

Statements of Receipts and Disbursements – Cash Basis
June 30, 2015 and 2014
Arizona Prosecuting Attorneys' Advisory Council

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Independent Auditor's Report

The Board of Directors
Arizona Prosecuting Attorneys' Advisory Council
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Arizona Prosecuting Attorneys' Advisory Council, which comprise the statements of receipts and disbursements – cash basis for the years ended June 30, 2015 and June 30, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the receipts and disbursements – cash basis of Arizona Prosecuting Attorneys' Advisory Council for the years ended June 30, 2015 and 2014 in accordance with the cash basis of accounting as described in Note 1.

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Phoenix, Arizona

[Date]

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Arizona Prosecuting Attorneys' Advisory Council
 Statements of Receipts and Disbursements – Cash Basis
 Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Receipts:		
State of Arizona	\$ 1,164,396	\$ 1,226,339
Conference Revenue	100,800	42,004
Interest Income	<u>277</u>	<u>186</u>
 Total Cash Receipts	 <u>1,265,473</u>	 <u>1,268,529</u>
 Cash Disbursements:		
Gross Salaries	408,893	397,779
Payroll Taxes	30,377	29,812
Fringe Benefits	151,636	161,931
APAAC Seminar Travel	255,247	240,778
APAAC Seminar Costs	162,114	141,682
APAAC Seminar Faculty-Fees	2,422	500
APAAC Seminar Faculty-Travel	8,089	11,089
Non-APAAC Seminar Costs	20,854	-
Office Rent	33,895	53,552
Telephone Expense	13,124	14,007
Printing Expense	355	2,256
Travel Expense (Non-Seminar)	23,008	22,670
Equipment Purchases	30,300	-
Equipment Maintenance	14,162	2,795
Equipment Leases	3,673	76
Supplies	8,837	8,807
Postage	721	735
Subscriptions	7,018	6,014
Books	5,948	4,655
Computerized Legal Research	-	9,097
Dues	2,380	2,295
Direct Operating Expense	38,106	40,865
Consultant	5,357	4,864
Insurance	3,400	3,400
Suspense Account	<u>(2,906)</u>	<u>2,487</u>
 Total Cash Disbursements	 <u>1,227,010</u>	 <u>1,162,146</u>
 Excess of Cash Receipts over Cash Disbursements	 <u>\$ 38,463</u>	 <u>\$ 106,383</u>

Note 1- Principal Business Activities and Significant Accounting Policies**Principal Business Activities**

Arizona Prosecuting Attorneys' Advisory Council (the "Council") was organized under the provisions of Arizona Revised Statutes Title 41, Chapter 12, Article 9, effective May 31, 1977, for the purpose of providing training and technical assistance for prosecuting attorneys and other criminal justice personnel in the State of Arizona (the "State"). The Council consists of the fifteen county attorneys, the Attorney General or their designee, one of the deans of either the Arizona State University or the University of Arizona Law Schools, five municipal prosecutors, one of which is appointed by the Governor, and the Chief Justice of the Arizona Supreme Court or their designee. Under Arizona Revised Statutes Title 41, Article 1, funds to operate the Council are obtained from a portion of funds collected by the State from criminal fines.

Basis of Accounting

Due to the nature of the Council's operations, the financial records are maintained using the cash basis of accounting. Transactions are recorded as cash is received or disbursed. If the Council were to utilize the accrual basis of accounting, revenues would be recognized when earned, and expenses would be recognized when incurred. Accordingly, the Council's statements of cash receipts and disbursements do not purport to show revenues and expenses in accordance with accounting principles generally accepted in the United States of America, and no determination has been made as to the effect that the accrual basis of accounting would have on the Council's results of operations.

Subsequent Events

The Council has evaluated subsequent events through DATE, the date that the financial statements were issued.

Note 2 - Operating Leases

The Council leases office and copier under various leases. The leases expire at various dates through January 2020.

Future minimum lease payments under these agreements are as follows during the year ending June 30:

2016	\$ 64,438
2017	66,330
2018	66,187
2019	66,045
2020	39,170
	<u>302,170</u>
	<u>\$ 302,170</u>

Note 3 - Retirement Plans

Effective September 1, 1996, employees of the Council became eligible for membership in the Arizona State Retirement System (the "Retirement System"). The Retirement System sponsors a multi-employer defined benefit retirement plan and a long-term disability program. Employees are eligible for participation if they meet certain minimum length of service requirements and contribute to Social Security under Section 218 of the Social Security Act. The employee and employer make equal contributions to the plan at an actuarially determined percentage of the employee's eligible compensation. The actuarially determined percentage of eligible compensation is adjusted annually by the Retirement System. During the years ended June 30, 2015 and 2014, the Council made matching contributions of \$45,110 and \$44,579, respectively, to the retirement and long-term disability plans. These amounts are included in fringe benefits in the statements of cash receipts and cash disbursements.

Effective November 1, 1996, the Council entered into the National Association of Counties Deferred Compensation Program. All full-time salaried Council employees are eligible for participation in the program. Participants may elect to contribute pre-tax earnings to the program, subject to certain maximum limits. The Council, at their sole discretion, may elect to contribute to the program on behalf of its employees. Employer contributions, if any, vest at the time such contributions are made. The Council did not make any employer contributions to the program during the years ended June 30, 2015 and 2014.

Note 4 - Funds Held in State Treasury

Monies designated for the Council by state statutes (see Note 1) are transferred from the Arizona State Treasurer to the Arizona Attorney General's Office account for the benefit of the Council. The Council requests these funds through a monthly draw submitted to the Arizona Attorney General's Office, as required, to cover expenses. The balance of funds held in the Arizona Attorney General's Office account for the benefit of the Council as of June 30, 2015 and 2014 was \$6,853 and \$51,127, respectively.