Service Funds
	Major Fund	*Major* Fund	Other Enterprise Funds	Total	
Assets					
Current assets:					
Cash and cash equivalents					
Investments					
Receivables (net of allowances for uncollectibles):					
Accounts					
Accrued interest					
Other					
Due from:					
Other funds					
Other governments					
Inventories					
Prepaid items					
Total current assets					
Noncurrent assets:					
Hedging derivative instruments—interest rate swap					
Restricted assets:					
Cash and cash equivalents					
Investments					
Cash and investments held by trustee(s)					
Capital assets, net of accumulated depreciation, where applicable:					
Land					
Utilities systems, net					
Buildings, net					
Equipment, net					
Infrastructure, net					
Intangibles, net					
Construction in progress					
Total capital assets, net					
Total noncurrent assets					
Total assets					
Deferred Outflows of Resources					
Deferred outflows related to pensions					
Deferred charge on debt refunding					
Accumulated decrease in fair value of hedging derivatives					
List other deferred outflows					
Total deferred outflows of resources					

See accompanying notes to financial statements.

_____ County
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities—Enterprise Funds				Governmental Activities—Internal Service Funds
	***Major* Fund**	***Major* Fund**	**Other Enterprise Funds**	**Total**	
Liabilities					
Current liabilities:					
Accounts payable					
Accrued payroll and employee benefits					
Contracts payable					
Due to:					
Other funds					
Other governments					
Unearned revenue					
Forward Contract					
Compensated absences payable, current portion					
Claims and judgments payable, current portion					
Revenue bonds payable, current portion					
Notes payable, current portion					
Capital leases payable, current portion					
Total current liabilities					
Noncurrent liabilities:					
Compensated absences payable					
Claims and judgments payable					
Landfill closure and postclosure care costs payable					
Revenue bonds payable					
Notes payable					
Capital leases payable					
Net pension liability					
Total noncurrent liabilities					
Total liabilities					
Deferred Inflows of Resources					
Deferred inflows related to pensions					
Deferred credit on debt refunding					
Accumulated increase in fair value of hedging derivatives					
List other deferred inflows					
Total deferred inflows of resources					
Net Position					
Net investment in capital assets					
Restricted for:					
Debt service					
List and describe purpose of other restrictions.					
Unrestricted (deficit)					
Total net position					

See accompanying notes to financial statements.

_____ County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities—Enterprise Funds				Governmental Activities—Internal Service Funds
	Major Fund	*Major* Fund	Other Enterprise Funds	Total	
Operating revenues:					
Charges for services:					
User charges					
Insurance premiums					
Permits					
Other					
Total operating revenues					
Operating expenses:					
Personal services and employee benefits					
Professional services					
Supplies					
Utilities					
Repairs and maintenance					
Medical claims and services					
Long-term care costs					
Insurance claims and services					
Landfill closure and postclosure care costs					
Depreciation					
Other					
Total operating expenses					
Operating income (loss)					
Nonoperating revenues (expenses):					
Noncapital grants					
Investment earnings					
Miscellaneous revenue					
Interest expense					
Miscellaneous expense					
Gain (Loss) on disposal of capital assets					
Total nonoperating revenues (expenses)					
Income (loss) before contributions, gains, losses, and transfers					
Capital contributions					
Special item(s):					
Describe nature of event or transaction					
Extraordinary item(s):					
Describe nature of event or transaction					
Transfers in					
Transfers out					
Increase (Decrease) in net position					
Net position as restated, July 1, 2014					
Net position, June 30, 2015					

See accompanying notes to financial statements.

_____ County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities—Enterprise Funds				Governmental Activities—Internal Service Funds
	Major Fund	*Major* Fund	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Receipts from customers					
Receipts from other funds for goods and services provided					
Other receipts ***Describe if necessary***					
Payments to suppliers and providers of goods and services					
Payments for employee wages and benefits					
Payments to other funds for goods and services					
Other payments ***Describe if necessary***					
Net cash provided by (used for) operating activities					
Cash flows from noncapital financing activities:					
Noncapital grant receipts					
Cash transfers from other funds					
Cash transfers to other funds					
Net cash provided by (used for) noncapital financing activities					
Cash flows from capital and related financing activities:					
Proceeds from sale of revenue bonds					
Cash contributions for capital purposes					
Proceeds from sale of capital assets					
Purchases of capital assets					
Payments made to contractors					
Principal paid on revenue bond maturities					
Interest paid on revenue bonds					
Net cash provided by (used for) capital and related financing activities					
Cash flows from investing activities:					
Proceeds from sales and maturities of investments					
Interest received on investments					
Purchases of investments					
Net cash provided by (used for) investing activities					
Net increase (decrease) in cash and cash equivalents					
Cash and cash equivalents, July 1, 2014					
Cash and cash equivalents, June 30, 2015					

If statement of net position line items are other than cash and cash equivalents, provide a reconciliation.

See accompanying notes to financial statements.

_____ County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities—Enterprise Funds				Governmental Activities—
	Major Fund	*Major* Fund	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)					
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation					
Amortization					
Pension expense ***Add***					
Employer pension contributions ***Subtract***					
Provision for uncollectible accounts					
Expenses incurred but not reported					
Changes in assets and liabilities:					
Increase in:					
List appropriate assets and liabilities					
Decrease in:					
List appropriate assets and liabilities					
Net cash provided by (used for) operating activities					

Noncash investing, capital, and noncapital financing activities: ***Information about all investing, capital, and noncapital financing activities of a governmental enterprise during a period that affects recognized assets, deferred outflows of resources, liabilities, or deferred inflows of resources but does not result in cash receipts or cash payments in the period should be reported. This information should be presented in a separate schedule, which may be in either a narrative or a tabular format, and it should clearly describe the cash and noncash aspects of transactions involving similar items. The schedule may be presented, if space permits, on the same page as the statement of cash flows.***

See accompanying notes to financial statements.

_____ County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents		
Interest and dividends receivable		
Investments, at fair value		
Total assets		
Liabilities		
Due to other governments ***for agency fund use only***		
Deposits held for others ***for agency fund use only***		
Total liabilities		
Net Position		
Held in trust for investment trust participants		

See accompanying notes to financial statements.

_____ County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Investment Trust Funds
Additions:	
Contributions from participants	
Investment earnings:	
Interest and dividends	
Net increase (decrease) in fair value of investments	
Total investment earnings	
Less investment expense	
Net investment earnings	
Total additions	
Deductions:	
Distributions to participants	
Other	
Total deductions	
Change in net position	
Net position, July 1, 2014	
Net position, June 30, 2015	

See accompanying notes to financial statements.

_____ County
Notes to Financial Statements
June 30, 2015

Note to preparers: In GASB Statement No. 38, the GASB emphasized that disclosure of immaterial information can be misleading and cited the following guidance in paragraph 6 of NCGA Interpretation 6:

> ***The notes to financial statements should not be cluttered with unnecessary and immaterial disclosures. Attendant circumstances and materiality must be considered in assessing the propriety of the notes to the financial statements disclosures.***

The 2012 GAAFR also emphasizes the importance of including only material disclosures and discourages negative disclosures such as "there are no subsequent events to report." See GAAFR, p. 346, for more information.

Note 1 - Summary of Significant Accounting Policies

_____ County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

Add and adapt the following paragraph if implementing GASB Statement Nos. 68, 69, or 71 had a material effect on the County's financial statements.

For the year ended June 30, 2015, the County implemented the provisions 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*, and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. ***Modify as necessary.***

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. ***Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or county management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total***

debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Also, see GASB Statement Nos. 14 and 61 for additional guidance. 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 government-wide financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units. ***Or instead, if applicable:*** Each blended and discretely presented component unit discussed below has a June 30 year-end. ***Modify as necessary.***

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
_____County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors and ***describe other criteria***	Blended	Not available ***OR*** ***Provide address to request financial statements.***
_____ County Library District	Provides and maintains library services for the County's residents; the County's Board of Supervisors serves as the board of directors and ***describe other criteria***	Blended	Not available ***OR*** ***Provide address to request financial statements.***
_____ County Stadium District	Provides regional leadership and fiscal resources to ensure the presence of major league baseball in the County; the County's Board of Supervisors serves as the board of directors and ***describe other criteria***	Blended	Not available ***OR*** ***Provide address to request financial statements.***

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
_____ County Special Assessment Districts	Constructs or improves sidewalks, curbs and gutters, irrigation systems, and street lighting within the County; the County's Board of Supervisors serves as the board of directors and ***describe other criteria***	Blended	Not available ***OR*** ***Provide address to request financial statements.***
_____ County Street Lighting Districts	Operates and maintains street lighting in areas outside local city jurisdictions; the County's Board of Supervisors serves as the board of directors and ***describe other criteria***	Blended	Not available ***OR*** ***Provide address to request financial statements.***
_____ County Municipal Property Corporation (MPC)	A nonprofit corporation that assists in the acquisition of tangible real and personal property; the County's Board of Supervisors appoints all members of the governing board and is able to impose its will on the MPC, and the MPC exists only to serve the County	Blended	Not available ***OR*** ***Provide address to request financial statements.***
_____ County Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county jails and jail systems; the County's Board of Supervisors serves as the governing board and ***describe other criteria***	Blended	Not available ***OR*** ***Provide address to request financial statements.***

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
_____ County Private Industry Council	Administers and coordinates Workforce Investment Act programs; the County's Board of Supervisors appoints all members of the governing board and is able to impose its will on the Council, but the Council does not provide services entirely to the County	Discrete	Not available ***OR*** ***Provide address to request financial statements.***

In addition, for each major component unit, the County must disclose the nature and amount of significant transactions with the primary government and other component units. See GASB Statement No. 34, paragraph 128.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County 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 information's usefulness.

Government-wide statements—Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the County's governmental and business-type activities and between the County and its discretely presented component units. 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.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County'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 County does not allocate indirect expenses to programs or functions. ***Modify as appropriate.*** Program revenues include:

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

- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, 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 County's funds, including fiduciary funds and blended component units. 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 revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges and insurance premiums, ***modify as appropriate and describe any other examples of significant operating revenues of the proprietary funds*** in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as subsidies, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses. ***Modify as appropriate in accordance with GASB Statement No. 34, paragraph 102.***

The County reports the following major governmental funds:

The *General Fund* is the County'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 _____ *Fund* accounts for ***explain fund's purpose. Also, for each major special revenue fund, identify the significant revenues and other financing sources of the fund as GASB Statement No. 54, paragraph 32, requires. Repeat for each major governmental fund.***

The County reports the following major enterprise funds:

The _____ *Fund* accounts for ***explain fund's purpose. Repeat for each major enterprise fund.***

The County also reports the following fund types:

The internal service funds account for automotive maintenance and operation, insurance, and telecommunications services ***modify as appropriate and describe any other goods or services applicable to the County's internal service funds*** provided to the County's departments or to other governments on a cost-reimbursement basis.

The investment trust funds account for pooled and nonpooled ***delete reference to nonpooled assets if there are no individual investment accounts*** assets the County Treasurer holds and invests on behalf of other governmental entities.

The agency funds account for assets the County holds as an agent for the State, cities, towns, and other parties. ***Modify as appropriate.***

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. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. 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.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues. ***Modify if the County's policy is to apply unrestricted revenues first. This policy should be consistent with the flow assumption used for single audit and AELR purposes.***

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 they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The County's major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. ***Add or delete major revenue sources that are susceptible to accrual from this listing as necessary.*** Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, 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 general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

Add the following paragraph to define cash and cash equivalents of the proprietary funds.

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer,

investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased. ***Modify as appropriate.***

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All (other) investments are stated at fair value. ***Modify the disclosure as necessary to describe the County's policy for valuing investments. Also, describe the methods and significant assumptions used to estimate fair value if it is based on other than quoted market prices.***

If investments are negotiable or transferable, causing changes in the market or interest rates to affect their value, the County should report those investments at fair value. However, if investments are not negotiable or transferable, and therefore not affected by changes in the market or interest rates, the County should report those investments at amortized cost. Further, if those same investments are money market investments or interest-earning contracts that were not a part of the treasurer's pool and were purchased within 1 year of their maturity, the County may report them at amortized cost.

E. Inventories

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the ***describe method of valuation*** and ***describe method of valuation***, respectively.

The County accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the ***describe method of valuation. When the consumption method is used to account for inventories of the governmental funds, modify the above paragraph accordingly.***

F. Property Tax Calendar

The County levies real and personal 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.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). 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 are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land			
Land improvements			
Buildings			
Equipment			
Infrastructure ***(may list systems separately)***			
Intangibles ***(may list by major categories)***			

H. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods. ***Modify as applicable.***

I. Pensions

For purposes of measuring the net pension (asset and) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

J. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The

classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. ***Modify as necessary to describe the formal action needed to establish, modify, or rescind the commitment.***

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but that are neither restricted nor committed. The Board of Supervisors has authorized the county manager, _____, and _____ to assign resources for a specific purpose. ***Modify as necessary to describe the officials authorized to make assignments and the policy pursuant to which authorization is given.***

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use (the County will use) restricted fund balance first. It is the County's policy to use (the County will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts. ***Modify as necessary to describe the County's hierarchy for use of its fund balances. If the County does not have a formal policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.***

K. Investment Earnings

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

L. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to ___ hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at (fiscal/calendar) year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end. ***Modify as necessary.***

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. ***If the County has chosen to apply the provisions of A.R.S. §38-615 for retiree accumulated sick leave, add the following:*** However, upon retirement, employees who have accumulated at least 500 hours of sick leave receive some benefit payments. Benefit payments vary based on the number of hours accumulated, but cannot exceed $30,000. The County makes contributions each pay period to the State's Retiree Accumulated Sick Leave Fund for each employee, and the State makes benefit payments directly to the retired employees. Consequently, the County has not accrued a liability for these sick leave benefits. ***If the County has other provisions for vested sick leave, add the following instead and modify as appropriate.*** However, for employees who ***describe the circumstances (for example, employees with a certain number of years of service and/or over a certain age)***, sick leave benefits do vest and, therefore, are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Note _ - Correction of a Misstatement—Prior Period Adjustment

A correction of a material misstatement (error) in previously issued financial statements should be reported as a prior period adjustment. A prior period adjustment is reported in the year a misstatement is discovered as a restatement of beginning net position/fund balance for the effects. Misstatements in financial statements may result from factors such as mathematical mistakes, mistakes in the application of accounting principles, classification errors, or oversight or misuse of facts that existed at the time the financial statements were prepared. The cumulative effect of a misstatement in previously issued financial statements that is not deemed material should be corrected prospectively in the current year's financial statements.

In addition, the following disclosures are required for a correction of a misstatement, see GASB Statement 62 for additional guidance:

1. ***The nature of the misstatement,***
2. ***The effect of the misstatement on beginning net position/fund balance for both the government-wide and fund level financial statements, and***

3. ***The effect of the misstatement with respect to the amounts reported for changes in net position/fund balance in the previous fiscal year for both the government-wide and fund-level financial statements***

When a material misstatement is discovered subsequent to the issuance of the financial statements, management must take the following steps to ensure that anyone in receipt of the audited financial statements is informed of the situation, including that the audited financial statements are not to be relied upon. Management's steps may include the following, see AU-C §560:

- ***Notification to anyone who is known to be relying or who is likely to rely on the financial statements that the auditors' report and financial statements are not to be relied upon and that revised financial statements, together with a new auditors' report will be issued.***
- ***Issuing, as soon as practicable, revised financial statements with appropriate disclosure of the misstatement.***
- ***Issuing the subsequent year's financial statements with the appropriate disclosure of the misstatement. This is usually appropriate when issuance of the subsequent year's financial statements is imminent.***

The auditor should include an emphasis-of-matter paragraph in the auditors' report when there is an adjustment to correct a material misstatement in previously issued financial statements, see AU-C §708.

Note _ - 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	*Major* Enterprise Fund	Nonmajor Enterprise Fund(s)	Internal Service Fund(s)
Net Position as previously reported at June 30, 2014	$	$	$	$	$
Prior period adjustment– implementation of GASB 68:					
Net pension asset (measurement date as of June 30, 2013)					
Net pension liability (measurement date as of June 30, 2013)					
Deferred outflows—county contributions made during fiscal year 2014					
Total prior period adjustment					
Net position as restated, July 1, 2014	$	$	$	$	$

Note _ - Change in Accounting Principle ***OR*** Change in Accounting Estimate ***OR*** Change in Reporting Entity

Change in accounting principle—For a change in accounting principle, including the implementation of a new accounting principle, the effects of the change should be reported as a restatement of beginning net position/fund balance for both the government-wide and fund-level financial statements. In addition, the following disclosures are required for a change in accounting principle, see GASB Statement No. 62 for additional guidance:

1. ***A description of the new accounting principle,***
2. ***An explanation of why the new treatment is considered preferable (for changes other than the implementation of a new accounting principle), and***
3. ***The effect of the change on beginning net position/fund balance for both the government-wide and fund-level financial statements.***

Change in accounting estimate—A change in accounting estimate results from new information or subsequent developments and, accordingly, from better insight or improved judgment. Future events and their effects cannot be perceived with certainty; estimating, therefore, requires the exercise of judgment. Therefore, accounting estimates change as new events occur, as more experience is acquired, or as additional information is obtained.

The effects of a change in an accounting estimate should be accounted for in the period of change. The effect on the changes in net position/fund balance of the current period for both the government-wide and fund-level financial statements should be disclosed for a change in estimate that affects several future periods, such as a change in service lives of depreciable assets. Disclosure of the effect on the changes in net position/fund balance is not necessary for estimates made each period in the ordinary course of accounting for

items such as uncollectible accounts or inventory obsolescence. See GASB Statement No. 62 for additional guidance.

Change in reporting entity—When there is a change in the organizations included in the reporting entity (e.g., addition or removal of a component unit), the effects of the change should be reported as a restatement of beginning net position/fund balance for both the government-wide and fund-level financial statements. In addition, the following disclosures are required for the change in reporting entity, see GASB Statement No. 62 for additional guidance:

1. ***A description of the nature of the change,***
2. ***The reasons for the change, and***
3. ***The effects of the change in reporting entity on beginning net position/fund balance for both the government-wide and fund-level financial statements.***

Note _ - Reconciliations of Certain Information in Governmental Fund Statements to Information in Government-wide Statements

If aggregated information presented in the reconciliations of the government-wide financial statements to the fund financial statements obscures the nature of the individual elements of a particular reconciling item, provide details about those reconciling items here. See GASB Statement No. 34, paragraph 77.

Note _ - Stewardship, Compliance, and Accountability

Violations of finance-related legal and contractual provisions—Disclose any significant violations of finance-related legal and contractual provisions, for example, violations of A.R.S. requirements for collateralization of county deposits and requirements for the types and maturities of county investments, violations of A.R.S. requirements governing county budgeting including actual expenditures exceeding budgeted expenditures at the department level, and violations of bond covenants. See GASB Cod. §1200 for additional guidance. Also, disclose actions taken to address such violations as GASB Statement No. 38, paragraph 9, requires.

Disclose deficit fund balance or net position of individual nonmajor funds since it cannot be seen in the aggregated nonmajor funds column. See GASB Cod. §2300.106.

Deficit fund balances or net position—At June 30, 2015, the following nonmajor funds reported deficits in fund balance or net position: ***Modify as necessary.***

Fund	Deficit
Governmental funds:	
List individual funds	
Proprietary funds:	
List individual funds	

Note _ - Deposits and Investments

The required GASB risk disclosures for deposits and investments should be made for the primary government, including its blended component units. Risk disclosures should also be made for the governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, or fiduciary fund types when the risk exposures are significantly greater than the deposit and investment risks of the primary government. For example, a primary government's total investments may not be exposed to concentration of credit risk. However, if the County has all of its investments in one issuer for an opinion unit, disclosure should be made for the opinion unit's exposure to concentration of credit risk.

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk
Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk
Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

Concentration of credit risk
Statutes do not include any requirements for concentration of credit risk.

Interest rate risk
Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk
Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2015, the carrying amount of the County's deposits was $_____, and the bank balance was $_____. ***Describe the County's formal policy with respect to custodial credit risk or indicate that the County does not have a policy. If the County has any category 3 deposits at June 30, 2015, add the following recap and modify as necessary.***

At June 30, 2015, $_____ of the County's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$
Uninsured with collateral held by the pledging financial institution	
Uninsured with collateral held by the pledging financial institution's trust department or agent but not in the County's name	
	$

According to the GASB Comprehensive Implementation Guide—2013-2014, question 1.39.1, nonnegotiable CDs are time deposits that should be treated as deposits, and negotiable CDs are securities that should be treated as investments for purposes of GASB Statement Nos. 3 and 40 disclosures.

Investments—The County's investments at June 30, 2015, were as follows:

Investments with significantly different risk profiles should not be aggregated into a single investment type for all investment disclosures, as applicable. See question 1.3.2 in the GASB Comprehensive Implementation Guide—2013-2014.

Investment Type	Amount
State Treasurer's investment pools	$
U.S. Treasury securities	
U.S. agency securities	
Repurchase agreements	
Local government bonds	
	$

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares, and the participant's shares are not identified with specific investments.

Credit Risk—***Briefly describe the County's formal investment policy with respect to credit risk or indicate that it does not have one.*** At June 30, 2015, credit risk for the County's investments was as follows: ***Modify as necessary.***

Investment Type	Rating	Rating Agency	Amount
U.S. agency securities			$
Repurchase agreements			
Local government bonds			
Local government bonds			
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	
State Treasurer's investment pool 7	Unrated	Not applicable	
			$

Disclose the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating agencies as of June 30, 2015, by aggregating investment amounts by investment type and rating categories. When multiple ratings exist and the County is aware of the different ratings, present the rating with the greatest degree of risk. U.S. government obligations and obligations the U.S. government explicitly guarantees do not require disclosure of credit risk. However, obligations of government-sponsored enterprises that the U.S. government implicitly guarantees are subject to credit risk disclosures. See question 1.9.7 in the GASB Comprehensive Implementation Guide—2013-2014 for more information. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreements are exempt from credit risk disclosures. See question 1.9.10 in the GASB Comprehensive Implementation Guide—2013-2014. If credit risk disclosure is required and the investment is unrated, the disclosure should indicate that fact. See Illustrations 1–4 in GASB Statement No. 40 for additional examples of required disclosures.

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. ***Briefly describe the County's formal investment policy with respect to custodial credit risk or indicate that it does not have one. If the County has any category 3 investments at June 30, 2015, add the following and modify as necessary:*** At June 30, 2015, the County had $_____ of ***name of investment type*** that was uninsured, not registered in the County's name, and held by the counterparty, and $_____ of ***name of investment type*** that was uninsured, not registered in the County's name, and held by the counterparty's trust department or agent but not in the County's name. ***Disclose amounts by investment type and how the investments were held. See Illustration 1 in GASB Statement No. 40 for an example of required disclosure. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk. (GASB Statement No. 40, paragraph 9)***

Normally, the line item cash and investments held by trustees is category 3 (see questions 1.16.4 and 1.16.5 of the GASB Comprehensive Implementation Guide—2013-2014).

Concentration of credit risk—***If the County's investments held at year-end were exposed to concentration of credit risk, briefly describe the County's formal investment policy with respect to concentration of credit risk or indicate that it does not have one.*** The County had investments at June 30, 2015, of 5 percent or more in _____ and _____. These investments were ___ percent and ___ percent, respectively, of the County's total investments. ***Modify as necessary depending on the number of investments in any one issuer of 5 percent or more. See Illustration 2 in GASB Statement No. 40 for an example of required disclosure. Investments the U.S. government issues or explicitly guarantees and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. (GASB Statement No. 40, paragraph 12)***

Interest rate risk—***Briefly describe the County's formal investment policy with respect to interest rate risk or indicate that it does not have one. See Illustrations 1-5 in GASB Statement No. 40 for examples of required disclosure. List investments by investment type and amount using one of the following interest rate risk methods: segmented time distribution, specific identification, weighted average maturity, duration, or simulation model. Governments are encouraged to select the disclosure method that is most consistent with the method they use to identify and manage interest rate risk.***

The interest rate risk disclosure for a government's investments in mutual funds, external investment pools, or other pooled investments should be limited to investments in debt mutual funds, external debt investment pools, or other pooled debt investments that do not meet the requirements to be reported as a 2a7-like pool. (GASB Statement No. 59, paragraph 6)

At June 30, 2015, the County had the following investments in debt securities:

Segmented Time Distribution Example

		Investment Maturities			
Investment Type	**Amount**	**Less than 1 Year**	**1-5 Years**	**6-10 Years**	**More than 10 Years**
State Treasurer's investment pools	$	$	$	$	$
U.S. Treasury securities					
U.S. agency securities					
Repurchase agreements					
Local government bonds					
	$	$	$	$	$

OR

Specific Identification Example

Investment	Maturity	Amount
State Treasurer's investment pool 5		$
State Treasurer's investment pool 7		
U.S. Treasury bills ***(list each investment separately)***		
Federal National Mortgage Association ***(list each investment separately)***		
		$

OR

Weighted Average Maturity Example

Investment Type	Amount	Weighted Average Maturity (Years) or (Months)
State Treasurer's investment pool 5	$	
State Treasurer's investment pool 7		
U.S. Treasury securities		
U.S. agency securities		
Local government bonds		
	$	

See Illustration 3 in GASB Statement No. 40 for an example of how to calculate weighted average maturity.

OR

Duration—See Illustration 4 in GASB Statement No. 40.

OR

Simulation Model—See Illustration 5 in GASB Statement No. 40

The County must also disclose the terms of investments with fair values that are highly sensitive to changes in interest rates. See Illustration 7 in GASB Statement No. 40 for an example of this required disclosure. Further, if a method requires an assumption regarding timing of cash flows (for example, whether an investment is or is not assumed to be called), interest rate changes, or other factors that affect interest rate information, the County should disclose that assumption.

Foreign currency risk—***If the County's deposits or investments held at year-end were exposed to foreign currency risk, disclose the following: briefly describe the County's formal investment policy with respect to foreign currency risk or indicate that it does not have one. Also, the County should disclose the U.S. dollar balances of deposits or investments exposed to foreign currency risk organized by currency denomination and investment type. See Illustration 8 in GASB Statement No. 40 for an example of required disclosure.***

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

Cash, deposits, and investments:	
Cash on hand	$
Amount of deposits	
Amount of investments	
Total	$

	Governmental Activities	Business-Type Activities	Investment Trust Funds	Agency Funds	Total
Statement of Net Position:					
Cash and cash equivalents	$	$	$	$	$
Investments					
Cash and investments held by trustee(s)					
Total	$	$	$	$	$

Note _ - Receivables

If the County had significant individual receivable accounts whose nature is obscured by aggregation, provide details about those accounts here. Also, describe any receivable balance not expected to be collected within 1 year. See GASB Statement No. 38, paragraph 13.

Note _ - Sale of Future Revenues

If the County sold future revenue streams, the County should disclose information about the specific revenues sold in the year of sale. See GASB Statement No. 48, paragraph 22, for the specific information that needs to be disclosed.

Note _ - 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
Governmental activities:				
Capital assets not being depreciated:				
Land				
Land improvements				
Construction in progress				
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings				
Equipment				
Infrastructure ***(may list systems separately)***				
Intangibles ***(may list by major categories)***				
Total				

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Less accumulated depreciation for:				
Buildings				
Equipment				
Infrastructure ***(may list systems separately)***				
Intangibles ***(may list by major categories)***				
Total				
Total capital assets being depreciated, net				
Governmental activities capital assets, net				
Business-type activities:				
Capital assets not being depreciated:				
Land				
Land improvements				
Construction in progress				
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings				
Utility systems				
Equipment				
Intangibles ***(may list by major categories)***				
Total				
Less accumulated depreciation for:				
Buildings				
Utility systems				
Equipment				
Intangibles ***(may list by major categories)***				
Total				
Total capital assets being depreciated, net				
Business-type activities capital assets, net				

If the County has any collections (such as art or historical treasures) that are not capitalized, describe the collection and disclose why the assets are not capitalized. See GASB Statement No. 34, paragraph 118.

Depreciation expense was charged to functions as follows:

Governmental activities:
- General government
- Public safety
- Highways and streets
- Sanitation
- Health
- Welfare

Culture and recreation	
Education	
Internal service funds	_____
Total governmental activities depreciation expense	_____
Business-type activities:	
Landfill	
List other activities	_____
Total business-type activities depreciation expense	_____

Note _ - Construction and Other Commitments

The County had major contractual commitments related to various capital projects at June 30, 2015, for the construction of ***(list projects)***. At June 30, 2015, the County had spent $_____ on these projects and had remaining contractual commitments with contractors of $_____. These projects are being financed ***(describe source of payment/financing and terms of the commitment)***.

If the County had other significant commitments, provide a description of the commitment, dollar amounts, and basic terms of the commitment (including amounts spent to date and amounts remaining under the commitment), and source of payment.

Note _ - Restricted Assets

If the nature and purpose of restricted assets is obscured by aggregation or otherwise not sufficiently explained in the financial statements, provide that information here.

Note _ - Derivatives

Common types of derivative instruments governments use include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. GASB Statement No. 53 specifies the disclosure requirements for derivative instruments. The disclosure should include a summary of the County's derivative instrument activity during the fiscal year and balances at year-end, paragraph 69. Additional disclosures are required for hedging derivative instruments, paragraphs 70-75; investment derivative instruments, paragraph 76; contingency features, paragraph 77; hybrid instruments, paragraph 78; and synthetic guaranteed investment contracts, paragraph 79. Place disclosure in the assets, deferred outflows of resources, liabilities, or deferred inflows of resources sections, as appropriate.

Note _ - Short-Term Liabilities

Payables—***If the County had significant individual payable accounts whose nature is obscured by aggregation, provide details about those accounts here. See GASB Statement No. 38, paragraph 13.***

Short-term debt—***If the County had short-term debt (e.g., anticipation notes, lines of credit, and similar loans) activity during the year, even if no short-term debt is outstanding at year-end, the County should explain why the debt was issued and present a schedule of changes that discloses beginning and ending balances as well as increases and decreases. See GASB Statement No. 38, paragraph 12.***

Note _ - Financial Guarantees

If the County has extended nonexchange financial guarantees of another entity's obligations or issued obligations another entity guarantees as part of a nonexchange transaction, it should disclose the information GASB Statement No. 70, paragraphs 14-17, requires as applicable.

Note _ - Long-Term Liabilities

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

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Governmental activities					
Bonds payable:					
General obligation bonds					
Revenue bonds					
Special assessment bonds with governmental commitment					
Discounts/premiums					
Total bonds payable					
Certificates of participation payable					
Installment purchase contracts payable					
Capital leases payable					
Net pension liabilities					
Landfill closure and post-closure care costs payable					
Insurance claims payable					
Compensated absences payable					
Claims and judgments payable					
Pollution remediation obligations					
Add other line items as needed					
Total governmental activities long-term liabilities					
Business-type activities					
Revenue bonds payable					
Discounts/premiums					

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Total bonds payable					
Notes payable					
Capital leases payable					
Net pension liabilities					
Landfill closure and postclosure care costs payable					
Compensated absences payable					
Claims and judgments payable					
Pollution remediation obligations					
Add other line items as needed					
Total business-type activities long-term liabilities					

Bonds—The County's bonded debt consists of various issues of general obligation, revenue, and special assessment bonds that are generally callable (noncallable) with interest payable semiannually (annually). Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from charges for services in the _____ Funds. Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. ***Include as applicable***. During the year, the County issued general obligation bonds totaling $_____ to ***describe the purpose***. In addition, revenue bonds totaling $_____ were issued to ***describe the purpose***.

Of the general obligation bond, revenue bond, and special assessment bond amounts originally authorized, $_____, $_____, and $_____, respectively, remain unissued. ***If all the authorized bonds were issued, delete the preceding sentence.*** The following bonds were outstanding at June 30, 2015:

Description	Original Amount Authorized	Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
General obligation bonds	$	$			$
General obligation bonds—refunding					
Revenue bonds					
Revenue bonds—refunding					
Special assessment bonds with governmental commitment					
					$

If issuing a CAFR for the GFOA certificate program, it is recommended that the County disclose the information above for each debt issuance. The County should also describe the legal debt limit/margin and the applicability of federal arbitrage regulations.

If the terms of any bond indentures require sinking or maintenance fund contributions, disclose the requirements.

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2015:

	Governmental Activities						Business-Type Activities	
							Revenue Bonds *Use separate columns for different types of bonds*	
Year ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Special Assessment Bonds Principal	Special Assessment Bonds Interest	Principal	Interest
2016								
2017								
2018								
2019								
2020								
2021-25								
2026-30								
2031-35								
2036-40								
2041-45								
Total								

If the County has variable-rate debt, disclose interest requirements based on the rate effective at the end of the reporting year. In addition, the County should add a paragraph following the table that discloses the terms under which interest rates may change. See GASB Statement No. 38, paragraph 10.

Pledged revenues are those specific revenues that have been formally committed to directly collateralize or secure debt (e.g., bonds, certificates of participation, etc.) of a pledging government, or directly or indirectly collateralize or secure debt of a component unit. For each period in which secured debt remains outstanding, the County must disclose the following:

a. Identification of the specific revenue pledged and the approximate pledge amount,
b. Identification of, and general purpose for, the debt the pledged revenue secures,
c. Commitment term,
d. Relationship of the pledged amount to the total for that specific revenue stream (i.e., percent of the specific revenue stream that has been pledged),
e. Comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt those revenues directly or indirectly collateralize.

See GASB Statement No. 48, paragraph 21, for more information regarding the disclosure requirements for pledged revenues. Also, see Appendix D, Examples 1-3, in GASB

Statement No. 48 for examples of required disclosure. For more complex situations, the County may want to present tables with the required disclosures.

During the year ended June 30, 2015, the County issued general obligation (revenue) bonds with an average interest rate of ___ percent to advance-refund older, higher-rate issues with an average interest rate of ___ percent. The County realized net proceeds of $_____ after payment of $_____ in underwriting fees, insurance, and other issuance costs, plus $_____ of _____ sinking fund monies. The County used these proceeds to purchase securities that it placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased, and related liabilities are not included in the County's financial statements. Details of the refunding transactions are as follows:

	Bond Category
Amount of refunding bonds issued	
Amount of bonds refunded	
Reduction in debt service payments	
Economic gain(loss)	

Complete the above schedule and applicable portions of the preceding paragraph for the fiscal year in which a bond refunding occurs. For all periods following an advance refunding that end with refunded bonds still outstanding, complete the next paragraph.

In prior years, the County defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the County's financial statements. At June 30, 2015, the following outstanding bonds were considered defeased:

Description	**Amount** ***(Principal balance of defeased bonds outstanding at June 30, 2015)***
General obligation bonds	
Revenue bonds	

If the refunded (old) debt is variable-rate debt, it cannot be considered defeased because of the uncertainty of the future debt service requirements. It is possible to defease old fixed-rate debt with new variable-rate debt, but additional disclosures should be made. See footnote 4 of GASB Statement No. 7 for additional details.

Certificates of participation—The County has issued certificates of participation that are generally callable (noncallable) with interest payable semiannually (annually) to purchase or construct ***describe the assets***. During the year, the County issued certificates totaling $_____ to ***describe the purpose***.

Of the total amount(s) originally authorized, $_____ remains unissued. ***If all the authorized certificates were issued, delete the preceding sentence.*** The following certificates were outstanding at June 30, 2015:

Description *List by COP issue*	Original Amount Authorized	Amount Issued	Maturity Ranges	Interest Rates	Outstanding Principal
					_____

Describe other significant features of certificates of participation issues. Also, if the County advance-refunded any certificates of participation during the fiscal year, modify the wording in the second-to-last paragraph of the bonds payable note accordingly.

In all periods following an advance refunding for which certificates of participation defeased in substance remain outstanding, the amount of those certificates of participation, if any, outstanding at fiscal year-end should be disclosed. Modify the wording of the last paragraph of the bonds payable note accordingly.

The following schedule details debt service requirements to maturity for the County's certificates of participation payable at June 30, 2015:

Year ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016				
2017				
2018				
2019				
2020				
2021-25				
2026-30				
2031-35				
2036-40				
2041-45				
Total				

Installment purchase contracts—The County has acquired ***describe assets by major classes*** under contract agreements at a total purchase price of $_____. The following schedule details debt service requirements to maturity for the County's installment purchase contracts payable at June 30, 2015:

Year ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016				
2017				
2018				
2019				
2020				
2021-25				
2026-30				
2031-35				
Total				

Capital leases—The County has acquired ***describe assets by major classes*** under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term. ***Modify accordingly.***

The following assets were acquired through capital leases:

	Governmental Activities	Business-Type Activities
List major class of assets		
Less: accumulated depreciation		
Carrying value		

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2015:

	Governmental Activities	Business-Type Activities
Year ending June 30		
2016		
2017		
2018		
2019		
2020		
2021-25		
2026-30		
Total minimum lease payments		
Less amount representing executory costs		
Less amount representing interest		
Present value of net minimum lease payments		

Landfill closure and postclosure care costs—State and federal laws and regulations require the County to place a final cover on its _____ landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfill. These costs will be paid from the General (Enterprise) Fund. ***Modify accordingly.***

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The $_____ reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use of ___ percent of the landfill's estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of $_____ as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2015. The County expects to close the landfill in the year ____, and the actual cost may be higher because of inflation, changes in technology, or changes in regulations.

40 CFR Part 258.74(f) requires entities operating landfills to meet local government financial test requirements or ensure that monies necessary to meet costs associated with landfills will be available when needed.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure that the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

If the County chooses not to comply with the local government financial test requirements, disclose how the costs of landfill closure, postclosure, and corrective action are being met (for example, through a trust fund or restricted assets). See GASB Statement No. 18, paragraph 17 and Appendix D.

When bonds have been issued for the payment of landfill closure and postclosure care costs, add the following disclosure for those bonds.

The following schedule details debt service requirements to maturity for bonds payable the County issued to pay its landfill closure and postclosure care costs at June 30, 2015:

Year ending June 30	Governmental (Business-Type) Activities	
	Principal	Interest
2016		
2017		
2018		
2019		
2020		
2021-25		
2026-30		
2031-35		
2036-40		
2041-45		
Total		

If the County provides self-insurance for life, health, or disability benefits to its employees adapt the following note.

Insurance claims—The Employee Benefit Fund (an Internal Service Fund) accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive, major medical, dental) to eligible employees and their dependents. Under this program, the Fund provides coverage for up to a maximum of $_____ for each claim, not to exceed an annual aggregate of $_____. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims did not exceed this commercial insurance coverage in any of the past 3 fiscal years. ***Modify as appropriate.***

The Fund's insurance claims payable liability totaling $_____ at June 30, 2015, is the estimated ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates ***or describe methodology***. Changes in the Fund's claims payable for the years ended June 30, 2014 and 2015, were as follows:

	2014	2015
Claims payable, beginning of year		
Current-year claims and changes in estimates		
Claim payments		
Claims payable, end of year		

Compensated absences and claims and judgments—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2015, the County paid for compensated absences as follows: ___ percent from the General Fund, ___ percent from major funds, and ___ percent from other funds. The County paid for claims and judgments as follows: ___ percent from the General Fund and ___ percent from the _____ Fund. ***Modify as appropriate.***

Pollution Remediation Obligations—
If the County has recognized pollution remediation liabilities or recoveries of pollution remediation outlays, it should disclose the following:

a. The nature and source of pollution remediation obligations (e.g., federal, state, or local laws or regulations),
b. The amount of the estimated liability if not apparent from the financial statements, the methods and assumptions used for the estimate, and the potential for changes due to price increases or reductions, technology, or applicable laws or regulations, and
c. Estimated recoveries reducing the liability.

If the County has pollution remediation liabilities that are not yet recognized because they are not reasonably estimable, it should disclose a general description of the nature of the pollution remediation activities.

See GASB Statement No. 49, paragraphs 25 and 26, for more information regarding these disclosures. Also, see Appendix C, Examples 1-6, in GASB Statement No. 49 for examples of required disclosures.

Conduit debt—***If the County has any outstanding conduit debt, add the disclosures GASB Cod. §C65 requires.***

Note _ - Termination Benefits

If the County reports employee termination benefits in its financial statements, it should disclose in the notes a description of the termination benefit arrangements, the cost of the termination benefits, and significant methods and assumptions used to determine termination benefit liabilities as GASB Statement No. 47, paragraphs 18-21, require.

Note _ - Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2015, were as follows:

	General Fund	*Major* Fund	*Major* Fund	Total
Fund balances:				
Nonspendable:				
Inventories				
Prepaid items				
List other nonspendable resources	_____	_____	_____	_____
Total nonspendable				
Restricted for:				
Social services				
Law enforcement				
Highways and streets				
Health				

	General Fund	*Major* Fund	*Major* Fund	Total
Welfare				
Education				
Parks and recreation				
Debt service				
List other purposes	_____	_____	_____	_____
Total restricted				
Committed to:				
List specific purposes	_____	_____	_____	_____
Total committed				
Assigned to:				
List specific purposes	_____	_____	_____	_____
Total assigned				
Unassigned				
Total fund balances	_____	_____	_____	_____

Stabilization Arrangements—***When the County formally sets aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise, those amounts are subject to controls that dictate the circumstances under which they can be spent. The County may have made formal arrangements to maintain amounts for budget or revenue stabilization, working capital needs, contingencies, or emergencies. When the County has stabilization arrangements, it should disclose the statutory authority for establishing the stabilization arrangement, the requirements for additions to the stabilization amount, the conditions under which stabilization amounts may be spent, and the stabilization balance, if not apparent on the face of the financial statements. (GASB Statement No. 54, paragraph 26)***

Minimum Fund Balance Policies—***When the County has formally adopted a minimum fund balance policy, it should disclose its policy setting forth the minimum amount. (GASB Statement No. 54, paragraph 27)***

Note _ - Risk Management

The County is 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 County 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 3 fiscal years. ***Modify as appropriate.***

OR

The County is 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. For these risks of loss, the County joined and is covered by three public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust. ***Modify as appropriate.***

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants and a deductible of $_____ per occurrence for property claims and $_____ per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of $300 million per occurrence for property claims and $15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties with workers' compensation coverage, as law requires, and risk-management services. The County is responsible for paying a premium based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of six member counties. The pool provides member counties with health, prescription, dental, vision, life, short-term disability, and accidental death benefits for the counties' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents (and requires its employees to contribute a portion of that premium). ***Modify as necessary.***

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

Note _ - Operating Leases

The County leases ***describe assets by major classes*** under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were $_____ for the year ended June 30, 2015. The operating leases have remaining noncancelable terms of ___ years (from __ to __ years) and provide renewal options. The following future minimum payments were required under the operating leases at June 30, 2015:

Year ending June 30	Governmental Activities	Business-Type Activities
2016		
2017		
2018		
2019		
2020		
2021-25		
2026-30		
Total minimum lease payments		

Note _ - Pensions and Other Postemployment Benefits

With the implementation of GASB Statement No. 68, there are differences between the disclosures required for pensions and OPEB. Accordingly, the disclosures below include some information for pensions that is not included for OPEB and vice versa.

If the County provides its own retirees' healthcare benefits, the County should also follow the accounting and disclosure requirements of GASB Statement No. 45 or, if applicable, GASB Statement No. 43. For additional disclosure guidance for county-provided retiree healthcare benefits, see end of note.

The County contributes to the plans described below. ***The County should report each PSPRS group (sheriffs and attorney investigators) and CORP group (detention, dispatchers, and Administrative Office of the Courts) as separate plans because the assets of each plan are accumulated solely for the payment of benefits to that group and may not legally be used to pay benefits of other groups.*** The plans are component units of the State of Arizona.

At June 30, 2015, the County 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 assets	$	$	$
Net pension liabilities			
Deferred outflows of resources			
Deferred inflows of resources			
Pension expense			

The County's accrued payroll and employee benefits includes $_____ of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. ***If the County reported other payables to the pension plans as of June 30, 2015, the County should disclose the payable amount, significant terms related to the payable, and a description of what gave rise to the payable.*** Also, the County reported $_____ of pension contributions as expenditures in the governmental funds related to all pension plans to which it

contributes. ***Pension contributions payable and pension expenditures should not include contributions to the ASRS health benefit supplement fund and long-term disability fund; the PSPRS, CORP, and EORP Health Insurance Funds; or the Elected Officials Defined Contribution Retirement System Disability Program.***

A. Arizona State Retirement System

Plan description—County 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.

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

ASRS	**Retirement Initial membership date:**	
	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 consecutive months of last 120 months	Highest 60 consecutive 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 County 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. ***If the County also made alternative contributions for retired members who returned to work, add the following sentence:*** In addition, the County was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the ASRS. The County's contributions to the pension plan for the year ended June 30, 2015, were $_____. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS Year ended June 30	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	$	$
2014		
2013		

During fiscal year 2015, the County paid for ASRS pension and OPEB contributions as follows: ___ percent from the General Fund, ___ percent from major funds, and ___ percent from other funds.

Pension liability—At June 30, 2015, the County reported a liability of $_____ 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 County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2014, was _____ percent, which was an (increase/decrease) of _____ from its proportion measured as of June 30, 2013.

If changes expected to have a significant effect on the measurement of the County's proportionate share of the collective net pension liability occurred between the measurement date and the reporting date, the County should provide a brief description of the nature of the changes and the amount of the expected resultant change in the County's proportionate share of the collective net pension liability, if known.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for ASRS of $_____. At June 30, 2015, the County 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	$	$
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between county contributions and proportionate share of contributions		
County contributions subsequent to the measurement date		
Total	$	$

The $_____ reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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 ending June 30	
2016	$
2017	
2018	
2019	

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		
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

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.

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County'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%)**
County's proportionate share of the net pension liability	$	$	$

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 and Corrections Officer Retirement Plan

If the County does not have a PSPRS Attorney Investigator or CORP Dispatcher plan, the County should delete the columns and rows related to such plan from the tables in this section and RSI. Also, references to county attorney investigators or dispatchers, as applicable, should be deleted from the following two paragraphs.

Plan descriptions—County sheriff employees and county attorney investigators who are regularly assigned hazardous duty 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.

Counties that have a CORP plan for detention officers should use the following paragraph: County detention officers, county dispatchers, and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers and dispatchers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

OR

Counties that do not have a CORP plan for detention officers should use the following paragraph: Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

If any of the County's PSPRS or CORP plans are closed to new entrants, that fact should also be disclosed.

The PSPRS and CORP 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.

Benefits provided—The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement,

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

PSPRS	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012**
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
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 service 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	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CORP	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012**
Retirement and Disability		
Years of service and age required to receive benefit	***If the County has a Dispatchers plan:*** Sum of years and age equals 80 25 years any age (dispatchers) 20 years any age (all others) 10 years age 62 ***OR*** ***If the County does not have a Dispatchers plan:*** Sum of years and age equals 80 20 years any age 10 years age 62	25 years age 52.5 10 years age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and Permanent Disability Retirement	50% or normal retirement if more than 25 years of credited service	
Ordinary Disability Retirement	2.5% per year of credited service or normal retirement, whichever is greater	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

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.

Employees covered by benefit terms—At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	PSPRS Attorney Investigators	CORP Detention	CORP Dispatchers
Inactive employees or beneficiaries currently receiving benefits				
Inactive employees entitled to but not yet receiving benefits				
Active employees				
Total				

Contributions and annual OPEB cost—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP 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.

	PSPRS Sheriff	PSPRS Attorney Investigators	CORP Detention	CORP Dispatchers	CORP AOC
Active members—Pension	11.05%	11.05%	8.41%	7.96%	8.41%
County					
Pension					
Health insurance premium benefit					

If the County also made alternative contributions for retired members who returned to work, add the following sentence: In addition, the County was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS and 7.34 percent for the CORP of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the PSPRS or CORP.

For the agent plans, the County'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:

Pension	PSPRS Sheriff	PSPRS Attorney Investigators	CORP Detention	CORP Dispatchers
Contributions made	$	$	$	$

Health Insurance Premium Benefit	
Annual OPEB cost	
Contributions made	

Note to preparers: In practice, the annual OPEB cost will be calculated (i.e., rate [per actuarial valuation] X covered payroll [per county records or derived by dividing amount contributed]).

Contributions to the CORP AOC pension plan for the year ended June 30, 2015, were $_____. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC Year ended June 30	Health Insurance Fund
2015	$
2014	
2013	

During fiscal year 2015, the County paid for PSPRS and CORP pension and OPEB contributions as follows: ___ percent from the General Fund, ___ percent from major funds, and ___ percent from other funds.

Pension liability (asset)—At June 30, 2015, the County reported the following net pension liabilities (and asset):

	Net Pension Liability (Asset)
PSPRS Sheriff	
PSPRS Attorney Investigators	
CORP Detention	
CORP Dispatchers	
CORP AOC (County's proportionate share)	

The net pension liabilities (and asset) were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability (asset) 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.

If changes expected to have a significant effect on the measurement of the net pension liability (asset) or the County's proportionate share of the CORP AOC collective net pension liability occurred between the measurement date and the reporting date, the County should provide a brief description of the nature of the changes and the amount of the expected resultant change in the net pension liability (asset)/proportionate share, if known.

Pension actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP—Pension	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
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, 2014, 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 and CORP 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:

PSPRS and CORP Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

Pension discount rates—The following discount rates were used to measure the total pension liabilities:

	PSPRS Sheriff	PSPRS Attorney Investigators	CORP Detention	CORP Dispatchers	CORP AOC
Discount rates					7.85%

If all of the County's PSPRS and CORP plans used the long-term expected rate of return as the discount rate, include the following paragraph: The projection of cash flows used to determine the PSPRS and CORP 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.

OR

If any of the County's PSPRS and CORP plans used the municipal bond rate along with the long-term expected rate of return to calculate the discount rate, include the following paragraph: The projection of cash flows used to determine the PSPRS and CORP 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 _____, _____, and CORP AOC 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 for these plans to determine the total pension liability. However,

based on the above assumptions, the _____ plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for this plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 20__. A municipal bond rate of 4.29 percent obtained from the Federal Reserve statistical release (H.15) as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 20__.

Changes in the Net Pension Liability (Asset)

(PSPRS/CORP) *Plan Name*	**Increase (Decrease)**		
A separate table should be included for each agent plan.	**Total Pension Liability (a)**	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) – (b)**
Balances at June 30, 2014			
Changes for the year:			
Service cost			
Interest on the total pension liability			
Changes of benefit terms			
Differences between expected and actual experience in the measurement of the pension liability			
Changes of assumptions or other inputs			
Contributions—employer			
Contributions—employee			
Net investment income			
Benefit payments, including refunds of employee contributions			
Administrative expense			
Other changes			
Net changes			
Balances at June 30, 2015			

The County's proportion of the CORP AOC net pension liability as of June 30, 2013 and 2014, was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014, was _____ percent.

Sensitivity of the County's net pension liability (asset) to changes in the discount rate— The following table presents the County's net pension liabilities (assets) calculated using the discount rates noted above, as well as what the County's net pension liability (asset) 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:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	%	%	%
Net pension liability (asset)	$	$	$
PSPRS Attorney Investigators			
Rate	%	%	%
Net pension liability (asset)	$	$	$
CORP Detention			
Rate	%	%	%
Net pension liability (asset)	$	$	$
CORP Dispatchers			
Rate	%	%	%
Net pension liability (asset)	$	$	$
CORP AOC			
Rate	6.85%	7.85%	8.85%
County's proportionate share of the net pension liability	$	$	$

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense—For the year ended June 30, 2015, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	
PSPRS Attorney Investigators	
CORP Detention	
CORP Dispatchers	
CORP AOC (County's proportionate share)	

Pension deferred outflows/inflows of resources—At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(PSPRS/CORP) *Plan Name* ***A separate table should be included for each plan.***	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$	$
Changes of assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments		
County contributions subsequent to the measurement date		
Total	$	$

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ending 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:

	PSPRS Sheriff	**PSPRS Attorney Investigators**	**CORP Detention**	**CORP Dispatchers**	**CORP AOC**
Year ending June 30					
2016	$	$	$	$	$
2017					
2018					
2019					
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.

Projections of benefits are based on (1) the plans as the County and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

PSPRS and CORP—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% for PSPRS and 4.5%–7.75% for CORP
Wage growth	4.5% for PSPRS and CORP

Agent plan OPEB trend information—Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2015	$	%	$
2014			
2013			
PSPRS Attorney Investigators			
2015			
2014			
2013			
CORP Detention			
2015			
2014			
2013			

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
CORP Dispatchers			
2015			
2014			
2013			

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. ***The standards require that the most recent valuation date information for the funded status and funding progress of each plan be disclosed. Accordingly, if the 2015 actuarial reports are available before the completion of the audit, the information reported in the following table and the actuarial assumptions and methods below should be as of the June 30, 2015, actuarial valuation.***

	PSPRS Sheriff	PSPRS Attorney Investigators	CORP Detention	CORP Dispatchers
Actuarial value of assets (a)	$	$	$	$
Actuarial accrued liability (b)				
Unfunded actuarial accrued liability (funding excess) (b) – (a)				
Funded ratio (a)/(b)	%	%	%	%
Annual covered payroll (c)	$	$	$	$
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	%	%	%	%

The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS and CORP—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% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

C. Elected Officials Retirement Plan

If the County had a significant portion of its elected officials and judges at June 30, 2014 or 2015, that participated in ASRS or the Elected Officials Defined Contribution Retirement System rather than EORP, please contact the Office of the Auditor General (ppg@azauditor.gov) for guidance on appropriate modifications to the following disclosures.

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The EORP issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on PSPRS's Web site at www.psprs.com.

Benefits provided—The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012**
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years age 65 5 years any age* any years and age if disabled	10 years age 62 5 years age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%

EORP	Initial membership date: Before January 1, 2012	Initial membership date: On or after January 1, 2012
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability. For the year ended June 30, 2015, active EORP members were required by statute to contribute 13 percent of the members' annual covered payroll, and the County was required to contribute a designated portion of certain court fees and 25.13 percent (23.5 percent for retirement and 1.63 percent for health insurance premium benefit) of active EORP members' annual covered payroll. ***If the County also made alternative contributions for retired EORP members who returned to work, add the following sentence:*** In addition, the County was required by statute to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the EORP. The County's contributions to the pension plan for the year ended June 30, 2015, were $_____. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year ended June 30	EORP	Health Insurance Fund
2015	$	
2014		
2013		

During fiscal year 2015, the County paid for EORP pension and OPEB contributions as follows: ___ percent from the General Fund, ___ percent from major funds, and ___ percent from other funds.

Pension liability—At June 30, 2015, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	$
State's proportionate share of the EORP net pension liability associated with the County	_____
Total	$ _____

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. 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, for the June 30, 2014, actuarial valuation, the plan 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 County's proportion of the net pension liability as of June 30, 2013 and 2014, was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014, was _____ percent.

If changes expected to have a significant effect on the measurement of the County's proportionate share of the collective net pension liability occurred between the measurement date and the reporting date, the County should provide a brief description of the nature of the changes and the amount of the expected resultant change in the County's proportionate share of the collective net pension liability, if known.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for EORP of $_____ and revenue of $_____ for the County's proportionate share of the State's appropriation to EORP. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$	$
Changes of assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments		

County contributions subsequent to the measurement date		
Total	$	$

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

Year ending June 30	
2016	$
2017	
2018	
2019	

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

EORP	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2014, 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 EORP 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:

EORP Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

Discount rate—At June 30, 2014, the discount rate used to measure the EORP total pension liability was 5.67 percent, which was a decrease of 2.18 from the discount rate used as of June 30, 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2030.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

EORP	1% Decrease (4.67%)	Current Discount Rate (5.67%)	1% Increase (6.67%)
County's proportionate share of the net pension liability	$	$	$

Pension Plan Fiduciary Net Position—Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

County Provided OPEB Benefit Disclosures:

If the County also participates in other healthcare retirement plans or allows its retirees to participate in its employees' healthcare plans (i.e., implicit rate subsidy), it needs to add the following disclosures for those other plan(s):

a. Plan description;
b. Funding policy;
c. Annual OPEB cost and the dollar amount of contributions made;
d. For the current year and each of the 2 preceding years, annual OPEB cost, percentage of annual OPEB cost contributed during that year, and net OPEB obligation at the end of the year;
e. Information about the plan's funded status as of the most recent actuarial valuation date; and
f. Disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC, annual OPEB cost, and the funded status and funding progress of OPEB plan(s) are based.

Also, the County will need to add a required supplementary information section for the most recent actuarial valuation and the two preceding valuations.

See GASB Statement No. 45, paragraphs 24-26, for a more complete explanation of the disclosure requirements. See GASB Statement No. 45, paragraphs 11-21, for an explanation of how to account for the implicit rate subsidy.

Note _ - Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2015, were as follows:

	Payable to						
Payable from	General Fund	*Major* Fund	Nonmajor Governmental Funds	*Major* Enterprise Fund	Nonmajor Enterprise Funds	Internal Service Fund(s)	Total
List funds	_____	_____	_____	_____	_____	_____	_____
Total	═══	═══	═══	═══	═══	═══	═══

Describe the purpose for interfund balances and describe interfund balances that are not expected to be repaid within 1 year from the date of the financial statements. See Illustration 14 in GASB Statement No. 38 for an example of such disclosure.

Interfund transfers—Interfund transfers for the year ended June 30, 2015, were as follows:

	Transfer to						
Transfer from	General Fund	*Major* Fund	Nonmajor Governmental Funds	*Major* Enterprise Fund	Nonmajor Enterprise Funds	Internal Service Fund(s)	Total
List funds	_____	_____	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____	_____	_____

Describe the principal purposes of the County's interfund transfers.

Describe and give the amount of significant transfers not expected to occur on a routine basis.

Describe the intent for and amount of significant interfund transfers for which the transfer's purpose was not routine or was inconsistent with the activities of the fund making the transfer. See Illustration 16 in GASB Statement No. 38 for an example of such disclosure.

Note _ - County Treasurer's Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County's monies under his (her) stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30. ***Modify the last sentence if the Treasurer makes more frequent determinations.***

The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool's structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

The Treasurer allocates interest earnings to each of the pool's participants. However, for the County's monies in the pool, the Board of Supervisors authorized $_____ of interest earned in certain other funds to be transferred to the General Fund. ***Delete this sentence if the County did not assign interest earned by one or more funds to other fund(s).***

Deposit and investment risk disclosure requirements for the County Treasurer's investment pool—In addition to the disclosure requirements for the County Treasurer's investment pool described herein, the County must also disclose the investment pool's deposit and investment risks, including credit, custodial credit, concentration, interest rate, and foreign currency risks as appropriate. Distinguish the deposit and investment risk disclosures for the investment pool from the deposit and investment risk disclosures of the County's primary government. However, in those instances when deposit and investment risks of the investment pool are substantially the same as the County's primary government, the County may consider using the paragraph below.

The deposits and investments the County holds are included in the County Treasurer's investment pool, except for $_____ of deposits and $_____ of investments in _____. ***Modify as appropriate.*** Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note ___ for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rate(s)	Maturities	Amount

A condensed statement of the investment pool's net position and changes in net position follows:

Statement of Net Position	
Assets	$
Liabilities	
Net position	$
Net position held in trust for:	
Internal participants	$
External participants	
Total net position held in trust	$
Statement of Changes in Net Position	
Total additions	$
Total deductions	
Net increase (decrease)	
Net position held in trust:	
July 1, 2014	
June 30, 2015	$

Note _ - Segment Information

For any activities that meet the definition of a segment, disclose the type of goods or services the segment provides and present a condensed statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows. See GASB Statement No. 34, paragraph 122 (as amended by GASB Statement No. 37, paragraph 17), for segment definition and disclosure requirements.

Note _ - Other Disclosures

If the County had related organizations (GASB Cod. §2600, paragraph 128); joint ventures or jointly governed organizations (GASB Cod. §J50); related-party transactions (GASB Cod.

§2250); commitments (GASB Cod. §2300); significant contingencies (GASB Cod. §§1500 and C50); or significant subsequent events (GASB Cod. §§2250, 2300, and C50), disclose the details here.

Note _ - Discretely Presented Component Unit Disclosures

The County must include those disclosures of its discretely presented component units that are essential to the fair presentation of this opinion unit, which would include a summary of significant accounting policies. Determining which discretely presented component unit disclosures are essential to fair presentation is a matter of professional judgment and a consideration of the nature and significance of the component unit's relationship to the County. See GASB Statement No. 61, paragraph 11, for disclosure requirements.

The County should segregate discretely presented component unit disclosures from disclosures relating to the County. The County can accomplish this by presenting component unit information after the county information for each relevant disclosure or by presenting the component units' disclosures after the County's disclosures. GASB Comprehensive Implementation Guide—2013-2014, question 4.39.6.

Further, the notes to the financial statements should disclose, for each major component unit, the nature and amount of significant transactions with the primary government and other component units.

Condensed Financial Statements of Discretely Presented Component Units—Major discretely presented component unit financial statements are required to be separately displayed in the County's financial statements. Determination that a component unit is "major" should be based on the nature and significance of its relationship to the primary government. (GASB Statement No. 61, paragraph 7, and GASB Cod §2600.108) The reporting requirements may be satisfied by:

- ***presenting each major component unit in a separate column in the financial statements***
- ***including combining statements of major component units in the basic statements after the fund financial statements***
- ***presenting condensed financial statements in the notes. If the County presents condensed financial statements, it must include all the requirements in GASB Statement No. 34, paragraph 127.***

Nonmajor component units should be aggregated in a single column. A combining statement for the nonmajor component units is not required, but may be presented as supplementary information. (GASB Statement No. 34, paragraph 126, Footnote 50 and GASB Statement No. 61, paragraph 7).

_____County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes				
Licenses and permits				
Fees, fines, and forfeits				
Intergovernmental				
Charges for services				
Investment earnings				
Miscellaneous				
Total revenues				
Expenditures:				
General government				
Assessor				
Board of Supervisors				
List all departments budgeted				
Public safety				
Adult probation				
Sheriff				
List all departments budgeted				
List other functions, classifications, and departments as appropriate				
Total expenditures				
Excess (deficiency) of revenues over expenditures				
Other financing sources (uses):				
Capital lease agreement(s)				
Installment purchase agreement(s)				
Transfers in				
Transfers out				
Total other financing sources and uses				
Special item(s):				
Describe nature of event or transaction				
Extraordinary item(s):				
Describe nature of event or transaction				
Net change in fund balances				
Fund balances, July 1, 2014				
Changes in nonspendable resources:				
Increase (decrease) in inventories				
Increase (decrease) in prepaid items				
Fund balances, June 30, 2015				

The County must also present additional schedules for each major special revenue fund that has a legally adopted annual budget.

The legal level of budgetary control for Arizona counties is at the department level. Individual fund budgetary comparison schedules are required to be presented at the legal level of budgetary control. Therefore, the County should present its budgetary comparison schedules at

See accompanying notes to budgetary comparison schedule.

_____ County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2015

Note 1 - Budgeting and Budgetary Control

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the General Fund, each fund includes only one department. ***Modify as appropriate.***

Note 2 - Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the following unbudgeted items:

- Financial activity of certain component units.
- Present value of net minimum capital lease payments.

Modify as appropriate. If necessary, include installment purchase contract payments, the County's share of long-term care premiums paid to the State, sales tax distributions net of the premium liability, and net changes in the fair value of investments.

The following schedule reconciles the excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedules:

	General Fund	***Major Special Revenue* Fund**	***Major Special Revenue* Fund**
Excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances			
___ special district revenues			
___ special district expenditures			
Present value of net minimum capital lease payments	_____	_____	_____
Excess (deficiency) of revenues over expenditures from the budgetary comparison schedules	_____	_____	_____

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2015, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Department/Fund	**Excess**
Sheriff Department:	
General Fund	
Jail District Fund	
List other funds	_____
Total Sheriff Department	_____
Housing Department:	
List funds	_____
Total Housing Department	_____
_____ Department:	
List funds	_____
Total _____ Department	_____

Describe actions taken or planned to address such violations. Also, only those unfavorable variances attributable to the budgetary schedules presented as required supplementary information here should be discussed in this note. However, those departments with significant unfavorable budget variances should also be disclosed in the Stewardship, Compliance, and Accountability note to the financial statements.

_____ County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2015

Covered-employee payroll amounts presented in the schedules below should be for the fiscal year ended on the measurement date of the net pension liability. For example, the covered-employee payroll reported in the fiscal year 2015 column (the County's fiscal year-end) should be the covered-employee payroll for fiscal year 2014 (the measurement date of the net pension liability). Covered-employee payroll means total compensation of employees that are provided with pensions through the pension plan. This may include compensation on which the County does not make contributions such as compensation amounts that exceed the maximum annual compensation limit the Internal Revenue Service sets.

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	**2014 through 2006**
County's proportion of the net pension liability	%	Information not available
County's proportionate share of the net pension liability	$	
County's covered-employee payroll	$	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	**2014 through 2006**
County's proportion of the net pension liability	%	Information not available
County's proportionate share of the net pension liability	$	
County's covered-employee payroll	$	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	%	
Plan fiduciary net position as a percentage of the total pension liability	58.59%	

See accompanying notes to pension plan schedules.

_____ County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2015

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	**2014 through 2006**
County's proportion of the net pension liability	%	Information
County's proportionate share of the net pension liability	$	not available
State's proportionate share of the net pension liability associated with the County		
Total	$	
County's covered-employee payroll	$	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	%	
Plan fiduciary net position as a percentage of the total pension liability	31.91%	

See accompanying notes to pension plan schedules.

_____ County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability (Asset) and Related Ratios
Agent Pension Plans
June 30, 2015

Covered-employee payroll amounts presented in the schedules below should be for the fiscal year ended on the measurement date of the net pension liability (asset). For example, the covered-employee payroll reported in the fiscal year 2015 column (the County's fiscal year-end) should be the covered-employee payroll for fiscal year 2014 (the measurement date of the net pension liability). Covered-employee payroll means total compensation of employees that are provided with pensions through the pension plan. This may include compensation on which the County does not make contributions such as compensation amounts that exceed the maximum annual compensation limit the Internal Revenue Service sets. Because the County does not report employee payroll to the pension plan, covered valuation payroll amounts the plan actuary provides are not the same as the covered-employee payroll the County is required to disclose in the schedules below.

(PSPRS/CORP) *Plan Name* ***A separate table should be included for each agent plan.***	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	**2014 through 2006**
Total pension liability		Information
Service cost	$	not available
Interest on the total pension liability		
Changes of benefit terms		
Differences between expected and actual experience in the measurement of the pension liability		
Changes of assumptions or other inputs		
Benefit payments, including refunds of employee contributions		
Net change in total pension liability		
Total pension liability—beginning		
Total pension liability—ending (a)	$	
Plan fiduciary net position		
Contributions—employer	$	
Contributions—employee		
Net investment income		
Benefit payments, including refunds of employee contributions		
Administrative expense		
Other changes		
Net change in plan fiduciary net position		
Plan fiduciary net position—beginning		
Plan fiduciary net position—ending (b)	$	
County's net pension liability (asset)—ending (a) – (b)	$	

_____ County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability (Asset) and Related Ratios
Agent Pension Plans
June 30, 2015

(PSPRS/CORP) *Plan Name* *A separate table should be included for each agent plan.*	**Reporting Fiscal Year (Measurement Date)**	
	2015 (2014)	**2014 through 2006**
Plan fiduciary net position as a percentage of the total pension liability	%	
Covered-employee payroll	$	
County's net pension liability (asset) as a percentage of covered-employee payroll	%	

See accompanying notes to pension plan schedules.

_____ County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2015

If the County has the information required below for periods prior to fiscal year 2014, the County should modify the schedules below to provide information for as many years as such information is available.

Amounts presented in the schedules below should be for the County's fiscal year-end. The County will need to determine the amounts from its records. For agent plans, the actuarial report includes a Multiyear Schedule of Contributions; however, the County should not rely on that schedule to complete the schedules below. The actuarial report schedule does not include amounts for the current fiscal year-end. Also, because the County does not report employee payroll to the pension plan, covered valuation payroll amounts the plan actuary provides are not the same as the covered-employee payroll the County is required to disclose in the schedules below.

Arizona State Retirement System

	Reporting Fiscal Year		
	2015	**2014**	**2013 through 2006**
Statutorily required contribution	$	$	Information not available
County's contributions in relation to the statutorily required contribution			
County's contribution deficiency (excess)	$	$	
County's covered-employee payroll	$	$	
County's contributions as a percentage of covered-employee payroll	%	%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year		
	2015	**2014**	**2013 through 2006**
Statutorily required contribution	$	$	Information not available
County's contributions in relation to the statutorily required contribution			
County's contribution deficiency (excess)	$	$	
County's covered-employee payroll	$	$	
County's contributions as a percentage of covered-employee payroll	%	%	

See accompanying notes to pension plan schedules.

_____ County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2015

Elected Officials Retirement Plan

	Reporting Fiscal Year		
	2015	2014	2013 through 2006
Statutorily required contribution	$	$	Information not available
County's contributions in relation to the statutorily required contribution			
County's contribution deficiency (excess)	$	$	
County's covered-employee payroll	$	$	
County's contributions as a percentage of covered-employee payroll	%	%	

A separate table should be included for each agent plan.

(PSPRS/CORP) *Plan Name*

	Reporting Fiscal Year		
	2015	2014	2013 through 2006
Actuarially determined contribution	$	$	Information not available
County's contributions in relation to the actuarially determined contribution			
County's contribution deficiency (excess)	$	$	
County's covered-employee payroll	$	$	
County's contributions as a percentage of covered-employee payroll	%	%	

See accompanying notes to pension plan schedules.

_____ County
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2015

Note 1 – Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS and CORP 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 the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP
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)

If the County's contribution schedules for PSPRS and CORP present data for years prior to 2015, the above actuarial information should include information for each period presented.

Note 2 – Factors That Affect Trends

For any plan presented in the schedules disclose information about the factors that significantly affect trends in the amounts reported including, for example, changes in benefit provisions, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions.

_____ County
Required Supplementary Information
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

The standards require that the schedule of funded status and funding progress present information about the funded status and funding progress for healthcare benefits of each plan for the most recent valuation and the two preceding valuations. Accordingly, if the 2015 actuarial reports are available before the audit's completion, valuation years 2015, 2014, and 2013 should be reported.

Covered payroll as used in the schedule means the annual compensation paid to active employees covered by the OPEB plan on which the County makes contributions. Covered payroll amounts provided by the plan and its actuary should include all compensation required to be disclosed in the schedule.

If the County provides its own retirees' healthcare benefits, the County should also follow the required supplementary information reporting requirements of GASB Statement No. 45, or if applicable, GASB Statement No. 43.

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) – (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) – (a)/c)
PSPRS Sheriff						
6/30/14	$	$	$	%	$	%
6/30/13						
6/30/12						
PSPRS Attorney Investigators						
6/30/14	$	$	$	%	$	%
6/30/13						
6/30/12						
CORP Detention						
6/30/14	$	$	$	%	$	%
6/30/13						
6/30/12						
CORP Dispatchers						
6/30/14	$	$	$	%	$	%
6/30/13						
6/30/12						

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

Note 1 – Factors That Affect the Identification of Trends

For each plan, if significant and disclosed in the annual actuarial valuation reports, identify the factors that affect the identification of trends in the amounts reported including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used. See GASB Statement Nos. 45 and 50.

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

_____ County
Required Supplementary Information
Infrastructure Assets
June 30, 2015

Infrastructure assets modified approach—

The County may decide to use the modified approach for reporting eligible infrastructure assets. If so, eligibility must be determined as follows:

- *Infrastructure assets must be part of a network or network subsystem*
- *The County must commit to a predetermined condition level, and the County's board of supervisors must have made that commitment in an open forum and documented the decision*
- *The County must track the assets with an acceptable asset management system that*
  1. *Generates an up-to-date inventory*
  2. *Performs condition assessments, which summarize results using a measurement scale*
  3. *Generates annual estimates of amount needed that year to maintain assets at the predetermined condition level*
- *The County must maintain documentation that the assets are being preserved at the predetermined condition level*

Next, the County must present the following schedules based on information obtained from the asset management system.

- *The assessed condition of the assets and the date of the assessment for at least the three most recent complete condition assessments. The assessments must be performed at least every 3 years.*
- *The annual amount the County estimates is needed to maintain and preserve the assets at the condition level established by the board of supervisors compared with the amounts actually expensed for each of the past five reporting periods. The estimate must be calculated at the beginning of the fiscal year.*

The following disclosures should accompany the schedules:

- *The measurement scale and the basis for the condition measurement used to assess and report the condition.*
- *The condition level at which the County intends to preserve assets reported using the modified approach.*
- *Factors that significantly affect trends reported in the required schedules.*

See GASB Statement No. 34, paragraphs 23-26 and 132-133, and Appendix C, Exhibit G-5, pp. 275-277.

Supplementary Information

(Use this cover page when financial statements are included in the single audit reporting package.)

_____ County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients
Department of Agriculture						
10 553	School Breakfast Program	Child Nutrition Cluster			$	$
10 555	National School Lunch Program	Child Nutrition Cluster				
	Total Child Nutrition Cluster					
10 557	Special Supplemental Nutrition Program for Women, Infants, and Children					
	Total Department of Agriculture					
Department of Housing and Urban Development						
14 218	Community Development Block Grants/Entitlement Grants					
14 218	Community Development Block Grants/Entitlement Grants					
	Total 14.218					
14 871	Section 8 Housing Choice Vouchers	Housing Voucher Cluster				
	Total Department of Housing and Urban Development					
Department of the Interior						
15 226	Payments in Lieu of Taxes					
15 227	Distribution of Receipts to State and Local Governments					
	Total Department of the Interior					
Department of Justice						
16 576	Crime Victim Compensation					
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster				
16 738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program Cluster				
	Total JAG Program Cluster					
16 unknown	DEA Task Force					
	Total Department of Justice					
Department of Transportation						
20 205	Highway Planning and Construction	Highway Planning and Construction Cluster				
20 600	State and Community Highway Safety	Highway Safety Cluster				
20 600	State and Community Highway Safety	Highway Safety Cluster				
	Total Highway Safety Cluster					
	Total Department of Transportation					
	Total expenditures of federal awards				$	$

See accompanying notes to schedule.

_____ County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number(s)	Program expenditures	Amount provided to subrecipients

With the exception of program clusters, programs should be listed in CFDA number order. In addtion, when there are multiple listings for the same CFDA number, a total for the CFDA number needs to be present.

See accompanying notes to schedule.

_____ County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

The Schedule of Expenditures of Federal Awards should include the following at a minimum:

1. *Individual programs by federal agency. For federal programs in a cluster of programs, list the individual federal programs within the cluster.*
2. *Name of the pass-through grantor agency and the pass-through grantor's identifying number.*
3. *Total federal awards expended for each individual federal program and the associated CFDA number or other identifying number.*
4. *Total amount provided to subrecipients from each federal program. Present this information on the schedule's face or in the notes.*
5. *The value of federal awards expended in the form of noncash assistance, amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end. This information may be presented on the schedule's face or in the notes.*

See paragraph 7.20 in the AICPA Audit Guide, Government Auditing Standards and Single Audits, dated February 1, 2015, for more information.

American Recovery and Reinvestment Act (ARRA) monies—The County must separately identify expenditures of ARRA monies on both the Schedule of Expenditures of Federal Awards (SEFA) and on the Data Collection Form. For additional guidance, see OMB Circular A-133 Compliance Supplement, June 2015, Appendix VII–Other OMB Circular A-133 Advisories.

Noncash assistance—The value of such assistance should be included in the schedule or disclosed as a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule instead of the schedule's notes. If the auditee presents noncash assistance in the notes, present such amounts in Part III of the Data Collection Form. Do not include Medicaid reimbursements in the schedule.

_____ County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes _____ County's federal grant activity and is presented on the modified accrual basis of accounting. ***Modify if presenting all or certain expenditures on another 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2015 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

Note 3 - Subrecipients ***Disclose amounts passed through to subrecipients by program in the SEFA to the extent practical.***

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program Title	CFDA Number	Amount

(***Letterhead***)

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Arizona State Legislature[1]

The Board of Supervisors of
_____ County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards 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, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information[2] of _____ County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated _____. ***Modify as necessary to describe departures from the standard report. Use the following sentence to identify those component units, funds, organizations, functions, or activities audited by other auditors.*** (Our report includes a reference to other auditors who audited the financial statements of [identify name of component unit, fund, organization, function, or activity], as described in our report on the County's financial statements.) ***Include the following sentence when the inclusion approach is used to include the results of the other auditors in the group auditors' report on internal control over financial reporting and on compliance and other matters.***[3, 4](This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report(s) of the other auditors.)

[1] Contract auditors should address to "The Auditor General of the State of Arizona."

[2] Modify as appropriate to conform with auditors' report issued for the financial statements.

[3] The group auditor who refers to the work of other auditors in the report on an entity's financial statements also should acknowledge the involvement of the other auditors in the *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters issued for that entity. The group auditor must use either the reference or inclusion options. The Office has chosen the inclusion option to include the results of the other auditors' audit(s) in the group auditors' *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters. However, contract auditors may use either the reference or inclusion options for reporting the results of other auditors. With the inclusion option, the group auditors analyze the results of the other audits to determine which findings, if any, should be included in the group auditors' report on internal control over financial reporting and compliance and other matters. The group auditors exercise professional judgment in evaluating those results for inclusion using the materiality levels appropriate for the scope of the group auditors' audit. When planning the audit, the auditors should discuss with the County and the other auditor(s) how the other auditors' results will be addressed in the group auditors' report on internal control over financial reporting and on compliance and other matters. Also, the auditors should discuss with the other auditor(s) the timing of the reports from them to ensure an understanding of expectations. For additional guidance, see the AICPA Audit Guide, *Government Auditing Standards and Single Audits*, as of February 1, 2015, paragraphs 4.77 through 4.83 and the scope paragraph of example 4-6.

[4] When a component auditor did not perform the audit under *Government Auditing Standards*, the component auditor will not issue the reporting required by *Government Auditing Standards* (that is, the report on internal control over financial reporting and on compliance and other matters). Instead, the component auditor will issue the communication required by AU-C section 265 if there are significant deficiencies or material weaknesses that were identified. In this circumstance, the group auditor is precluded from including the component auditor's significant deficiencies and material weaknesses in the report on internal control over financial reporting and on compliance and other matters. See the AICPA Audit Guide, *Government Auditing Standards and Single Audits,* February 1, 2015, paragraphs 4.76 and 4.81, and footnote 42 to paragraph 4.81 for additional guidance.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Use the following paragraph when there are no material weaknesses or significant deficiencies to report.

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

OR

Use the following paragraph when significant deficiencies are reported.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we (and the other auditors) did not identify any deficiencies in internal control that we consider to be material weaknesses. We (and the other auditors) did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs ***OR*** Schedule of Findings and Recommendations as items ***list related finding reference numbers***, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests (and those of the other auditors) disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. ***See Government Auditing Standards, Chapter 4, for reporting criteria.***

In the rare instance when a separate letter to management to communicate other matters is being issued, add the following: We also noted certain additional matters that we will report (reported) to the County's management in a separate letter at a future date (dated _____).

_____ County Response to Findings

_____ County's responses to the findings identified in our audit are presented on pages ____ through ____. The County's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them. ***Delete this paragraph if there are no significant deficiencies referred to in this report.***

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jay Zsorey, CPA
Financial Audit Director

_____
Date of auditors' report; must be the same as the basic financial statements opinion date.

(***Letterhead***)

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Arizona State Legislature[1]

The Board of Supervisors of
_____ County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards 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, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information[2] of _____ County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated _____. ***Modify as necessary to describe departures from the standard report. Use the following sentence to identify those component units, funds, organizations, functions, or activities audited by other auditors.*** (Our report includes a reference to other auditors who audited the financial statements of [identify name of component unit, fund, organization, function, or activity], as described in our report on the County's financial statements.) ***Include the following sentence when the inclusion approach is used to include the results of the other auditors in the group auditors' report on internal control over financial reporting and on compliance and other matters.***[3, 4] (This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report(s) of the other auditors.)

[1] Contract auditors should address to "The Auditor General of the State of Arizona."

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[4] When a component auditor did not perform the audit under *Government Auditing Standards*, the component auditor will not issue the reporting required by *Government Auditing Standards* (that is, the report on internal control over financial reporting and on compliance and other matters). Instead, the component auditor will issue the communication required by AU-C section 265 if there are significant deficiencies or material weaknesses that were identified. In this circumstance, the group auditor is precluded from including the component auditor's significant deficiencies and material weaknesses in the report on internal control over financial reporting and on compliance and other matters. See the AICPA Audit Guide, *Government Auditing Standards and Single Audits,* February 1, 2015, paragraphs 4.76 and 4.81, and footnote 42 to paragraph 4.81 for additional guidance.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We (and the other auditors) did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs ***OR*** Schedule of Findings and Recommendations as items ***list related finding reference numbers***, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests (and those of the other auditors) disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying Schedule of Findings and Questioned Costs ***OR*** Schedule of Findings and Recommendations as items ***list related finding reference numbers***.

In the rare instance when a separate letter to management to communicate other matters is being issued, add the following: We also noted certain additional matters that we will report (reported) to the County's management in a separate letter at a future date (dated _____).

_____ County Response to Findings

_____ County's responses to the findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jay Zsorey, CPA
Financial Audit Director

_____
Date of auditors' report; must be the same as the basic financial statements opinion date.

(***Letterhead)***

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Arizona State Legislature[1]

The Board of Supervisors of
_____ County, Arizona

We have audited, in accordance with U.S. generally accepted auditing standards 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, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information[2] of _____ County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated _____. ***Modify as necessary to describe departures from the standard report. Use the following sentence to identify those component units, funds, organizations, functions, or activities audited by other auditors.*** (Our report includes a reference to other auditors who audited the financial statements of [identify name of component unit, fund, organization, function, or activity], as described in our report on the County's financial statements.) ***Include the following sentence when the inclusion approach is used to include the results of the other auditors in the group auditors' report on internal control over financial reporting and on compliance and other matters.***[3, 4] (This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report(s) of the other auditors.)

[1] Contract auditors should address to "The Auditor General of the State of Arizona."

[2] Modify as appropriate to conform with auditors' report issued for the financial statements.

[3] The group auditor who refers to the work of other auditors in the report on an entity's financial statements also should acknowledge the involvement of the other auditors in the *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters issued for that entity. The group auditor must use either the reference or inclusion options. The Office has chosen the inclusion option to include the results of the other auditors' audit(s) in the group auditors' *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters. However, contract auditors may use either the reference or inclusion options for reporting the results of other auditors. With the inclusion option, the group auditors analyze the results of the other audits to determine which findings, if any, should be included in the group auditors' report on internal control over financial reporting and compliance and other matters. The group auditors exercise professional judgment in evaluating those results for inclusion using the materiality levels appropriate for the scope of the group auditors' audit. When planning the audit, the auditors should discuss with the County and the other auditor(s) how the other auditors' results will be addressed in the group auditors' report on internal control over financial reporting and on compliance and other matters. Also, the auditors should discuss with the other auditor(s) the timing of the reports from them to ensure an understanding of expectations. For additional guidance, see the AICPA Audit Guide, *Government Auditing Standards and Single Audits*, as of February 1, 2015, paragraphs 4.77 through 4.83 and the scope paragraph of example 4-6.

[4] When a component auditor did not perform the audit under *Government Auditing Standards*, the component auditor will not issue the reporting required by *Government Auditing Standards* (that is, the report on internal control over financial reporting and on compliance and other matters). Instead, the component auditor will issue the communication required by AU-C section 265 if there are significant deficiencies or material weaknesses that were identified. In this circumstance, the group auditor is precluded from including the component auditor's significant deficiencies and material weaknesses in the report on internal control over financial reporting and on compliance and other matters. See the AICPA Audit Guide, *Government Auditing Standards and Single Audits,* February 1, 2015, paragraphs 4.76 and 4.81, and footnote 42 to paragraph 4.81 for additional guidance.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 ***OR*** Schedule of Findings and Recommendations, we (and the other auditors) identified certain deficiencies in internal control over financial reporting 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 County's basic 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 ***OR*** Schedule of Findings and Recommendations as items ***list related finding reference numbers*** 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 ***OR*** Schedule of Findings and Recommendations as items ***list related finding reference numbers*** to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests (and those of the other auditors) disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described in the accompanying Schedule of Findings and Questioned Costs ***OR*** Schedule of Findings and Recommendations as items ***list related finding reference numbers***.

In the rare instance when a separate letter to management to communicate other matters is being issued, add the following: We also noted certain additional matters that we will report (reported) to the County's management in a separate letter at a future date (dated _____).

_____ County Response to Findings

_____ County's responses to the findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jay Zsorey, CPA
Financial Audit Director

_____
Date of auditors' report; must be the same as the basic financial statements opinion date.

(***Letterhead***)

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Members of the Arizona State Legislature[1]

The Board of Supervisors of
_____ County, Arizona

Report on Compliance for Each Major Federal Program

We have audited _____ County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. (, except for the ***list major federal program names and related CFDA numbers of those programs audited by the other auditor(s)*** major federal programs administered by the County's ***list department, function, or activity of the County that administered those federal programs***. Those major federal programs were audited by other auditors whose report(s) has (have) been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report(s) of the other auditors.) The County's major federal programs are identified in the Summary of Auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 U.S. generally accepted auditing standards; 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 County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit (and the report(s) of the other auditors) provide(s) a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

[1] Contract auditors should address to "The Auditor General of the State of Arizona."

Opinion on Each Major Federal Program

In our opinion, (based on our audit and the report(s) of the other auditors,) _____ County 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 major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items ***list related finding reference numbers***. Our opinion on each major federal program is not modified with respect to these matters.

_____ County's responses to the noncompliance findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them. ***When there are no compliance findings to report this "Other Matters" section of the report should be omitted.***

Report on Internal Control over Compliance

The County's management 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 County'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 County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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. 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.

Use the following paragraph when there are no material weaknesses or significant deficiencies to report.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We (and the report(s) of the other auditors) did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OR

Use the following two paragraphs when significant deficiencies are reported.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We (and the report(s) of the other auditors) did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we (and the report(s) of the other auditors) identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items ***list related finding reference numbers***, that we consider to be significant deficiencies.

_____ County's responses to the internal control over compliance findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Purpose of this Report

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

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of_____ County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated _____, that contained unmodified opinions on those financial statements. ***Modify as necessary.***[1] (Our report also included a reference to our reliance on other auditors.) ***Modify as necessary and describe any additional departures from the standard report.***[1] Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic 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 the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards (by us and the other auditors).[2] In our opinion, (based on our audit, the procedures performed as described previously, and the report(s) of the other auditors,)[2] the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic

[1] Modify as appropriate to conform with the auditors' report issued for the financial statements.
[2] Only make reference to the other auditors in the auditors' report on the Schedule of Expenditures of Federal Awards (SEFA) when the other auditors specifically audited amounts or disclosures reported in the SEFA. Omit parenthetical phrase if not referring to other auditors.

financial statements as a whole. ***Delete this paragraph and its subheading if the County's SEFA is included with the basic financial statements.***

Jay Zsorey, CPA
Financial Audit Director

_____
Date of auditors' report.

The auditors' Circular A-133 report carries the same date as that of the financial statement report when the procedures to satisfy the federal compliance audit requirements are completed at the same time. However, when some of the audit procedures performed to satisfy the federal compliance audit requirements are completed subsequent to the procedures performed for the financial statement audit, the Circular A-133 report should be dated no earlier than the date federal compliance test work is completed. See the AICPA Audit Guide, Government Auditing Standards and Single Audits, February 1, 2015, paragraph 13.28.

OR

_____
Date of auditors' report, except for our report on the Schedule of Expenditures of Federal Awards for which the date is _____.

When the Schedule of Expenditures of Federal Awards (SEFA) is presented with the Circular A-133 report, the report date will depend on when the auditor has completed the procedures relating to the federal compliance audit and the SEFA. The report date pertaining to the federal compliance audit would be the date the federal compliance audit test work is completed and the report date for the SEFA would be the date when the procedures relating to the SEFA are completed, which may result in a dual dated report. See the AICPA Audit Guide, Government Auditing Standards and Single Audits, February 1, 2015, paragraph 13.19.

(***Letterhead***)

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Members of the Arizona State Legislature[1]

The Board of Supervisors of
_____ County, Arizona

Report on Compliance for Each Major Federal Program

We have audited _____ County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. (, except for the ***list major federal program names and related CFDA numbers of those programs audited by other auditors*** major federal programs administered by the County's ***list department, function, or activity of the County that administered those federal programs***. Those major federal programs were audited by other auditors whose report(s) has (have) been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report(s) of the other auditors.) The County's major federal programs are identified in the Summary of Auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 U.S. generally accepted auditing standards; 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 County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit (and the report(s) of the other auditors) provide(s) a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

[1] Contract auditors should address to "The Auditor General of the State of Arizona."

Basis for Qualified Opinion on (Identify Major Federal Program)[1]

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding ***identify the major federal program and associated finding number(s) matched to the type(s) of compliance requirements***. Compliance with such requirements is necessary, in our opinion, (based on our audit and the report(s) of the other auditors,) for the County to comply with the requirements applicable to that program.

Qualified Opinion on (Identify Major Federal Program)

In our opinion, (based on our audit and the report(s) of the other auditors,) except for the noncompliance described in the Basis for Qualified Opinion paragraph, _____ County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ***identify the major federal program*** for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs[2]

In our opinion, (based on our audit and the report(s) of the other auditors,) _____ County 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, 2015.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items ***list related finding reference numbers***. Our opinion on each major federal program is not modified with respect to these matters.

_____ County's responses to the noncompliance findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The County's management 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 County'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 County's internal control over compliance.

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[1] The auditor may consider adding a table to more clearly communicate the basis for the qualified opinion(s) such as follows:

Program Title (CFDA Number)	Compliance Requirement	Finding Number

[2] The auditor may include the names of the federal programs for which the auditor is providing an unmodified opinion in the heading or in the opinion paragraph itself.

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 a 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items ***list related finding reference numbers***, that we consider to be material weaknesses.

_____ County's responses to the internal control over compliance findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Purpose of this Report

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

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of_____ County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated _____, that contained unmodified opinions on those financial statements. ***Modify as necessary.***[1] (Our report also included a reference to our reliance on other auditors.) ***Modify as necessary and describe any additional departures from the standard report.***[1] Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic 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 the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards (by us and the other auditors).[2] In our opinion, (based on

[1] Modify as appropriate to conform with the auditors' report issued for the financial statements.
[2] Only make reference to the other auditors in the auditors' report on the Schedule of Expenditures of Federal Awards (SEFA) when the other auditors

our audit, the procedures performed as described previously, and the report(s) of the other auditors,)[1] the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole. ***Delete this paragraph and its subheading if the County's SEFA is included with the basic financial statements.***

Jay Zsorey, CPA
Financial Audit Director

_____
Date of auditors' report.

The auditors' Circular A-133 report carries the same date as that of the financial statement report when the procedures to satisfy the federal compliance audit requirements are completed at the same time. However, when some of the audit procedures performed to satisfy the federal compliance audit requirements are completed subsequent to the procedures performed for the financial statement audit, the Circular A-133 report should be dated no earlier than the date federal compliance test work is completed. See the AICPA Audit Guide, Government Auditing Standards and Single Audits, February 1, 2015, paragraph 13.28.

OR

_____
Date of auditors' report, except for our report on the Schedule of Expenditures of Federal Awards for which the date is _____.

When the Schedule of Expenditures of Federal Awards (SEFA) is presented with the Circular A-133 report, the report date will depend on when the auditor has completed the procedures relating to the federal compliance audit and the SEFA. The report date pertaining to the federal compliance audit would be the date the federal compliance audit test work is completed and the report date for the SEFA would be the date when the procedures relating to the SEFA are completed, which may result in a dual dated report. See the AICPA Audit Guide, Government Auditing Standards and Single Audits, February 1, 2015, paragraph 13.19.

specifically audited amounts or disclosures reported in the SEFA. Omit parenthetical phrase if not referring to other auditors.

(***Letterhead***)

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Members of the Arizona State Legislature[1]

The Board of Supervisors of
_____ County, Arizona

Report on Compliance for Each Major Federal Program

We have audited _____ County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. (, except for the ***list major federal program names and related CFDA numbers of those programs audited by other auditors*** major federal programs administered by the County's ***list department, function, or activity of the County that administered those federal programs***. Those major federal programs were audited by other auditors whose report(s) has (have) been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report(s) of the other auditors.) The County's major federal programs are identified in the Summary of Auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 U.S. generally accepted auditing standards; 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 County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit (and the report(s) of the other auditors) provide(s) a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

[1] Contract auditors should address to "The Auditor General of the State of Arizona."

Basis for Qualified Opinion on (Identify Major Federal Program)[1]

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding ***identify the major federal program and associated finding number(s) matched to the type(s) of compliance requirements***. Compliance with such requirements is necessary, in our opinion, (based on our audit and the report(s) of the other auditors,) for the County to comply with the requirements applicable to that program.

Qualified Opinion on (Identify Major Federal Program)

In our opinion, (based on our audit and the report(s) of the other auditors,) except for the noncompliance described in the Basis for Qualified Opinion paragraph, _____ County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ***identify the major federal program*** for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs[2]

In our opinion, (based on our audit and the report(s) of the other auditors,) _____ County 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, 2015.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying Schedule of Findings and Questioned Costs as items ***list related finding reference numbers***. Our opinion on each major federal program is not modified with respect to these matters.

_____ County's responses to the noncompliance findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The County's management 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 County'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 County's internal control over compliance.

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[1] The auditor may consider adding a table to more clearly communicate the basis for the qualified opinion(s) such as follows:

Program Title (CFDA Number)	Compliance Requirement	Finding Number

[2] The auditor may include the names of the federal programs for which the auditor is providing an unmodified opinion in the heading or in the opinion paragraph itself.

Our consideration of internal control over compliance was for the limited purpose described in the 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 deficiencies.

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 a 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 described in the accompanying Schedule of Findings and Questioned Costs as items ***list related finding reference numbers*** 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items ***list finding reference numbers*** to be significant deficiencies.

_____ County's responses to the internal control over compliance findings identified in our audit are presented on pages ___ through ___. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Purpose of this Report

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

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of_____ County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated _____, that contained unmodified opinions on those financial statements. ***Modify as necessary.***[1] (Our report also included a reference to our reliance on other auditors.) ***Modify as necessary and describe any additional departures from the standard report.***[1] Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic 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 the County's management and was derived

[1] Modify as appropriate to conform with the auditors' report issued for the financial statements.

from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards (by us and the other auditors).[1] In our opinion, (based on our audit, the procedures performed as described previously, and the report(s) of the other auditors,)[1] the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole. ***Delete this paragraph and its subheading if the County's SEFA is included with the basic financial statements.***

Jay Zsorey, CPA
Financial Audit Director

_____
Date of auditors' report.

The auditors' Circular A-133 report carries the same date as that of the financial statement report when the procedures to satisfy the federal compliance audit requirements are completed at the same time. However, when some of the audit procedures performed to satisfy the federal compliance audit requirements are completed subsequent to the procedures performed for the financial statement audit, the Circular A-133 report should be dated no earlier than the date federal compliance test work is completed. See the AICPA Audit Guide, Government Auditing Standards and Single Audits, February 1, 2015, paragraph 13.28.

OR

_____
Date of auditors' report, except for our report on the Schedule of Expenditures of Federal Awards for which the date is _____.

When the Schedule of Expenditures of Federal Awards (SEFA) is presented with the Circular A-133 report, the report date will depend on when the auditor has completed the procedures relating to the federal compliance audit and the SEFA. The report date pertaining to the federal compliance audit would be the date the federal compliance audit test work is completed and the report date for the SEFA would be the date when the procedures relating to the SEFA are completed, which may result in a dual dated report. See the AICPA Audit Guide, Government Auditing Standards and Single Audits, February 1, 2015, paragraph 13.19.

[1] Only make reference to the other auditors in the auditors' report on the Schedule of Expenditures of Federal Awards (SEFA) when the other auditors specifically audited amounts or disclosures reported in the SEFA. Omit parenthetical phrase if not referring to other auditors.

_____ County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: ***unmodified, qualified, adverse, disclaimer***[1] _____

	Yes	No
Internal control over financial reporting:		
Material weakness(es) identified?	___	___
Significant deficiency(ies) identified?	___	___ (None reported)
Noncompliance material to the financial statements noted?	___	___

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___	___
Significant deficiency(ies) identified?	___	___ (None reported)

Type of auditors' report issued on compliance for major programs: ***unmodified, qualified, adverse, disclaimer***[2] _____

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	___	___

[1] As explained in the AICPA Audit and Accounting Guide, *State and Local Governments,* the auditor generally expresses or disclaims an opinion on a government's basic financial statements by providing an opinion or disclaimer of opinion on each opinion unit required to be presented in those financial statements. Therefore, there could be multiple responses to this question for audits of a government's basic financial statements. For example, if the auditors' report was unmodified for all opinion units except for one opinion unit which had a qualified opinion, the response to this question could be as follows: "Unmodified for all opinion units except for [*name of opinion unit*], which was qualified."

[2] If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program. For example, if the audit report on major program compliance for an auditee having five major programs includes an unmodified opinion for three of the programs, a qualified opinion for one program, and a disclaimer of opinion for one program, the response to this question could be as follows: "Unmodified for all major programs except for [*name of program*], which was qualified and [*name of program*], which was a disclaimer."

_____ County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Identification of major programs: ***Major programs should generally be identified in the same order as reported on the Schedule of Expenditures of Federal Awards.***

CFDA Number	Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $_____

Auditee qualified as low-risk auditee? ___ ___

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])? ___ ___

_____ County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, instances of noncompliance, abuse, and other matters related to the basic financial statements that are required to be reported in accordance with **Government Auditing Standards*.***

Audit findings that relate to both the financial statements and federal awards should be reported in both sections. However, the reporting in one section may be in summary form with a reference to a detailed reporting in the other section of the schedule.

When there are no financial statement findings to report, add "None reported***." However, when the Government Auditing Standards Report on Internal Control over Financial Reporting and on Compliance and Other Matters has been issued separately, include the following:***

Financial statement findings were reported in the separately issued Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*.

OR

Use the following paragraph when the **Government Auditing Standards** ***Report on Internal Control and Compliance was issued separately and no findings over financial reporting were included in that separately issued report.*** The Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards* was separately issued.

2015-01

Subject heading

Criteria: ***(In the criteria describe the required or desired state or expectation. The criteria should refer to laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated.)***

Condition and context: ***(In the condition, describe the situation that exists and for the context describe the work performed that resulted in the finding and provide information for judging the prevalence and consequences of the finding.)***

Effect: ***(In the effect, describe the impact or potential impact of the difference between the situation that exists and the required or desired state or expectation.)***

Cause: ***(In the cause, describe the reason or explanation for why it happened. Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or other factors beyond the control of management.)***

Recommendation: ***(In the recommendation, describe the suggested corrective action.)***

Add the following as applicable.
This finding is similar to prior-year finding(s) 201X-XX.

Other auditors' findings:

When including other auditors' findings in the principal auditors' GAGAS report on internal control over financial reporting and on compliance and other matters, add the following sentence and the related other auditors' findings.[1]

The other auditors who audited the ***(identify component unit, fund, organization, function, or activity)*** of the County reported the following findings.

2015-0x ***(Number other auditors' findings in sequence with the principal auditors' findings.)***

Subject heading

(Add other auditors' finding text)

Federal Award Findings and Questioned Costs

This section identifies material weaknesses, significant deficiencies, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by OMB Circular A-133, section 510(a).

Audit findings that relate to both the financial statements and federal awards should be reported in both sections. However, the reporting in one section may be in summary form with a reference to a detailed reporting in the other section of the schedule.

When there are no material weaknesses, significant deficiencies, or instances of noncompliance related to federal programs, add "None reported***."***

[1] The other auditors' findings that meet the reporting criteria for inclusion in the GAGAS report on internal control over financial reporting and on compliance and other matters should be included as reported in their audit reports without modification, except to clearly identify the County's functions or activities that those findings pertain to. However, when we review the other auditors' findings prior to their issuance and note required elements are missing, the other auditors should be notified and their findings should be modified accordingly before inclusion.

2015-101

Cluster Name: ***(Delete row if not applicable)***
CFDA No. and Name:
Award Numbers and Years:
Federal Agency:
Pass-Through Grantor: ***(Delete row if not applicable)***
Compliance Requirements:
Questioned Costs: $

Criteria: ***(In the criteria, describe the required or desired state or expectation. The criteria should refer to laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated.)***

Condition and context: ***(In the condition, describe the situation that exists and for the context describe the work performed that resulted in the finding and provide information for judging the prevalence and consequences of the finding.)***

Effect: ***(In the effect, describe the impact or potential impact of the difference between the situation that exists and the required or desired state or expectation.)***

Cause: ***(In the cause, describe the reason or explanation for why it happened. Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or other factors beyond the control of management.)***

Recommendation: ***(In the recommendation, describe the suggested corrective action.)***

In planning and performing the District's fiscal year 2015 single audit, the auditors should consider the effective date of the new Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). ***The administrative requirements and cost principles included in the*** Uniform Guidance ***are required to be implemented by nonfederal entities beginning December 26, 2014, for all new federal awards and funding increments (additional funding to existing awards) with modified award terms and conditions that are awarded after that date. The terms and conditions of the federal awards should identify whether the funding increment is subject to the*** Uniform Guidance ***requirements, or whether it will continue to be governed by the original terms and conditions of the federal award. Accordingly, in the criteria and recommendation sections of the findings references should be made to the new*** Uniform Guidance ***when applicable.***

Add the following as applicable.
This finding is similar to prior-year finding(s) 201X-1XX.

Date

Debbie Davenport
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying Corrective Action Plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by U.S. Office of Management and Budget Circular A-133. Specifically, for each financial reporting finding, we are providing you with the corrective action planned, and for each federal award finding, we are providing you with the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date. ***Modify as necessary when either no financial reporting or federal award findings were reported.***

Sincerely,

County representative's name
Title

_____ County

Corrective Action Plan

Year Ended June 30, 2015

Financial Statement Findings

2015-01

Subject heading

Name(s) of contact person(s)

Anticipated completion date: _____

Describe the corrective action planned.

Omit the above section when there were no financial statement findings reported. However, when the Government Auditing Standards Report on Internal Control over Financial Reporting and on Compliance and Other Matters has been issued separately and included financial statement findings, include the following:

The corrective action plan for financial statement findings was included in the separately issued Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*.

Federal Award Findings and Questioned Costs

2015-101

CFDA No.: _____ ***Name of program***

Name(s) of contact person(s)

Anticipated completion date: _____

Describe the corrective action planned.

Date

Debbie Davenport
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying Summary Schedule of Prior Audit Findings as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards. This schedule also includes the status of audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that were not corrected.

Sincerely,

County representative's name
Title

_____ County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Status of Federal Award Findings and Questioned Costs

CFDA No.: _____ ***Name of program***
Finding No.: _____ ***Use itemized number from prior report***
Status: ***Choose one of the following:*** Fully corrected, Partially corrected, Not corrected, Significantly different corrective action, or No longer valid.

If status is fully corrected, no further explanation is necessary. If partially corrected, describe the partial action taken and remaining planned action. If not corrected, describe planned action. If the corrective action taken differed significantly from previously reported planned action, explain the action taken and why it was different. If the finding is no longer valid, describe the reasons.

Date

Name of audit liaison
Name of pass-through entity
Address

Dear ***name of audit liaison***:

The Arizona Auditor General has completed a single audit of _____ County for the year ended June 30, 2015. The audit was conducted in accordance with the requirements of U.S. Office of Management and Budget Circular A-133 and included the following federal award(s) received from your agency:

CFDA Number	Award Name	Amount Expended

The auditors' Schedule of Findings and Questioned Costs disclosed no audit findings relating to the federal award(s) your agency provided. Also, the Summary Schedule of Prior Audit Findings did not report on the status of any audit findings related to those awards.

The following paragraph is optional.

If you would like to receive a copy of the Single Audit Reporting Package, please contact ***name and address or phone number of county contact person***.

Sincerely,

County Finance Officer or
Other appropriate official

Note: The County may choose to submit a copy of the reporting package to any pass-through entity to comply with the notification requirement in OMB Circular A-133 §__.320(e)(2).