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I9>:3 9F +:7<644<
!>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6

1?A;> . ;<=>?B@H . ;NLB>;M IJ *456789 : 79; $*<=>;>*9? ';@9=@8*=A

'2 >AA9:3>2A4 Q86O *Government Auditing Standards*M Q4 O>K4 >B<9 8<<743 97: :459:6 3>643 04A4@a4: VLM =TLZM 92 97: A92<834:>6892 9F 6O4 08<6:8A6;< 8264:2>B A926:9B 9K4: F82>2A8>B :459:682? >23 92 97: 64<6< 9F 86< A9@5B8>2A4 Q86O A4:6>82 5:9K8<892< 9F B>Q<M :4?7B>6892<M A926:>A6<M ?:>26 >?:44@426<M >23 96O4: @>664:<_ +04 57:59<4 9F 6O>6 :459:6 8< 69 34<A:8a4 6O4 <A954 9F 97: 64<682? 9F 8264:2>B A926:9B 9K4: F82>2A8>B :459:682? >23 A9@5B8>2A4 >23 6O4 :4<7B6< 9F 6O>6 64<682?M >23 296 69 5:9K834 >2 9582892 92 6O4 8264:2>B A926:9B 9K4: F82>2A8>B :459:682? 9: 92 A9@5B8>2A4_ +O>6 :459:6 8< >2 8264?:>B 5>:6 9F >2 >7386 54:F9:@43 82 >AA9:3>2A4 Q86O *Government Auditing Standards* 82 A92<834:82? 6O4ÓQ08<6:8A6;< 8264:2>B A926:9B 9K4: F82>2A8>B :459:682? >23 A9@5B8>2A4_

+04 F9BB9Q82? <4A6892M

#92JA7::426 "<<46< 34A:4><43 eZT_T @8BB892 9: R_V 54:A426 9K4: 6O4 5:89: C4>:_ +O4 @>82 864@< A9@5:8<82? 6O4 246 AO>2?4 >:4 > 34A:4><4 82 :4<6:8A643 A><O >23 82K4<6@426< 82 6O4 >@9726 9F eT_P @8BB892 9: T_S 54:A426 9K4: 6O4 5:89: C4>:_ &>586>B ><<46<M 292J345:4A8>aB4 >23 345:4A8>aB4M >:8<82? 976 9F 6O4 >A68K8684< 82 6O4 O8<6:8A6

+,# -.,#/0+/1 /122"#034 /155$6$ 70+3.0/3

+7868 92 >23 F44< 246 9F <AO9B>:<O85< >23 >BB9Q>2A4< 34A:4><43 eT_S @8BB892 9: V_R 54:A426 9K4: 6O4 5:89: C4>:_ "7N8B8>:C :4K4274 8< A9@5:8<43 9F 6O4 a99X<69:4 >23 A>F464:8> 246 :4K4274<_ +O4 I9>:3 9F +:7<644< >55:9K43 > @938F8A>6892 69 6O4 I99X<69:4) ><64: >?:44@426 >23 >55:9K43 >A6892< aC 6O4 I99X<69:4 "7N8B8>:C I9>:3 9F +:7<644< 69 4264: 8269 > H C4>: A926:>A6 Q86O $9BB466]8?O4: .37A>6892 /:975 69 :72 >BB 9F 6O4 &9BB4?4< a99X<69:4< 954:>6892<_ +O4 &926:>A6 a4?>2 "5:8B LM =TLV_

&92<9B83>643 954:>682? 4N542<4< 34A:4><43 aC eLY_P @8BB892 9K4: 6O4 5:89: C4>:_ !>B>:84< >23 a424F86< 34A:4><43 eR_S @8BB892 9: V_S 54:A426 9K4: 6O4 5:89: C4>: >23 6O4 :437A6892 Q>< 5:8@>:8BC >AO84K43 374 69 >66:86892 >23 42:9BB@426 @>2>?4@426 >< > :4<7B6 9F AO>2?4< 82 A97:<4 9FF4:82?<_

!755B84<M @>82642>2A4M 768B8684<M >23 96O4: 954:>682? 4N542<4< >23 <4:K8A4< 34A:4><43 aC e=_L @8BB892 9: P_= 54:A426_ 045:4A8>6892M > 292JA><0 4N5423867:4M 34A:4><43 eT_= @8BB892 9: T_P 54:A426_ "<<46 :468:4@426< >23 6O48: ><<9A8>643 >3[7<6@426 F9: 345:4A8>6892 >:4 82AB7343 82 6O8< A>64?9:C_

+96>B 292J954:>682? :4K4274< 82A:4><43 aC eH_L @8BB892 9: =_T 54:A426 9K4: 6O4 5:89: C4>:_ $434:>B >23 <6>64 ?:>26<M 82AB7382? 14BB /:>26<M > 38:4A6 5><<J6O:7 69 <67342 6<M >23 96O4: ?:>26< 34A:4><43 eL=_H @8BB892 9: LR_H 54:A426 9K4: 6O4 5:89: C4>:_ !6>64 >559:6892@426 82A:4><43 aC eT_P @8BB892 9: T_R 54:A426 9K4: 6O4 5:89: C4>:_ -9A>B 5:954:6C 6>N :4K4274< 82A:4><43 eH_V @8BB892 9: LL_P 54:A426_ +>N4< B4K843 F9: 34a6 <4:K8A4 82A:4><43 eT_Y @8BB892 9: =_R 54:A426_ +>N B4K843 F9: 96O4: <54A8F8A 57:59<4<M > 24Q A>64?9:C 82 6O4 A7::426 C4>: Q>< eLH_T @8BB892 82 6O4 A7::426 C4>: F9: > B9A>B 5>:A4B 6>NM @4><7:4 "_ (6O4: AO>2?4< 82AB734 >2 82A:4><4 9F 96O4: <6>64 :4K4274 9F eL_T @8BB892M >2 82A:4><4 82 8264:4<6 A9<6< >23 34A:4><4 82 8264:4<6 4>:282?< 9F eL_= @8BB892 >23 34A:4><4 9F 292J954:>682? :4K4274 9F eV_P

+,# -.,#/0+/1 /122"#034 /155$6$ 70+3.0/3
2,#,6$2$#3:+ 70+/"++01# ,#7 ,#,54+0+

7$83 -0#,#/0#6

+O4 O8<6:8A6 5>:68A85>64< 82 4N64:2>B F82>2A82? >A68K8684< 69 A9K4: a96O B92?J64:@ >23 <O9:6J64:@ A><O FB9Q< 2443<_ "<> ?9K4:2@426>B 7286M 6O4 O8<6:8A6;< F82>2A82? >A68K8684< >23 AO98A4< >:4 a972343 aC $434:>B >23 !6>64 :4<6:8A6892<_

" &868U42<; (K4:<8?O6 &9@@866 44 A92<8<6822? 9F @4@a4:<'F:9@ X4C A92<6867 42A84< 9F 6404 A9@@16;<5

!7a<4E7426 69 F8<A>B C4>: 423 92 !4564@a4: LTM =TL=) 993C;< '2K4<69: !4:K8A4 39Q2?:>343 6O4 08<6:8A6;< /424:>B (aB8?>6892 a923 :>682? F:9@ "L 69 "LJ >23 ><<8?243 6O4 :>682? > 24?>68K4 976B99X_ +042 92 #9K4@a4: LHM =TL= $86AO %>682?< 8<<743 > :4K8<43 :>682? QO8AO 699X 8269 >AA9726 6O4 <7AA4<<F7B 5><<>?4 <6>64Q834 9F 5:959<86892 VT >23 B9A>BBC 82 !>2 !>ɛQ¡AA6 08<6:8D

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0.$P"0.$7 +"995$2$#3,.40#-1.2,301#Q
!"#$ %&'

,++$3+

/L>>;@? ,GG;?G

&><O >23 A><O 4E78K>B426< e LV\RY=\HTS
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!673426 B9>2< :4A48K>aB4\ 246 =\=PY\ZRR
1:45>83 4N542<4< J A7::426 59:6892 L\RY=\V=P
1:45>83 4N542<4< J a923 82<7:>2A4 A7::426 59:6892 ZP\HHY
'2K4269:84< VH\=RH
(6O4: ><<46< J A7::426 59:6892 SZV\=TV
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%4<6:8A643 A><O >23 A><O 4E78K>B426< PV\HHR\=VY
1:45>83 4N542<4< J 292A7::426 59:6892 S\YTT\TTT
1:45>83 4N542<4< J a923 82<7:>2A4 HP=\LVT
(6O4: ><<46< VLZ\ZTL
#92345:4A8>aB4 A>586>B ><<46< HR\LPP\STP
045:4A8>aB4 A>586>B ><<46<\ 246 9F 345:4A8>6892 VRZ\TSS\VRT
3=?CE #=@DL>>;@? ,GG;?G

+,# -.,#/0+/1 /122"#034 /155$6$ 70+3.0/3
+3,3$2$#3 1- .R#"$+' $U9$#+$+'
,#7 /V,#6$+0# #$3 91+0301#T9.02,.4 61R$.#2$#3
-1. 3V$ 4$,. $#7$7 !"#$ %&' (&)*

19$.,30#6 .$R$#"$+

!673426 +7868 92 >23 $44<	e VH\RPZ\ZVS
-4<<^ !AO9B>:<O85 38<A9726 >23 >BB9Q>2A4	DL=\SPV\RYSG
#46 67868 92 >23 F44<	==\YTT\PHT
"7N8B8>:C .264:5:8<4 !>B4< >23 &0>:?4<	
I99X<69:4	ZYS\SLY
&>F464:8>	RZP\ZZ=
(6O4: :4K4274	=\PV=\RVP
313,5 19$.,30#6 .$R$#"$+	=P\PPS\RZP

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+3,3$2$#3 1-/,+V-51S+T9.02,.4 61R$.#2$#3
-1.3V$ 4$,. $#7$7 !"#$ %&' (&)*

.$/1#/050,301# 1- #$3 19$.,30#6 51++ 31 #$3 /,+V
-51S+-.12 19$.,30#6 ,/30R030$+

(54:>682? -9<<	e D=R=MPLHMLRYG
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(54:>682? "A68K8684<^	
045:4A8>6892 >23 >@9:68U>6892 4N542<4	VYMRHTMTTT
&O>2?4< 82 "<<46< >23 -8>a8B8684<^	
!67342 6 :4A48K>aB4<	=MRPHMSSY
'2K4269:84<	L=MPLY
1:45>83 4N542<4<	DLMTL=MSSYG
"AA9726< 5>C>aB4 >23 >AA:743 B8>a8B8684<	RM=TZMRSP
+96>B "3[7<6@426<	ZRMR=TMZLZ
#;? /CGA -E=XG ->=F 1<;>C?B=[l·	

+, # - . , # / 0+ / 1 / 1 2 2 " #034 / 155$6$ 70+3 . 0 / 3
+3 , 3$ 2 $#3 1 - / V , # 6$+ 0# -07 " / 0 , . 4 #$3 91+0301#
- 1 . 3V$ 4$, . $# 7$7 ! " #$ %&' (&)*

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$434:>B :4K4274<	e LTM=SP
+7868 92 >23 F44<	LP=MLHP
$9723>68 92 <97:A4<	
'264:4<6 82A9@4	VMYLT
+:>2<F4: F:9@ 08<6:8A6M 246	
B9A>B :4K4274	=MT=YMRZS
3=?CE , MMB?B=@G	=M=THMTLL

7 $ 7 " / 301 #+

&B><<8F843 <>B>:84<	LYYMTPP
. @5B9C44 a424F86<	LMPSV
I 99X< >23 <755B84<	VZHMRRP
! 4:K8A4< >23 954:>682? 4N5423867:4<	YLYMPSL
! 67342 6 F82>2A8>B >83	LMPLSMPVV
3=?CE 7 ;MLD?B=@G	=MSRVMYHS

**1 3V$. -0# , # / 0# 6 +1 " . / $+** 0 "+$+Q

(54:>682? 6:>2<F4:< 82	V=VMLTP
(54:>682? 6:>2<F4:< 976	DHHMZLZG
3=?CE 1 ?A;> -B@C@DB@H +=L>D;G 0 "G;GQ	=PRMPS=
/ AC@H; B@ #;? 9=GB?B=@	DHTLMLHPG
#;? 9=GB?B=@ T 8;HB@@B@H	YMSVLMSZL
#;? 9=GB?B=@ T $@MB@H	e YMZVTMRYH

+04 >AA9@5>2C82? 2964< >:4 >2 8264?:>B 5>:6 9F 604<4 F82>2A8>B <6>64@426<_

#) (CD *+4$#"E$)"*#*

!>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6 D6O4 08<6:8A6G Q>< 4<6>aB8<O43 82 LSVH >< > 59B868A>B <7a38K8<892 9F 6O4 !6>64 9F &>B8F9:28> >23 8< > A9@5:4042<8K4M 57aB8AM 6Q9JC4>: 82<6867689 2 9FF4:82? 437A>6892>B <4:K8A4< 69 :4<83426< 9F 6O4 <7::9723 82? >:4>_ +04 08<6:8A6 954:>64< 7234: > B9A>BBC 4B4A643 <4K42J@4@a4: I9>:3 9F +:7<644< F9:@ 9F ?9K4:2@426M QO8AO 4<6>aB8<O4< 6O4 59B8A84< >23 5:9A437:4< aC QO8AO 6O4 08<6:8A6 954:>64<_ +04 I9>:3 @7<6 >55:9K4 6O4 >227>B a73?46< F9: 6O4 /424:>B $723M <54A8>B :4K4274 F723<M >23 A>586>B 5:9[4A6 F723<M a76 6O4<4 a73?46< >:4 @>2>?43 >6 6O4 345>:6@426 B4K4B_ &7::426BCM 6O4 08<6:8A6 954:>64< LL A>@57<4< B9A>643 Q86O82 6O4 &86C 9F !>2 $:>2A8<A9M &>B8F9:28>_ WO8B4 6O4 08<6:8A6 8< > 59B868A>B <7a38K8<892 9F 6O4 !6>64 9F &>B8F9:28>M 86 8< B4?>BBC <45>:>64 >23 8< 82345423426 9F 96O4: !6>64 >23 B9A>B ?9K4:2@426<M >23 86 8< 296 > A9@592426 7286 9F 6O4 !6>64 82 >AA9:3>2A4 Q86O 6O4 5:9K8<892< 9F /9K4:2@426>B "AA972682? !6>23>:3< I9>:3 D/ "!IG !6>64@426 #9_ VS_

#) (FD '-00$+1 *! '"4#"!"%$#) $%%*-#)"#4 /*&"%"('

-B@C@DBCE .;<=>?B@H $@?B?J

+04 08<6:8A6 O>< >39563 /"!I !6>64@426 #9_ PLM *Determining Whether Certain Organizations are Component Units.ø* ŽΛM D ƷƵ

#924NAO>2?4 6:>2<>A6892<▯ 82 QO8AO 6O4 08<6:8A6 :4A48K4< K>B74 Q86O976 38:4A6BC ?8K82? 4E7>B K>B74 82 :467:2▯ 82AB734 !6>64 >559:6892@426<▯ 5:954:6C 6>N4<▯ A4:6>82 $434:>B >23 !6>64 ?:>26<▯ 42686B4@426<▯ >23 392>6892<_ 1:954:6C 6>N :4K4274 8< :4A9?28U43 82 6O4 F8<A>B C4>: :4A48K43_ !6>64 >559:6892@426 :4K4274 8< 4>:243 a><43 7592 A:864:8> <46 F9:6O F:9@ 6O4 &9@@7286C &9BB4?4< &O>2A4BB9:;< (FF8A4 >23 82AB734< :459:6827 9F F7BBJ68@4 4E78K>B426 <673426 D$+.!G >66423>2A4_ +O4 A9::4<5923827 >559:6892@426 :4K4274 8< 6.:2-:B6✗ Ÿ¸ ▯~▯ >▯Ã▯▯

0@Y;G?F;@?G

'2 >AA9:3>2A4 Q86O / "!I !6>64@426 #9_ VL *Accounting and Financial Reporting for Certain Investments and External Investment Pools* 82K4<6@426< O4B3 >6 b724

045:4A8>6892 9F A>586>B ><<46< 8< A9@57643 >23 :4A9:343 768B8U82? 6O4 <6:>8?O6JB824 @46O93_ .<68@>643 7<4F7B B8K4< 9F 6O4 K>:897< AB><<4< 9F 345:4A8>aB4 A>586>B ><<46< >:4 >< F9BB9Q<^ a78B382?<M =H 69 HT C4>:<c 8@5:9K4@426<M LT 69 LH C4>:<c 4E785@426M H 69 LT C4>:<c K4O8AB4<M V C4>:<_

,DD>L;M 5BCIBEB?B;G C@M 5=@HT3;>F 1IEBHC?B=@G

"BB 5>C>aB4<M >AA:743 B8>a8B8684<M >23 B92?J64:@ 9aB8?>6892< >:4 :459:643 82 6O4 42686CJQ834 F82>2A8>B <6>64@426<_

7;I? 0GGLC@D; /=G?G' 9>;FBLFG' C@M 7BGD=L@?G

04a6 5:4@87@< >23 38<A9726<M >< Q4BB >< 8<<7>2A4 A9<6< :4B>643 69 5:45>83 82<7:>2A4 A9<6< >:4 >@9:68U43 9K4: 6O4 B8F4 9F 6O4 a923< 7<82? 6O4 <6:>8?O6 B824 @46O93_

/=F<;@GC?;M ,IG;@D;G

"AA7@7B>643 725>83 4@5B9C44 K>A>6892 a424F86< >:4 >AA:743 >< > B8>a8B86C >< 6O4 a424F86< >:4 4>:243_ +O4 4268:4 A9@542<>643 >a<42A4 B8>a8B86C 8< :459:643 92 6O4 42686CJQ834 F82>2A8>B <6>64@426<_ +O4 >@9726< O>K4 a442 :4A9:343 82 6O4 F723 F:9@ QO8AO 6O4 4@5B9C44<M QO9 O>K4 >AA7@7B>643 6O4 B4>K4M >:4 5>83_ +O4 O8<6:8A6 >B<9 5>:68A85>64< 82 iB9>3Ja>2X82?i Q86O 4B8?8aB4 >A>34@8A 4@5B9C44< QO4:4aC 6O4 4@5B9C44 @>C 64>AO 4N6:> A97:<4< 82 924 54:893 82 4NAO>2?4 F9: 68@4 9FF 82 >296O4: 54:893_

!8AX B4>K4 8< >AA7@7B>643 Q86O9776 B8@86 F9: 4>AO 4@5B9C44 a><43 7592 24?968>643 A926:>A6<_ -4>K4 Q86O 5>C 8< 5:9K8343 QO42 4@5B9C44< >:4 >a<426 F9: O4>B6O :4><92<c O9Q4K4:M 6O4 4@5B9C44< 39 296 ?>82 > K4<643 :8?O6 69 >AA7@7B>643 <8AX B4>K4_ .@5B9C44< >:4 24K4: 5>83 F9: >2C <8AX B4>K4 a>B>2A4 >6 64:@82>6892 9F 4@5B9C@426 9: >2C 96O4: 68@4_ +O4:4F9:4M 6O4 K>B74 9F >AA7@7B>643 <8AX B4>K4 8< 296 :4A9?28U43 >< > B8>a8B86C 82 6O4 O8<6:8A6;< F82>2A8>B <6>64@426<_]9Q4K4:M :468:4@426 A:4386 F9: 727<43 <8AX B4>K4 8< >55B8A>aB4 69 >BB AB><<8F843 <AO99B @4@a4:< QO9 :468:4 >F64: b>27>:C LM LSSS_ "6 :468:4@426M 4>AO @4@a4: Q8BB :4A48K4 _TTZ C4>: 9F <4:K8A4 A:4386 F9: 4>AO 3>C 9F 727<43 <8AX B4>K4_ %468:4@426 A:4386 F9: 727<43 <8AX B4>K4 8< >55B8A>aB4 69 >BB >A>34@8A 4@5B9C44< >23 8< 3464:@8243 aC 38K8382? 6O4 27@a4: 9F 727<43 <8AX 3>C< aC 6O4 27@a4: 9F a><4 <4:K8A4 3>C< :4E78:43 69 A9@5B464 6O4 B><6 <AO99B C4>:M 8F 4@5B9C43 F7BB 68@4_

"@;C>@;M .;Y;@L;

*24>:243 :4K4274 >:8<4< QO42 5964268>B :4K4274 394< 296 @446 a96O 6O4 i@4><7:>aB4i >23 i>K>8B>aB4i A:864:8> F9: :4A9?286892 82 6O4 A7::426 54:893 9: QO42 :4<97:A4< >:4 :4A48K43 aC 6O4 O8<6:8A6 5:89: 69 6O4 82A7::42A4 9F E7>B8FC82? 4N5423867:4<_ '2 <7a<4E7426 54:893<M QO42 a96O :4K4274 :4A9?286892 A:864:8> >:4 @46M 9: QO42 6O4 O8<6:8A6 O>< > B4?>B AB>8@ 69 6O4 :4<97:A4<M 6O4 B8>a8B86C F9: 724>:243 :4K4274 8< :4@9K43 F:9@ 6O4 A9@a8243 a>B>2A4 <O446 >23 :4K4274 8< :4A9?28U43_ *24>:243 :4K4274< 82AB734 DLG >@9726< :4A48K43 F9: 6786892 >23 F44< 5:89: 69 6O4 423 9F 6O4 F8<A>B C4>: 6O>6 >:4 :4B>643 69 6O4 <7a<4E7426 F8<A>B C4>: >23 D=G >@9726< :4A48K43 F:9@ $434:>B >23 !6>64 ?:>26< :4A48K43 a4F9:4 6O4 4B8?8a8B86C :4E78:4@426< >:4 @46_

#=@DL>>;@? 5BCIBEB?B;G

#92A7::426 B8>a8B8684< 82AB734 a923< >23 2964< 5>C>aB4M A9@542<>643 >a<42A4<M AB>8@< 5>C>aB4M A>586>B B4><4 9aB8?>6892< >23 (1.I 9aB8?>6892< Q86O @>67:8684< ?:4>64: 6O>2 924 C4>:_

#;? 9=GB?B=@

/ "!I !6>64@426< #9_VZ >23 #9_VH :459:6 4E786C >< i#46 19<868892i >23 :45:4<426 6O4 38FF4:42A4 a46Q442 ><<46< >23 B8>a8B8684<_ #46 ><<46< >:4 AB><<8F843 >AA9:382? 69 8@59<43 :4<6:8A6892< 9: >K>8B>a8B86C 9F ><<46< F9: <>68<F>A68892 9F 08<6:8A6 9aB8?>6892< >AA9:382? 69 6O4 F9BB9Q82? 246 ><<46 A>64?9:84<^

0@Y;G?;M B@ /C<B?CE ,GG;?G' #;? =K .;EC?;M 7;I?^ &>586>B "<<46<M 246 9F >AA7@7B>643 345:4A8>6892 >23 976<6>2382? 5:82A85>B a>B>2A4< 9F 34a6 >66:8a76>aB4 69 6O4 >AE78<868892M A92<6:7A6892M 9: 8@5:9K4@426 9F 6O9<4 ><<46<_ +9 6O4 4N6426 34a6 O>< a442 82A7::43M a76 296 C46 4N542343 F9: A>586>B ><<46<M <7AO >AA9726< >:4 296 82AB7343 >< > A9@592426 82K4<643 82 A>586>B ><<46< o 246 9F :4B>643 34a6_

#46 59<86892 8< :459:643 >< :4<6:8A643 QO42 6O4:4 >:4 B8@86>6892< 8@59<43 92 6O48: 7<4M 486O4: 6O:97?0 42>aB82? B4?8<B>6892 >3956 43 aC 6O4 08<6:8A6M 9: 6O:97?0 4N64:2>B :4<6:8A6892< 8@59<43 aC A:4386 9:<M ?:>269:<M 9: B>Q< 9: :4?7B>6892< 9F 96O4: ?9K4:2@426<_ +O4 08<6:8A6 F8:<6 >55B84< :4<6:8A643 :4<97:A4< QO42 >2 4N542<4 8< 82A7::43 F9: 57:59<4< F9: QO8AO a960 :4<6:8A643 >23 72:4<6:8A643 :4<97:A4< >:4 >K>8B>aB4_

#924 9F 6O4 08<6:8A6;< :4<6:8A643 246 59<868892 O>< :4<7B643 F:9@ 42>aB82? B4?8<B>6892 >23 39564 3 aC 6O4 09K6:4A6:8A66-ÔsÓÒb

/AC@H;B@ ,DD=L@?B@H 9>B@DB<E;G

"<6O4 :4<7B6 9F 8@5B4@4268 2? / "!I !6>64@426 #9_ PH℠ *Items Previously Reported as Assets and Liabilities*℠ 6O4 08<6:8A6 O>< :4<6>643 6O4 a4?82282? 246 59<86892 82 6O4 ?9K4:2@426JQ834 !6>64@426 9F #46 19<86892℠ 4FF4A68K4BC 34A:4><82? 246 59<86892 >< 9F b7BC L℠ =TLV℠ aC eL℠ZZR℠LVH_ +O4 34A:4><4 :4<7B6< F:9@ 29 B92?4: 34F4::82? >23 >@9:68U82? a923 8<<7>2A4 A9<6<_

#;X ,DD=L@?B@H 9>=@=L@D;F;@?G

'2 b724 =TL=℠ 6O4 / "!I 8<<743 !6>64@426 #9_ PY, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*_ +O4 5:8@>:C 9a[4A68K4 9F 6O8< !6>64@426 8< 69 8@5:9K4 >AA972682? >23 F82>2A8>B :459:682? aC <6>64 >23 B9A>B ?9K4:2@426< F9: 542<892<_ '6 >B<9 8@5:9K4< 82F9:@>6892 5:9K8343 aC <6>64 >23 B9A>B ?9K4:2@426>B 4@5B9C4:< >a976 F82>2A8>B <7559:6 F9: 542<892< 6O>6 8< 5:9K8343 aC 96O4: 42686842<_ +O8< !6>64@426 :4<7B6< F:9@ > A9@5:4042<8K4 :4K84Q 9F 6O4 4FF4A68K424<< 9F 4N8<682? <6>23>:3< 9F >AA972682? >23 F82>2A8>B :459:682? F9: 542<892< Q86O :4?>:3 69 5:9K8382? 34A8<892J7<4F7B 82F9:@>6892℠ <7559:682? ><<4<<@426< 9F >AA9726>a8B86C >23 8264:J54:893 4E786C℠ >23 A:4>682? >33868 92>B 6:>2<5>:42AC_

+O8< !6>64@426 :45B>A4< 6O4 :4E78:4@426< 9F !6>64@426 #9_ =R℠ *Accounting for Pensions by State and Local Governmental Employers*℠ >< Q4BB >< 6O4 :4E78:4@426< 9F !6>64@426 #9_ HT℠ *Pension Disclosures*℠ >< 6O4C :4B>64 69 542<892< 6O>6 >:4 5:9K8343 6O:97?0 542<892 5B>2< >3@8282<64:43 >< 6:7<6< 9: 4E78K>B426 >::>2?4@426< DO4:4>F64: [9826BC :4F4::43 69 >< 6:7<6<G 6O>6 @446 A4:6>82 A:864:8>_ +O4 :4E78:4@426< 9F !6>64@426< #9_ =R >23 #9_ HT :4@>82 >55B8A>aB4 F9: 542<892< 6O>6 >:4 296 A9K4:43 aC 6O4 <A954 9F 6O8< !6>64@426_

+O4 <A954 9F 6O8< !6>64@426 >33:4<<4< >AA97Ţ ⁄ ⁄ ⁄

- !82?B4 4@5B9C4:< >:4 6O9<4 QO9<4 4@5B9C44< >:4 5:9K8343 Q86O 34F8243 a424F86 542<892< 6O:97?0 <82?B4J 4@5B9C4: 542<892 5B>2< p 542<892 5B>2< 82 QO8AO 542<892< >:4 5:9K8343 69 6O4 4@5B9C44< 9F 92BC 924 4@5B9C4: D>< 34F8243 82 6O8< !6>64@426G_

- "?426 4@5B9C4:< >:4 6O9<4 QO9<4 4@5B9C44< >:4 5:9K8343 Q86O 34F8243 a424F86 542<892< 6O:97?0 >?426 @7B685B4J4@5B9C4: 542<892 5B>2< p 542<892 5B>2< 82 QO8AO 5B>2 ><<46< >:4 599B43 F9: 82K4<6@426 57:59<4<ℕ a76 <45>:>64 >AA9726< >:4 @>826>8243 F9: 4>AO 8238K837>B 4@5B9C4: <9 6O>6 4>AO 4@5B9C4:;< <O>:4 9F 6O4 599B43 ><<46< 8< B4?>BBC >K>8B>aB4 69 5>C 6O4 a424F86< 9F 92BC 86< 4@5B9C44<_

- &9<6J<O>:82? 4@5B9C4:< >:4 6O9<4 QO9<4 4@5B9C44< >:4 5:9K8343 Q86O 34F8243 a424F86 542<892< 6O:97?0 A9<6J <O>:82? @7B685B4J4@5B9C4: 542<892 5B>2< p 542<892 5B>2< 82 QO8AO 6O4 542<892 9aB8?>6892< 69 6O4 4@5B9C44< 9F @9:4 6O>2 924 4@5B9C4: >:4 599B43 >23 5B>2 ><a42< A5>42a4 7r4T3069 5aC46O4 a424F86< 9F 6O4 4@5B9C44< 9F D ¥ ﴾ ‘

6;@;>CE ,L?A=>B[C?B=@G

-8@86>6892< >< 6O4C :4B>64 69 8264:4<6 :>64 :8<XM A:4386 :8<XM >23 A92A426:>6892 9F A:4386 :8<X >:4 8238A>643 82 6O4 <AO437B4< a4B9Q^

"76O9:8U43 '2K4<6@426 +C54	) >N8@7@ %4@>8282?) >67:86C	) >N8@7@ 14:A426>?4 9F 19:6F9B89	) >N8@7@ '2K4<6@426 82 (24 '<<74:
-9A>B "?42AC I923<M #964<M W>::>26<	H C4>:<	#924	#924
%4?8<64:43 !6>64 I923<M #964<M W>::>26<	H C4>:<	#924	#924
*_!_ +:4><7:C (aB8?>6892<	H C4>:<	#924	#924
*_!_ "?42AC !4A7:8684<	H C4>:<	#924	#924
I>2X4:;< "AA456>2A4	LYT 3>C<	ZT f	VT f
&9@@4:A8>B 1>54:	=RT 3>C<	=H f	LT f
#4?968>aB4 &4:68F8A>64< 9F 0459<86	H C4>:<	VT f	#924
%457:AO><4 "?:44@426<	L C4>:	#924	#924
%4K4:<4 %457:AO><4 "?:44@426<	S= 3>C<	=T f 9F a><4	#924
)4387@J64:@ &9:59:>64 #964<	H C4>:<	VT f	#924
)767>B $723<	#n"	=T f	LT f
)924C)>:X46)767>B $723<	#n"	=T f	LT f
)9:6?>?4 1><<J+0:97?0 !4A7:8684<	H C4>:<	=T f	#924
&9726C 199B43 '2K4<6@426 $723<	#n"	#924	#924
-9A>B "?42AC '2K4<6@426 $723 D- "'$G	#n"	#924	#924
b9826 19Q4:< "76O9:86C 199B<	#n"	#924	#924

+LFFC>J =K 7;<=GB?G C@M 0@Y;G?F;@?G

0459<86< >23 82K4<6@426< 9F 6O4 1:8@>:C /9K4:2@426 >< 9F b724 VTM =TLZM A92<8<6 9F 6O4 F9BB9Q82?^

1:8@>:C /9K4:2@426 A><0 >23 A><0 4E78K>B426<	e RRMVVSMRZR
$837A8>:C A><0 >23 A><0 4E78K>B426<	YMZSPMRYS
+96>B 0459<86< >23 '2K4<6@426<	e YHMYVPMHVP

0459<86< >23 82K4<6@426< 9F 6O4 $837A8>:C $723< >< 9F b724 VTM =TLZM A92<8<6 9F 6O4 F9BB9Q82?^

&><0 92 0>23 >23 82 a>2X<	e HMHVLMRHR
'2K4<6@426<	YTMVTZMRRS
+96>B 0459<86< >23 '2K4<6@426<	e YHMYVPMHVP

0@?;>;G? .C?; .BG

'264:4<6 :>64 :8<X 8< 6O4 :8<X 6O>6 AO>2?4< 82 @>:X46 8264:4<6 :>64< Q8BB >3K4:<4BC >FF4A6 6O4 F>8: K>B74 9F >2 82K4<6@426_ /424:>BBCM 6O4 B92?4: 6O4 @>67:86C 9F >2 82K4<6@426M 6O4 ?:4>64: 6O4 <42<868K86C 9F 86< F>8: K>B74 69 AO>2?4< 82 @>:X46 8264:4<6 :>64<_ +O4 08<6:8A6 @>2>?4< 86< 4N59<7:4 69 8264:4<6 :>64 :8<X aC 5:8@>:8BC 82K4<682? 82 6O4 &9726C 599B_

+<;DBKBD 0M;@?BKBDC?B=@

'2F9:@>6892 >a976 6O4 <42<868K86C 9F 6O4 F>8: K>B74< 9F 6O4 08<6:8A6;< 82K4<6@426< 69 @>:X46 8264:4<6 :>64 FB7A67>6892 8< 5:9K8343 aC 6O4 F9BB9Q82? <AO437B4 6O>6 <09Q< 6O4 38<6:8a7682 9F 6O4 08<6:8A6;< 82K4<6@426 aC @>67:86C^

'2K4<6@426 +C54	$>8: `>B74	0>C< 69) >67:86C
&9726C 199B	e YTMVTZMRRS	RLL

/>;MB? .BG

&:4386 :8<X 8< 6O4 :8<X 6O>6 >2 8<<74: 9F >2 82K4<6@426 Q8BB 296 F7BF8BB 86< 9aB8?>6892 69 6O4 O9B34: 9F 6O4 82K4<6@426_ +O8< 8< @4><7:43 aC 6O4 ><8?2@426 9F > :>682? aC > 2>6892>BBC :4A9?28U43 <6>68<68A>B :>682? 9:?>28U>6892_ +O4 08<6:8A6;< 82K4<6@426 82 6O4 &9726C 599B 8< 296 :4E78:43 69 a4 :>643M 29: O>< 86 a442 :>643 >< 9F b724 VTM =TLZ_

'2K4<6@426 +C54	$>8: `>B74	) 828@7@ -4?>B %>682?	%>682? b724 VTM =TLZ;

+,# -.,#/0+/1 /122"#034 /155$6$ 70+3.0/3

#) (MD %$/") $& $ ' ' ( ) '*

&>586>B ><<46 >A68K86C F9: 6O4 08<6:8A6 F9: 6O4 F8<A>B C4>: 42343 b724 VT℠ =TLZ℠ Q>< >< F9BB9Q<^

	I>B>2A4 I4?82282? 9F ,4>:	"33868924	0437A68924	9F ,4>:
&>586>B "<<46< #96 I482? 045:4A8>643				
->23	e =S℠=LL℠PLS	e J	e J	e =S℠=LL℠PLS
&924<6:7A68924 82 5:9?:4<<	=P℠SSY℠=SP	SHP℠SSL	J	=R℠SHH℠=YR
+96>B &>586>B "<<46< #96 I482? 045:4A8>643	HP℠=TS℠SLH	SHP℠SSL	J	HR℠LPP℠STP

#)(ND $%%*-#)' /$1$J&(*

"AA9726< 5>C>aB4 F9: 6O4 O8<6:8A6 >< 9F b724 VTM =TLZ A92<8<643 9F 6O4

"AA:743 5>C:9BB
(6O4:
+96>B

VMVYZMSLS
e SM=TYMVS=

#)(ODA 9 2 6 4 3 9 F 6 0 4 F 9 B B 9 Q 8 2 ? ^

#) (CQ D &*#4D) (+0 *J&"4$)"*#'*

+LF FC>J

	I>B>2A4 I4?82282? 9F ,4>:	"33868 92<	0437A6892<	I>B>2A4 .23 9F ,4>:	0748 2 (24 ,4>:
I923< >23 #964< 1>C>aB4					
/424:>B 9aB8?>6892 a923<M !4:84< =TTL					
!4:84< "	e =PMRYHMTTT	e J	e LMVVHMTTT	e =HMZHTMTTT	e LMZLTMTTT
!4:84< I	PSM=HTMTTT	J	HML=TMTTT	PZMLVTMTTT	HMV=HMTTT
!4:84< &	VYMYRTMTTT	J	LMVSTMTTT	VRMZYTMTTT	LMZPTMTTT
/424:>B 9aB8?>6892 a923<M !4:84< =TTH					
!4:84< "	RZMZVTMTTT	J	=MPPTMTTT	RLMRRTMTTT	=MRSHMTTT
!4:84< I	SHMVHHMTTT	J	VMVSHMTTT	SLMSPTMTTT	VMHPHMTTT
!4:84< &	YMVYTMTTT	J	LM=YTMTTT	RMLTTMTTT	LMVLHMTTT
!4:84< 0	VTMPPTMTTT	J	J	VTMPPTMTTT	J
*2>@9:68U43 a923 5:4@87@	LLMRT=M=HT	J	LMVP=MLLL	LTMVZTMLVS	RYHML=Y
+96>B I923< >23 #964< 1>C>aB4	VHHMZV=M=HT	J	LPMHZ=MLLL	VVYMYSTMLVS	LPMPHHML=Y
(6O4: -8>a8B8684<					
&9@542<>643 >a<42A4<	LTMLLHMRTS	J	=MPSZMPHZ	RMZ=LMTHH	J
-9>3 a>2X82?	LMVTTMSLY	LMR==MLVR	J	VMT=VMTHA ‘‘‘‘	RMZ⊥
-9>3 a>2X82?	RMZ=LMTHH	RMZ=LMTHH			

$E;D?B=@ =K (&&)' +;>B;G ,' 8' C@M / 8=@MG

(2 #9K4@a4: PM =TTLM 6O4 K964:< 9F 6O4 08<6:8A6 >55:9K43 6O4 8<<7>2A4 9F eLSHMTTTMTTT ?424:>B 9aB8?>6892 a923< 69 a4 7<43 69 F82>2A4 6O4 >AE78<86892M A92<6:7A6892M >23 @934:28U>6892 9F A4:6>82 5:954:6C >23 08<6:8A6 F>A8B8684<_
(2) >:AO LHM =TT=M eVYMTTTMTTT 9F !>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6M .B4A6892 9F =TTLM !4:84< "
I923< Q4:4 8<<743 Q86O > F82>B @>67:86C 3>64 9F b724 LHM =T=PM >23 8264:4<6 :>64< 9F =_H 54:A426 69 H_VRH 54:A426M 34542382? 92 6O4 @>67:86C 9F 6O4 :4B>643 a923<_ '264:4<6 8< 5>C>aB4 <4@8>227>BBC 92 b7

7 ; I ? 2 C ? L > B ? J

6 ; @ ; > C E 1 I E B H C ? B = @ 8 = @ M G

'<<74 0>64	) >67:86C 0>64	'264:4<6 %>64	(:8?82>B '<<74	I923< (76<6>2382? b7BC LM =TLV	%4344@43	I923< (76<6>2382? b724 VTM =TLZ
=TT=	TPnLHn=P	=_H f JH_VRH f	e VYMTTTMTTT	e =PMRYHMTTT	e LMVVHMTTT	e =HMZHTMTTT
=TTZ	TPnLHn=Z	V_T f JH_H f	LLTMTTTMTTT	PSM=HTMTTT	HML=TMTTT	PZMLVTMTTT
=TTP	TPnLHnVL	Z_T f JH_T f	ZRMTTTMTTT	VYMYRTMTTT	LMVSTMTTT	VRMZYTMTTT
=TTP	TPnLHnVL	Z_T f JH_T f	STMTTTMTTT	RZMZVTMTTT	=MPPTMTTT	RLMRRTMTTT
=TTR	TPnLHnVL	Z_T f JH_T f	LLTMTTTMTTT	SHMVHHMTTT	VMVSHMTTT	SLMSPTMTTT
=TLT	TPnLHnLS	_ZT f JZ_T f	LHMPZTMTTT	YMVYTMTTT	LM=YTMTTT	RMLTTMTTT
=TLT	TPnLHnVT	Z_T f JH_T f	VTMPPTMTTT	VTMPPTMTTT	J	VTMPPTMTTT
				e VZVMRVTMTTT	e LHMLYTMTTT	e V=YMHHTMTTT

=TTL ! 4:84< " a923< @>67:4 60:97?0 =T=P >< F9BB9Q<^

$8<A>B , 4>:	1:82A85>B	'264:4<6	+96>B
=TLH	e LMZLTMTTT	e LMV=VMPL=	e =MRVVMPL=
=TLP	LMZYHMTTT	LM=ZRMY=H	=MRV=MY=H
=TLR	LMHPHMTTT	LMLPYMTTP	=MRVVMTTP
=TLY	LMPZHMTTT	LMTYVMYYY	=MR=YMYYY
=TLS	LMRVHMTTT	SSHMZPS	=MRVTMZPS
=T=TJ=T=Z	LLMZLHMTTT	VMZHTMS=H	LZMYPHMS=H
=T=HJ=T=P	PMLSHMTTT	ZPYMHTT	PMPPVMHTT
+96>B	e =HMZHTMTTT	e SMRVYM==H	e VHMLYYM==H

=TTL ! 4:84< I a923< @>67:4 60:97?0 =T=Z >< F9BB9Q<^

$8<A>B , 4>:	1:82A85>B	'264:4<6	+96>B
=TLH	e HMV=HMTTT	e VML==MLTP	e YMZZRMLTP
=TLP	HMHVHMTTT	=MYHHMYHP	YMVSTMYHP
=TLR	HMRPTMTTT	=MHRSMLTP	YMVVSMLTP
=TLY	HMSSTMTTT	=M=SLMLTP	YM=YLMLTP
=TLS	PM=VTMTTT	LMSSLMPTP	YM==LMPTP
=T=TJ=T=Z	VHM=STMTTT	HMTPSMHTT	ZTMVHSMHTT
+96>B	e PZMLVTMTTT	e LRMSTSM=YT	e Y=MTVSM=YT

+,# - . ,# /0+/ 1 /1 2 2 "#034 /155$6$ 70+3 .0/3
#13$+ 31 -0#,#/0,5 +3,3$2$#3+
!"#$ %&' (&)*

=TTL !4:84< & a923< @>67:4 60:97?0 =TVL >< F9BB9Q<^

$8<A>B ,4>:	1:82A85>B	'264:4<6	+96>B
=TLH	e LMZPTMTTT	e LMYLTMYVR	e VM=RTMYVR
=TLP	LMHVTMTTT	LMRVRMYVY	VM=PRMYVY
=TLR	LMPLTMTTT	LMPRPMPVR	VM=YPMPVR
=TLY	LMPSTMTTT	LMPL=M=VR	VMVT=M=VR
=TLS	LMRRTMTTT	LMH=RMRVR	VM=SRMRVR
=T=TJ=T=Z	LTM=YTMTTT	PMVPTMR=H	LPMPZTMR=H
=T=HJ=T=S	LVMT=TMTTT	VMHZVMTTT	LPMHPVMTTT
=TVTJ=TVL	PML=TMTTT	ZP=MHTT	PMHY=MHTT
+96>B	e VRMZYTMTTT	e LYMRVLMHLL	e HPM=LLMHLL

=TTH !4:84< " a923< @>67:4 60:97?0 =TVL >< F9BB9Q<^

$8<A>B ,4>:	1:82A85>B	'264:4<6	+96>B
=TLH	e =MRSHMTTT	e VMZPYM=RR	e PM=PVM=RR
=TLP	=MSVTMTTT	VMV=YMH=Y	PM=HYMH=Y
=TLR	VMTYTMTTT	VMLY=MT=R	PM=P=MT=R
=TLY	VM=VHMTTT	VMTZVMZ=R	PM=RYMZ=R
=TLS	VMVSHMTTT	=MYYLMPRR	PM=RPMPRR
=T=TJ=T=Z	LSMPSTMTTT	LLMS=SMLVY	VLMPLSMLVY
=T=HJ=T=S	=ZMSVTMTTT	PMPTZMS=P	VLMHVZMS=P
=TVTJ=TVL	LLMRLHMTTT	YYHMHTT	L=MPTTMHTT
+96>B	e RLMRRTMTTT	e VHMV=VMHTT	e LTRMTSVMHTT

=TTH !4:84< I a923< @>67:4 60:97?0 =TVL >< F9BB9Q<^

$8<A>B ,4>:	1:82A85>B	'264:4<6	+96>B
=TLH	e VMHPHMTTT	e ZMVSPMLTP	e RMSPLMLTP
=TLP	VMRZHMTTT	ZM=LRMYHR	RMSP=MYHR
=TLR	VMSVTMTTT	ZMTVTMPTP	RMSPTMPTP
=TLY	ZML=HMTTT	VMYVZMLTP	RMSÿ >B ,2

+,# - . ,#/0+/1 /1 2 2 "#034 /155$6$ 70+3.0/3
#13$+31 -0#,#/0,5 +3,3$2$#3+
!"#$ %&' (&)*

=TTH !4:84< & a923< @>67:4 60:97?0 =TLS >< F9BB9Q<^

$8<A>B ,4>:	1:82A85>B	'264:4<6	+96>B
=TLH	e LMVLHMTTT	e =H=M=LL	e LMHPRM=LL
=TLP	LMVRTMTTT	LSSMPL=	LMHPSMPL=
=TLR	LMZ=HMTTT	LZZMYLV	LMHPSMYLV
=TLY	LMZPHMTTT	LT=MTPV	LMHPRMTPV
=TLS	LMH=HMTTT	ZVMZPV	LMHPYMZPV
+96>B	e RMLTTMTTT	e RZ=MLP=	e RMYZ=MLP=

=TTH !4:84< 0 a923< @>67:4 60:97?0 =TVZ >< F9BB9Q<^

$8<A>B ,4>:	1:82A85>B	'264:4<6	+96>B
=TLH	e J	e LMZSRMVTT	e LMZSRMVTT
=TLP	J	LMZSRMVTT	LMZSRMVTT
=TLR	J	LMZSRMVTT	LMZSRMVTT
=TLY	J	LMZSRMVTT	LMZSRMVTT
=TLS	J	LMZSRMVTT	LMZSRMVTT
=T=TJ=T=Z	RMSHHMTTT	PMR=SMRHT	LZMPYZMRHT
=T=HJ=T=MMM			
=T=HJ=T= ‘‘‘‘‘‘‘v	LMZSRMVT	LMZSRMPPEZMN	

- L @ M B @ H 9 = E B D J

+O4 A926:8a7682 :4E78:4@426< 9F 1B>2 @4@a4:< >23 6O4 08<6:8A6 >:4 4<6>aB8<O43 >23 @>C a4 >@42343 aC 6O4 08<6:8A6 >23 6O4 08<6:8A6;< a>:?>8282? 7286<_ +O4 :4E78:43 A926:8a7682 8< a><43 92 5:9[4A643 5>CJ><JC97J?9 F82>2A82? :4E78:4@426< Q86O >2 >33868 92>B >@9726 69 5:4F723 a424F86< >< 3464:@8243 >227>BBC 6O:97?O >?:44@426< a46Q442 6O4 08<6:8A6 >23 6O4 a>:?>8282? 7286<_ $9: F8<A>B C4>: =TLVJ=TLZM 6O4 08<6:8A6 A926:8a7643 eRMPYLM=VY 69 6O4 1B>2M >BB 9F QO8AO Q>< 7<43 F9: A7::426 5:4@87@<_

, @ @ L C E 1 9 $ 8 / = G ? C @ ă Ǝ ă Ȯ M

ɣ ʾ M Ǯ ă Ȯ ǯ M

-L@MB@H +?C?LG C@M -L@MB@H 9>=H>;GG

"A67>:8>B "AA:743 -8>a8B86C D" " -G	e LYSMLSTM==Z
"A67>:8>B `>B74 9F 1B>2 "<<46<	J
2F72343 "A67>:8>B "AA:743 -8>a8B86C D " " -G	e LYSMLSTM==Z

$72343 %>689 D"A67>:8>B `>B74 9F 1B>2 "<<46<n" " -G	T f
&9K4:43 1>C:9BB	SHMVYSMR=R
* " " - >< 14:A426>?4 9F &9K4:43 1>C:9BB	LSY_VV f

+04 >a9K4 2964 3 >A67>:8>B >AA:743 B8>a8B86C Q>< a><43 92 6O4 b7BC LM =TLLM >A67>:8>B K>B7>6892_ "A67>:8>B K>B7>6892 9F >2 92?982? 5B>2 82K9BK4< 4<68@>64< 9F 6O4 K>B74 9F :459:643 >@9726< >23 ><<7@5692< >a976 6O4 5:9a>a8B86C 9F 9AA7::42A4 9F 4K426< F>: 8269 6O4 F767:4_ .N>@5B4< 82AB734 ><<7@5692< >a976 F767:4 4@5B9C@426M @9:6>B86CM >23 6O4 O4>B6OA>:4 A9<6 6:423_ "@9726< 3464:@8243 :4?>:382? 6O4 F72343 <6>67< 9F 6O4 1B>2 >23 6O4 >227>B :4E78:43 A926:8a7689 2 9F 6O4 4@5B9C4: >:4 <7a[4A6 69 A926827>B :4K8<892 >< >A67>B :4<7B6< >:4 A9@5>:43 Q86O 5><6 4N54A6>6892< >23 24Q 4<68@>64< >:4 @>34 >a976 6O4 F767:4_ +04 <AO437B4 9F F72382? 5:9?:4<<M 5:4<4264 3 >< :4E78:43 <755B4@426>:C 82F9:@>6892M F9BB9Q< 6O4 2964< 69 6O4 F82>2A8>B <6>64@426< >23 5:4<426< @7B68JC4>: 6:423 82F9:@>6892 >a976 QO46O4: 6O4 >A67>:8>B K>B74 9F 1B>2 ><<46< 8< 82A:4><82? 9: 34A:4><82? 9K4: 68@4 :4B>68K4 69 6O4 >A67>:8>B >AA:743 B8>a8B8684< F9: a424F86<_

,D?LC>BCE 2 ;?A=MG C@M ,GGL F <?B=@G

1:9[4A6892< 9F a424F86< F9: F82>2A8>B :459:682? 57:59<4< >:4 a><43 92 6O4 <7a<6>268K4 1B>2 D6O4 1B>2 >< 7234:<6993 aC 6O4 4@5B9C4: >23 6O4 1B>2 @4@a4:<G >23 82AB734 6O4 6C54< 9F a424F86< 5:9K8343 >6 6O4 68@4 9F 4>AO K>B7>6892 >23 6O4 O8<69:8A>B 5>664:2 9F <O>:82? 9F a424F86 A9<6< a46Q442 6O4 4@5B9C4: >23 6O4 1B>2 @4@a4:< 69 6O>6 59826_ +04 >A67>:8>B @46O93< >23 ><<7@5692< 7<43 82AB734 64AO28E74< 6O>6 >:4 34<8?243 69 :437A4 6O4 4FF4A6< 9F <O9:6J 64:@ K9B>68B86C 82 >A67>:8>B >AA:743 B8>a8B8684< >23 6O4 >A67>:8>B K>B74< 9F ><<46<M A92<8<6426 Q86O 6O4 B92?J64:@

+04 :8<X 599B< >:4 954:>643 <45>:>64BC >23 >:4 82345423426BC >AA9726>aB4 F9: 6O48: F8<A>B @>664:<_ +04 :8<X 599B< >:4 296 A9@592426 7286< 9F 6O4 08<6:8A6 F9: F82>2A8>B :459:682? 57:59<4<_ " A95C 9F 6O4 @9<6 :4A426 >738643 F82>2A8>B <6>64@426< F9: 6O4 599B< A>2 a4 9a6>8243 F:9@ 6O4 08<6:8A6_

07:82? 6O4 F8<A>B C4>:M 6O4 08<6:8A6 F82>2A4< 86< :8<X 9F B9<< F9: 6O4 F9BB9Q82? 3437A68aB4 59:6892 9F 6O4 ?424:>B B8>a8B86CM >769@968K4 B8>a8B86CM 5:954:6C AB>8@<M >23 <673426 5:9F4<<892>B B8>a8B86C >< F9BB9Q<^

/424:>B -8>a8B86C	eHTMTTT
"769@9a8B4 -8>a8B86C	eHTMTTT
1:954:6C	e=HMTTT
!673426 1:9F4<<892>B -8>a8B86C	e HMTTT

.<68@>64< 9F B8>a8B8684< F9: 9542 AB>8@<M a960 :459:643 >23 72:459:643M >:4 4<6>aB8<O43 aC 6O4 08<6:8A6g< 4N64:2>B >3@828<6:>69: F9: X29Q2 AB>8@< >23 aC 54:8938A >A67>:8>B K>B7>6892<_

" 27@a4: 9F AB>8@< >23 <786< >:4 542382? >?>82<6 6O4 08<6:8A6_ '2 6O4 9582892 9F 08<6:8A6 >3@828<6:>6892M 6O4 :4B>643 B8>a8B86CM 8F >2CM Q8BB 296 @>64:8>BBC >FF4A6 6O4 F82>2A8>B 59<86892 9F 6O4 08<6:8A6_ #9 <466B4@426< 4NA44343 82<7:>2A4 A9K4:>?4 37:82? 6O4 B><6 6O:44 C4>:<_

"< 9F $4a:7>:C LM =TTHM 6O4 08<6:8A6 a4A>@4 > AO>:64: @4@a4: 9F 6O4 &9@@7286C &9BB4?4 '2<7:>2A4 /:975 D&&'/G_ +04 08<6:8A6g< @4@a4:<O85 8< B8@8643 69 3426>B 82<7:>2A4_ "< > :4<7B6M 6O4 08<6:8A6 6:>2<8689243 F:9@ > <4BFJ82<7:43 <C<64@ 69 > 5:4@87@ <C<64@_ 1:4@87@< >:4 >3[7<643 >227>BBC a><43 7592 6O4 5:4K897< C4>:g< 4N54:842A4_

"< 9F b724 VTM =TLZM B8>a8B86C F9: AB>8@< >@972643 69 eZML==M=LZ_

/ECB F G 5BC I BEB?B;G

+04 08<6:8A6 4<6>aB8<O4< > B8>a8B86C F9: a960 :459:643 >23 72:459:643 4K426<M QO8AO 82AB734< 4<68@>64< 9F a960 F767:4 5>C@426< 9F B9<<4< >23 :4B>643 AB>8@ >3[7<6@426 4N542<4<_ +04 F9BB9Q82? :45:4<426 6O4 AO>2?4< 82 >55:9N8@>64 >??:4?>64 B8>a8B8684< F9: 6O4 08<6:8A6 F:9@ b7BC LM =TLV 69 b724 VTM =TLZ D82 6O97<>23<G^

	I4?82282? $8<A>B ,4>: -8>a8B86C	&7::426 ,4>: &B>8@< >23 &O>2?4< 82 .<68@>64<	&B>8@< 1>C@426<	.2382? $8<A>B ,4>: -8>a8B86C
"< 9F b724 VTM =TLZ W9:X4:<; &9@542<>6892	e HM=HPMY=V	e HMZZP	e LMLZTMTHH	e ZML==M=LZ

#) (CG D (0 /&*1 ((+( )"+(0 (#) '1 ') (0 '*

\ 7>B8F843 4@5B9C44< >:4 A9K4:43 7234: @7B685B4J4@5B9C4: :468:4@426 5B>2< @>826>8243 aC >?42A84< 9F 6O4 !6>64 9F &>B8F9:28>_ &4:68F8A>643 4@5B9C44< >:4 @4@a4:< 9F 6O4 &>B8F9:28> !6>64 +4>AO4:<; %468:4@426 !C<64@ D&>B!+%!G >23 AB><<8F843 4@5B9C44< >:4 @4@a4:< 9F 6O4 &>B8F9:28> 17aB8A .@5B9C44<; %468:4@426 !C<64@ D&>B1.%!G_

1@ 8;ACEK 9CJF;@?G

+04 !6>64 9F &>B8F9:28> @>X4< A926:8a76892< 69 &>B!+%! >23 &>B1.%! 92 a4O>BF 9F 6O4 O8<6:8A6_ +O4<4 5>C@426< A92<8<6 9F !6>64 / 424:>B $723 A926:8a76892< 69 &>B!+%! F9: 6O4 F8<A>B C4>:< 42343 b724 VTM =TLZM =TLVM >23 =TL=M QO8AO >@972643 69 eHMVT=MTSPM eHMTZSMVY=M >23 eHMTLHMRVYM :4<54A68K4BCM DH_HZL 54:A426G 9F <>B>:84< <7a[4A6 69 &>B!+%!_ &926:8a76892< >:4 29 B92?4: >55:95:8>643 82 6O4 >227>B *Budget Act* F9: 6O4 B4?8<B>68K4BC @>23>643 a424F86< 69 &>B1.%!_ +O4:4F9:4M 6O4:4 8< 29 92 a4O>BF A926:8a76892 :>64 F9: &>B1.%!_ #9 A926:8a76892< Q4:4 @>34 F9: &>B1.%! F9: 6O4 C4>:< 42343 b724 VTM =TLZM =TLVM >23 =TL=_ *234: >AA972682? 5:82A85B4< ?424:>BBC >AA45643 82 6O4 *2863 !6>64< 9F "@4:8A>M 6O4<4 >@9726< >:4 69 a4 :459:643 >< :4K4274< >23 4N5423867:4<_ +O4<4 >@9726< O>K4 a442 :4FB4A643 82 6O4 a><8A F82>2A8>B <6>64@426< >< > A9@592426 9F 292954:>682? :4K4274 >23 4@5B9C44 a424F86 4N542<4_

7;K;>>;M /=F<;@GC?B=@

+04 O8<6:8A6 9FF4:< 86< 4@5B9C44< > &>B1.%! >3@828<64:43 ZHR O4F4::43 &9@542<>6892 1:9?:>@ D6O4 1:9?:>@G_ +04 1:9?:>@M >K>8B>aB4 69 >BB 54:@>2426 4@5B9C44<M 54:@86< 6O4@ 69 34F4: > 59:6892 9F 5:4J6>N <>B>:C 8269 82K4<6@426 9F >2 8238K837>B;< 9Q2 AO99<82? 7268B F767:4 C4>:<_ +04 34F4::43 A9@542<>6892 8< 296 >K>8B>aB4 69 6O4 4@5B9C44< 9: 6O48: a424F8A8>:84< 7268B 64:@82>6892M :468:4@426M 34>6OM 9: >2 72F9:4<44>aB4 4@4:?42AC_ +04 &>B1.%! I9>:3 A926:9B< 6O4 82K4<6@426 >23 >3@828<6:>68K4 F72A6892< 9F 6O4 &>B1.%! ZHR O4F4::43 ÿ 1: >BB ı 6 Ğ Ğ s - ɔ ʌ ɣ A O Ĭ

1<;>C?B@H 5;CG;G

+04 08<6:8A6 O>< 4264:43 8269 K>:897< 954:>682? B4><4< F9: a78B382?< >23 4E785@426 Q86O B4><4 64:@< 82 4NA4<< 9F 924 C4>:_ #924 9F 6O4<4 >?:44@426< A926>82 57:AO><4 956892<_ "BB >?:44@426< A926>82 > 64:@82>6892 AB>7<4 5:9K8382? F9: A>2A4BB>6892 >F64: > <54A8F843 27@a4: 9F 3>C< Q:86642 2968A4 69 B4<<9:<M a76 86 8< 72B8X4BC 6O>6 6O4 08<6:8A6 Q8BB A>2A4B >2C 9F 6O4 >?:44@426< 5:89: 69 6O4 4N58:>6892 3>64_ $767:4 @828@7@ B4><4 5>C@426< 7234: 6O4<4 >?:44@426< >:4 >< F9BB9Q<^

,4>: .2382?	-4><4
b724 VTM	1>C@426
=TLH	e LMTSLML=P
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+ (, - "+ (. ' - / /& (0 (#) $ +1 " # ! * + 0 $) " * #

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70+3.0/3 1.6,#0a,301#
!"#$ %&' (&)*

!>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6 Q>< 4<6>aB8<O43 82 LSVH >23 8< B9A>643 82 !>2 $:>2A8<A9 &9726C_

+/V$7"5$ 1-$U9$#703".$+ 1- -$7$.,5 ,S ,.7+ -1. 3V$ 4$,. $#7$7 !"#$ %&' (&)*

9>=H>CF #CF;	/-7, #LFI;>	9CGGT3A>=LHA => 7B>;D? $@?B?J 0M;@?BKJB@H #LFI;>	9>=H>CF $W<;@MB?L>;G
"b+b 7$9,.32$#3 1-$7"/,301#			
!673426 $82>2A8>B "<<8<6>2A4 &B7<64:			
$434:>B 14BB /:>26	YZ_TPV	qLr	e =R\HRR\LPZ
$434:>B 14BB /:>26 "3@828<6:>68K4	YZ_TPV	qLr	Z=\H=T
$434:>B W9:XJ!673C 1:9?:>@	YZ_TVV	qLr	YTZ\YLP
$434:>B 08:4A6 -9>2	YZ_=PY	qLr	Z\P=Y\STP
$434:>B !755B4@426>B .37A>6892>B (559:67286C /:>26< +96>B !673426 $82>2A8>B "<<8<6>2A4 &B7<64:	YZ_TTR	qLr	YZS\PY= VV\STV\TYY
+%'(!673426 !7559:6 !4:K8A4<	YZ_TZ=	qLr	VHT\HVV
"<8>2 1>A8F8A "@4:8A>2 -4>34:<	YZ_TVL-	qLr	YS\LHL
1><<43 6O:97?0 !>2 $:>2A8<A9 !6>64 *28K4:<86C			
$723 F9: 6O4 '@5:9K4@426 9F 19<6<4A923>:C .37A>6892	YZ_LLPI	1LLPILTTL==	LL\STV
1><<43 6O:97?0 &>B8F9:28> 045>:6@426 9F .37A>6892 D&0.G			
`9A>6892>B .2?B8<O >< > !4A923 ->2?7>?4	YZ_TT="	LZHTY	L\TVH\SZY
"37B6 !4A923>:C .37A>6892	YZ_TT="	LVSRY	LZV\=LV
&8K8A< .37A>6892	YZ_TT="	LZLTS	HZ\VPS
1><<43 6O:97?0 &>B8F9:28> &9@@7286C &9BB4?4< &O>2A4BB9:;< (FF8A4			
&>:44: >23 +4AO28A>B .37A>6892 "A6 J +86B4 '\ 1>:6 & J			
I><8A /:>26< 69 !6>64<	YZ_TZY	&TLJTZY	L\LHY\HLV
+86B4 '& &>:44: +4AO .3 +:>2<868892<	YZ_TZY	LL=JVPT	ZZ\T=H
313,5 "b+b 7$9,.32$#3 1-$7"/,301#			VP\RST\RZV

!44 >AA9@5>2C82? 2964 69 <755B4@426>:C 82F9:@>6892_

+, # - . , # /0+/ 1 /1 2 2 "#034 /155$6$ 70+3.0/3

+/V$7"5$ 1- $U9$#703" .$+ 1- -$7$. , 5 , S , . 7+' /=@?B@L;M
-1. 3V$ 4$, . $#7$7 !"#$ %&' (&)*

"h+h 7$9, .32$#3 1- V$, 53V , #7 V" 2 , # +$.R0/$+ 0VV+Q

1><<43 60:97?0 &>B8F9:28> &9@@728 6C &9BB4?4< &O>2A4BB9:;< (FF8A4

+4@59:>:C "<<8<6>2A4 F9: #443C $>@8B84< SV_HHY q=r e HRY\RYL

&O8B3 &>:4 04K4B95@426 $723 &B7<64:

1><<43 60:97?0 &>B8F9:28> 045>:6@426 9F .37A>6892 D&0 .G

.>:BC &O8B30993) 4269:82? 1:9?:>@ SV_HRH &#L=TTZP VRR\LZH

&O8B3 &>:4 04K4B95@426 IB9AX /:>26 J &4264:< I><43 SV_HRH V=LJLVPTSJRVHV =V\H=P

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&O8B3 &>:4 04K4B95@426 IB9AX /:>26 J !6>64 1:4<AO99B SV_HRH V=LJLVPTSJRVHV RV\STR

&O8B3 &>:4 04K4B95@426 IB9AX /:>26 J !6>64 1:4<AO99B SV_HRH V=ZJLHLVPJRVHV VH\=ZR

+96>B &O8B3 &>:4 04K4B95@426 $723 &B7<64: H=L\TZP

1><<43 60:97?0 &>B8F9:28> 045>:6@426 9F]4>B6O !4:K8A4<

) 438A>B "3@8284<6:>68K4 "A68K8684< SV_RRY q=r

+,# -.,#/0+/1 /122"#034 /155$6$ 70+3.0/3

+ , # - . , # / 0 + / 1 / 1 2 2 " # 0 3 4 / 1 5 5 $ 6 $ 7 0 + 3 . 0 / 3

+ / V $ 7 " 5 $ 1 - $ U 9 $ # 7 0 3 " . $ + 1 - + 3 , 3 $, S , . 7 +
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	1:9?:>@ . 2886B4@426<				1:9?:>@ %4K4274<			
1:9?:>@	&7::426 , 4>:	1:89: , 4>:	+96>8 . 2886B4@426	&><0 %4A48K43	"AA9726< %4A48K>aB4	*24>:243 %4K4274	+96>8 %4K4274	1:9?:>@ .N5423867:4<
/ . # . % " - $ * # 0								
" I LR=H J !6>FF 04K4B95@426 >23 08K4:<86C 1:9?:>@<	e LVWZRP	e Z=WYHL	e HPWV=R	e HPWV=R	e J	e VYWVV=	e LRWSSH	e LRWSSH
" I YP " 3786 . 3 &92<9:687@	VY=WSHT	J	VY=WSHT	LSLWZRH	J	LSLWZRH	J	J
I><8A ! X888<J (24 +8@4 d (2J?9822?	YHRWLH=	J	YHRWLH=	YHRWLH=	J	SLWHT=	RPHWPHT	RPHWPHT
I 9>:3 9F $822>2A8>8 "83 1:9?:>@	LWT=YW=LV	J	LWT=YW=LV	LWT=YW=LV	J	VWPYP	LWT=ZWH=R	LWT=ZWH=R
&>8Q9:X<	ZTPWYYH	J	ZTPWYYH	ZTPWYYH	J	VWS=R	ZT=WSHY	ZT=WSHY
&>88F9:28> #7:<822? ! 7559:6	LPZWTTT	J	,6 'LPZWTTT	LVRWRPT	=PW=ZT	J	LPZWTTT	LPZWTTT
&>::44: +4AO28A>8 . 37A>6892 J &9882>a9:>68K4W]7a d +4>AO4:	=HTWTTT	PVHWSRV	YYHWSRV	YVSWLTT	ZPWYRV	=TVWYLT	PY=WLPV	PY=WLPV
&>88F9:28> '2<6867648 F9: %4?424:>68K4) 438A824	J	=RTWLP=	=RTWLP=	=RTWLP=	J	LHWTTT	=HHWLP=	=HHWLP=
&>8 / :>26	LW							

+/V$7"5$ 1- $U9$#703" .$+ 1- +3,3$,S ,.7+'/1#30#"$7 -1. 3V$ 4$,. $#7$7 !"#$ %&'

	1:9?:>@ .2686B4@426<				1:9?:>@ %4K4274<			
	&7::426	1:89:	+96>8	&><0	"AA9726<	*24>:243	+96>8	1:9?:>@
1:9?:>@	,4>:	,4>:	.2686B4@426	%4A48K43	%4A48K>aB4	%4K4274	%4K4274	.N5423867:4<
!$01]¤)]!")]&]W	e V=P\RTS	e =R\ZPH	e VHZ\LRZ	e LTZ\=HZ	e LHH\YST	e J		

+/V$7"5$ 1- S1 .c51 ,7 2$,+" .$+ -1 . +3 ,3$ 6$#$. ,5
,991 .301#2$#3 ,##" ,5 0, /3" ,5Q ,33$#7 ,#/$
,+ 1- !"#$ %&' (&)*

%459:643 "738 "73843
0>6> s "3[7<6@426< 0>6>

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+ , # - . , # / 0 + / 1 / 1 2 2 " # 0 3 4 / 1 5 5 $ 6 $ 7 0 + 3 . 0 / 3

. $ / 1 # / 0 5 0 , 3 0 1 # 1 - *(. - %$)* " * # % * . *(* + $ / 3 0 1 # d * % e (0 ^ & 9 $. / $ # 3 5 , S Q / , 5 / " 5 , 3 0 1 # - 1 . 3 V $ 4 $, . $ # 7 $ 7 ! " # $ %&' (&)*

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&934< %459:643 0>6>

+,# -.,#/0+/1 /122"#034 /155$6$ 70+3.0/3

.$/1#/050,301# 1- *(.-%$)*"*#%*.*(* +$/301#

+,# - . ,# /0+/ 1 /1 2 2 "#034 /155$6$ 70+3 .0/ 3

.$/ 1#/050,301# 1- *(. -%$)*"*# %*. *(* +$/ 301# d*%e(0^& 9$. /$#3 5, SQ / ,5/ "5 ,301#
-1 . 3V$ 4$, . $#7$7 !"#$ %&' (&)*

9.191+0301#%& $7/",301# 9.13$/301# ,/3 0$9,Q $U9$#703".$.$91.3 -1. 3V$ 4$,. $#7$7 !"#$ %&' (&)*

, D?BYB?J /ECGGBKBDC?B=@	1 If;D? /=M;			"@>;G?>BD?;M	
.1" 1:9A443<^	YPVT				e ==\Y==\SZZ
, D?BYB?J /ECGGBKBDC?B=@	, D?BYB?J /=M;	+CEC>B;G C@M 8;@;KB?G 0 1 If)&&&T%&&&Q	1<;>C?B@H $W<;@G;G 0 1 If *&&&T^&&&Q	/C<B?CE 1L?ECJ 0 1 If e&&&Q	3=?CE
'2<6:7A68924>B "A68K8684<	LTTTJHSTT				
		e ==\Y==\SZZ			e ==\Y==\SZZ
3=?CE $W<;@MB?L>;G K=> $9,		e ==\Y==\SZZ	J	J	e ==\Y==\SZZ
.;Y;@L;G 5;GG $W<;@MB?L>;G					e J

+,# - . ,#/0+/1 /122"#034 /155$6$ 70+3.0/3

.$/1#/050,301# 1- ,##",5 -0#,#/0,5 ,#7 8"76$3 .$91.3 0//-+T%))Q
S03V -"#7 -0#,#/0,5 +3,3$2$#3+
-1. 3V$ 4$,. $#7$7 !"#$ %&' (&)*

!7@@>:8U43 a4B9Q >:4 6O4 F723 a>B>2A4 :4A92A8B8>6892< a46Q442 6O4 "227>B $82>2A8>B >23 I73?46 %459:6 D&&$!JVLLG >23 6O4 F723 F82>2A8>B <6>64@426<_

	*2:4<6:8A643 / 424:>B	%4<6:8A643 / 424:>B	I923 '264:4<6 >23 %434@5668 92	&O8B3 04K4B95@426
$*#0 I"-"#&.				
I>B>2A4M b724 VTM =TLZM D&&$!JVLLG	e =LMRR=MLHZ	e PMSY=MPZZ	e VMTVHMY=T	e ZMVSR
19<6 AB9<82? >3[7<6@426<	VMYVYMSZ=	D=MYVYMTTPG	=PMLTP	=SMHPR
I>B>2A4M b724 VTM =TLZM "7386 43	e =HMPLLMTSP	e ZMLZZMPVY	e VMTPLMS=P	e VVMSPZ

	(6O4: !54A8>B %4K4274	&>586>B (76B>C 1:9[4A6<	!4BF '2<7:>2A4
$*#0 I"-"#&.			
I>B>2A4M b724 VTM =TLZM D&&$!JVLLG	e LMVVRMPLV	e =MZY=M=Z=	e YMLLPMYHH
19<6 AB9<82? >3[7<6@426<	DLPHMLZ=G	=VRM=VH	LMLVZMPTS

=VRM=VH

#13$+31+"995$2$#3,.40#-1.2,301#
!"#$ %&' *FQCI*

#)(CD/-+/*'(*! '%3(.-&('*

7BG?>BD? 1>HC@B[C?B=@

+O8< <AO437B4 5:9K834< 82F9:@>6892 >a976 6O4 08<6:8A6;< ?9K4:282? a9>:3 @4@a4:< >23 >3@828<6:>6892 @4@a4:<_

+DA;MLE; =K $W<;@MB?L>;G =K -;M;>CE ,XC>MG

+O4 >AA9@5>2C82? !AO437B4 9F .N5423867:4< 9F $434:>B "Q>:3< 82AB734< 6O4 $434:>B ?:>26 >A68K86C 9F 6O4 08<6:8A6 >23 8< 5:4<42643 92 6O4 @938F843 >AA:7>B a><8< 9F >AA972682?_ +O4 82F9:@>6892 82 6O8< <AO437B4 8< 5:4<42643 82 >AA9:3>2A4 Q86O 6O4 :4E78:4@426< 9F 6O4 *28643 !6>64< (FF8A4 9F) >2>?4@426 >23 I73?46 &8:A7B>: "JLVVM *Audits of States, Local Governments, and Non-Profit Organizations*_ +O4:4F9:4M <9@4 >@9726< 5:4<42643 82 6O8< <AO437B4 @>C 38FF4: F:9@ >@9726< 5:4<42643 82M 9: 7<43 82 6O4 5:45>:>6892 9FM 6O4 F82>2A8>B <6>64@426<_

+O4 F9BB9Q82? <AO437B4 5:9K834< 59<86892 a46Q442 :4K4274< :459:643 92 6O4 !6>64@426 9F %4K4274<M .N542<4<M >23 &O>2?4< 82 #46 19<86892 J 1:8@>:C /9K4:2@426 >23 6O4 :4B>643 4N5423867:4< :459:643 92 6O4 !AO437B4 9F .N5423867:4< 9F $434:>B "Q>:3<_ +O4 :4A92A8B82? >@9726< A92<8<6 5:8@>:8BC 9F F723< 6O>6 82 6O4 5:4K897< 54:893 Q4:4 :4A9:343 >< :4K4274< a76 Q4:4 72<5426_ +O4<4 72<5426 a>B>2A4< O>K4 a442 4N542343 82 6O4 A7::426 54:893_ '2 >33868927M F723< O>K4 a442 :4A9:343 82 6O4 A7::426 54:893 >< :4K4274< 6O>6 O>K4 296 a442 4N542343 >< 9F b724 VTM =TLZ_ +O4<4 72<5426 a>B>2A4< >:4 :459:643 >< B4?>BBC :4<6:8A643 42382? a>B>2A4< Q86O82 6O4 !6>64@426 9F #46 19<86892 J 1:8@>:C /9K4:2@426_

04<A:8568 92	&$0 " #7@a4:	"@9726
+96>B $434:>B %4K4274< 54: !6>64@426 9F %4K4274<M .N5423867:4<M		
>23 &O>2?4< 82 #46 19<86892		e ZLMHHVMSHV
`464:>2< .37A>6892	PZ_L=T	VMRHP
)438A>B "3@828<6:>68K4 "BB9Q>2A4	SV_RRY	=VVMRL=
$434:>B 14BB /:>26 "3@828<6:>68K4	YZ_TPV	Z=MH=T
"<8>2 1>A8F8A "@4:8A>2 -4>34:<	YZ_TVL-	YSMLHL
&O8B3 04K4B95@426 &B7<64:	YZ_HRHJYZ_HSP	LZVMSTL
		DVMVT=G
+96>B .N5423867:4< 9F $434:>B "Q>:3<		e Z=MTPVMPSL

+LI>;DB<B;@?G

(F 6O4 $434:>B 4N5423867:4< 5:4<42643 82 6O4 <AO437B4M 6O4 08<6:8A6 5:9K8343 $434:>B >Q>:3< 69 <7a:4A858426< >< F9BB9Q<^

$434:>B /:>269:n1><<J+0:97?0 /:>269:n1:9?:>@	$434:>B &$0 " #7@a4:	"@9726 1:9K8343 69 !7a:4A858426<!7a:4A85842 6MA

+DA;MLE; =K $W<;@MB?L>;G =K +?C?; ,XC>MG

+O4 >AA9@5>2C82? !AO437B4

"#.(/(#.(#) $-.") *+2' +(/*+)'

0#7$9$#7$#3 ,"7031.:+ .$91.3 1#0#3$.#,5 /1#3.15 1R$. -0#,#/0,5 .$91.30#6 ,#7 1# /1 2950,#/$,#7 13V$. 2,33$.+ 8,+$7 1# ,# ,"703 1- -0#,#/0,5 +3,3$ 2$#3+ 9$.-1.2$7 0# ,//1.7,#/$ S03V *4*H(+#0(#) $-."))"#4 ')$#.$+.'

I9>:3 9F +:7<644<
!>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6
!>2 $:>2A8<A9M &>B8F9:28>

W4 O>K4 >7386 43M 82 >AA9:3>2A4 Q86O >7386 82? <6>23>:3< ?424:>BBC >AA45643 82 6O4 *2864 3 !6>64< 9F "@4:8A> >23 6O4 <6>23>:3< >55B8A>aB4 69 F82>2A8>B >7386< A926>8243 82 *Government Auditing Standards* 8<<743 aC 6O4 &9@56:9BB4: /424:>B 9F 6O4 *2864 3 !6>64<M 6O4 a><8A F82>2A8>B <6>64@426< 9F 6O4 a7<824<<J6C54 >A68K8684< 9F !>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6 D6O4 08<6:8A6G >< 9F >23 F9: 6O4 C4>: 42343 b724 VTM =TLZM >23 6O4 :4B>643 2964< 69 6O4 F82>2A8>B <6>64@426<M QO8AO A9BB4A68K4BC A9@5:8<4 6O4 08<6:8A6;< a><8A F82>2A8>B <6>64@426< >23 O>K4 8<<743 97: :459:6 6O4:492 3>643 04A4@a4: VLM =TLZ_

$F<ACGBG =K 2C??;>T /AC@H; B@ ,DD=L@?B@H 9>B@DB<E;G

"< 38<A7<<43 82 #964 LH 69 6O4 F82>2A8>B <6>64@426<M 6O4 08<6:8A6 O>< 4B4A643 69 AO>2?4 86< @46O93 9F >AA972682? F9: A9<6 9F 34a6 8<<7>2A4 >< 5:4<A:8a43 aC /"!I #9_ PHM *Items Previously Reported as Assets and Liabilities*_ (7: 9582892 8< 296 @938F843 Q86O :4<54A6 69 6O8< @>664:_

0@?;>@CE /=@?>=E 1Y;> -B@C@DBCE .;<=>?B@H

'2 5B>2282? >23 54:F9:@82? 97: >7386 9F 6O4 F82>2A8>B <6>64@426<M Q4 A92<834:43 6O4 08<6:8A6;< 8264:2>B A926:9B 9K4: F82>2A8>B :459:682? D8264:2>B A926:9BG 69 3464:@824 6O4 >7386 5:9A437:4< 6O>6 >:4 >55:95:8>64 82 6O4 A8:A7@<6>2A4< F9: 6O4 57:59<4 9F 4N5:4<<82? 97: 9582892< 92 6O4 F82>2A8>B <6>64@426<M a76 296 F9: 6O4 57:59<4 9F 4N5:4<<82? >2 9582892 92 6O4 4FF4A68K424<< 9F 6O4 08<6:8A6;< 8264:2>B A926:9B_ "AA9:382?BCM Q4 39 296 4N5:4<< >2 9582892 92 6O4 4FF4A68K424<< 9F 6O4 08<6:8A6;< 8264:2>B A926:9B_

(7: A92<834:>6892 9F 8264:2>B A926:9B Q>< F9: 6O4 B8@8643 57:59<4 34<A:8a43 82 6O4 5:4A4382? 5>:>?:>50 9F 6O8< <4A6892 >23 Q>< 296 34<8?243 69 83426 8FC >BB 34F8A842A84< 82 8264:2>B A926:9B 6O>6 @8?O6 a4 @>64:8>B Q4>X24<<4< 9: <8?28F8A>26 34F8A842A84< >23M 6O4:4F9:4M @>64:8>B Q4>X24<<4< 9: <8?28F8A>26 34F8A842A84< @>C 4N8<6 6O>6 Q4:4 296 83426 8F843_]9Q4K4:M >< 34<A:8a43 82 6O4 >> ÔOƎTƖMÒă: / žƖ ŧ4K1 ȁ 9581 ƖƎrÁQ Ɩ‾<348:

" *deficiency in internal control* 4N8<6< Q042 6O4 34<8?2 9: 954:>6892 9F > A926:9B 394< 296 >BB9Q @>2>?4@426 9: 4@5B9C44<M 82 6O4 29:@>B A97:<4 9F 54:F9:@82? 6O48: ><<8?243 F72A6892<M 69 5:4K426M 9: 3464A6 >23 A9::4A6M @8<<6>64@426< 92 > 68@4BC a><8<_ " *material weakness* 8< > 34F8A842ACM 9: > A9@a82>6892 9F 34F8A842A84<M 82 8264:2>B A926:9B <7AO 6O>6 6O4:4 8< > :4><92>aB4 59<<8a8B86C 6O>6 > @>64:8>B @8<<6>64@426 9F 6O4 08<6:8A6;< F82>2A8>B <6>64@426< Q8BB 296 a4 5:4K42643M 9: 3464A643 >23 A9::4A643M 92 > 68@4BC a><8<_ W4 A92<834: 6O4 34F8A842A84< 34<A:8a43 82 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \ 74<689243 &9<6< >< 864@< =TLZJTTL 6O:97?0 =TLZJTT= 69 a4 @>64:8>B Q4>X24<<4<_

" *significant deficiency* 8< > 34F8A842ACM 9: > A9@a82>6892 9F 34F8A842A84<M 82 8264:2>B A926:9B 6O>6 8< B4<< <4K4:4 6O>2 > @>64:8>B Q4>X24<< C46 8@59:6>26 4297?0 69 @4:86 >66426892 aC 6O9<4 AO>:?43 Q86O ?9K4:2>2A4_

/=F<EBC@D; C@M 1?A;> 2C??;>G

"< 5>:6 9F 9a6>8282? :4><92>aB4 ><<7:>2A4 >a976 Q046O4: 6O4 08<6:8A6;< F82>2A8>B <6>64@426< >:4 F:44 F:9@ @>64:8>B @8<<6>64@426M Q4 54:F9:@43 64<6< 9F 86< A9@5B8>2A4 Q86O A4:6>82 5:9K8<892< 9F B>Q<M :4?7B>6892<M A926:>A6<M >23 ?:>26 >?:44@426<M 292A9@5B8>2A4 Q86O QO8AO A97B3 O>K4 > 38:4A6 >23 @>64:8>B 4FF4A6 92 6O4 3464:@82>6892 9F F82>2A8>B <6>64@426 >@9726<_]9Q4K4:M 5:9K8382? >2 9582892 92 A9@5B8>2A4 Q86O 6O9<4 5:9K8<892< Q>< 296 >2 9a[4A68K4 9F 97: >7386 >23M >AA9:382?BCM Q4 39 296 4N5:4<< <7AO >2 95828 92_ +04 :4<7B6< 9F 97: 64<6< 38<AB9<43 29 82<6>2A4< 9F 292A9@5B8>2A4 9: 96O4: @>664:< 6O>6 >:4 :4E78:43 69 a4 :459:643 7234: *Government Auditing Standards.*

W4 29643 A4:6>82 @>664:< 6O>6 Q4 :459:643 69 @>2>?4@426 9F 6O4 08<6:8A6 82 > <45>:>64 B4664: 3>643 04A4@a4: VLM =TLZ_

+C@ ->C@DBGD= /=F FL@B?J /=EE;H; 7BG?>BD?:G .;G<=@G;G ?= ?A; -B@MB@HG

+04 08<6:8A6;< :4<592<4< 69 6O4 F82382?< 834268F843 82 97: >7386 >:4 34<A:8a43 82 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \ 74<689243 &9<6<_ +04 08<6:8A6;< :4<592<4< Q4:4 296 <7a[4A643 69 6O4 >7368 2? 5:9A437:4< >55B843 82 6O4 >7386 9F 6O4 F82>2A8>B <6>64@426< >23M >AA9:382?BCM Q4 4N5:4<< 29 95828 92 92 6O4 :4<592<4<_

9L><=G; =K 3ABG .;<=>?

+04 57:59<4 9F 6O8< :459:6 8< <9B4BC 69 34<A:8a4 6O4 <A954 9F 97: 64<682? 9F 8264:2>B A926:9B >23 A9@5B8>2A4 >23 6O4 :4<7B6< 9F 6O>6 64<682?M >23 296 69 5:9K834 >2 95828 92 92 6O4 4FF4A68K424<< 9F 6O4 08<6:8A6;< 8264:2>B A926:9B 9: 92 A9@5B8>2A4_ +O8< :459:6 8< >2 8264?:>B 5>:6 9F >2 >7386 54:F9:@43 82 >AA9:3>2A4 Q86O *Government Auditing Standards* 82 A92<834:82? 6O4 08<6:8A6;< 8264:2>B A926:9B >23 A9@5B8>2A4_ "AA9:382?BCM 6O8< A9@@728A>6892 8< 296 <786>aB4 F9: >2C 96O4: 57:59<4_

1B4><>2692M &>B8F9:28>
04A4@a4: VLM =TLZ

0#7$9$#7$#3 ,"7031.:+ .$91.3 1# /1 2950,#/$ -1. $,/V
2,!1. -7.,5 9.16.,2 ,#7 .$91.3 1#0#3$.#,5 /1#3.15
1R$. /1 2950,#/$.$P"0.$7 84 1 2 8 /0./"5,. ,T)%%

I 9>:3 9F +:7<644<
!>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6
!>2 $:>2A8<A9M &>B8F9:28>

.;<=>? =@ /=F<EBC@D; K=> $CDA 2 Cf=> -;M;>CE 9>=H>CF

W4 O>K4 >7386 43 !>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6;< D6O4 08<6:8A6G A9@5B8>2A4 Q86O 6O4 6C54< 9F A9@5B8>2A4 :4E78:4@426< 34<A:8a43 82 6O4 ( ) I &8:A7B>: "JLVV *Compliance Supplement* 6O>6 A97B3 O>K4 > 38:4A6 >23 @>64:8>B 4FF4A6 92 4>AO 9F 6O4 08<6:8A6;< @>[9: $434:>B 5:9?:>@< F9: 6O4 C4>: 42343 b724 VTM =TLZ_ +O4 08<6:8A6;< @>[9: $434:>B 5:9?:>@< >:4 834268F843 82 6O4 !7@@>:C 9F "73869:;< %4<7B6< <4A6892 9F 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \74<689243 &9<6<_

2C@CH;F;@?:G .;G<=@GBIBEB?J

) >2>?4@426 8< :4<592<8aB4 F9: A9@5B8>2A4 Q86O 6O4 :4E78:4@426< 9F B>Q<M :4?7B>6892<M A926:>A6<M >23 ?:>26< >55B8A>aB4 69 86< $434:>B 5:9?:>@<_

,LMB?=>:G .;G<=@GBIBEB?J

(7: :4<592<8a8B86C 8< 69 4N5:4<< >2 95828 92 92 A9@5B8>2A4 F9: 4>AO 9F 6O4 08<6:8A6;< @>[9: $434:>B 5:9?:>@< a><43 92 97: >7386 9F 6O4 6C54< 9F A9@5B8>2A4 :4E78:4@426< :4F4::43 69 >a9K4_ W4 A9237A643 97: >7386 9F A9@5B8>2A4 82 >AA9:3>2A4 Q86O >738682? <6>23>:3< ?424:>BBC >AA4563 82 6O4 *2863 !6>64< 9F "@4:8A>c 6O4 <6>23>:3< >55B8A>aB4 69 F82>2A8>B >7386< A926>8243 82 *Government Auditing Standards* 8<<743 aC 6O4 &9@56:9BB4: /424:>B 9F 6O4 *2863 !6>64<c >23 ( ) I &8:A7B>: "JLVVM *Audits of State, Local Governments, and Non-Profit Organizations*_ +09<4 <6>23>:3< >23 ( ) I &8:A7B>: "JLVV :4E78:4 6O>6 Q4 5B>2 >23 54:F9:@ 6O4 >7386 69 9a6>82 :4><92>aB4 ><<7:>2A4 >a976 QO46O4: 292A9@5B8>2A4 Q86O 6O4 6C54< 9F A9@5B8>2A4 :4E78:4@426< :4F4::43 69 >a9K4 6O>6 A97B3 O>K4 > 38:4A6 >23 @>64:8>B 4FF4A6 92 > @>[9: $434:>B 5:9?:>@ 9AA7::43_ "2 >7386 82AB734< 4N>@82 82?M 92 > 64<6 a><8<M 4K8342A4 >a976 6O4 08<6:8A6;< A9@5B8>2A4 Q86O 6O9<4 :4E78:4@426< >23 54:F9:@82? <7AO 9604: 5:9A437:4< >< Q4 A92<834: 24A4<<>:C 82 6O4 A8:A7@<6>2A4<_ +4) ?:>@ 9@"2 ë@A34P) 2 >6 386 82A >4N>A92AA4342A0@>[4< 5:9-

"@F=MBKB;M 1<B@B=@ =@ 2Cf=> -;M;>CE 9>=H>CFG

'2 97: 95828928 6O4 08<6:8A6 A9@5B843M 82 >BB @>64:8>B :4<54A6<M Q86O 6O4 6C54< 9F A9@5B8>2A4 :4E78:4@426< :4F4::43 69 >a9K4 6O>6 A97B3 O>K4 > 38:4A6 >23 @>64:8>B 4FF4A6 92 4>AO 9F 86< @>[9: $434:>B 5:9?:>@< 834268F843 82 6O4 !7@@>:C 9F "73869:;< %4<7B6< <4A6892 9F 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \74<689243 &9<6< F9: 6O4 C4>: 42343 b724 VTM=TLZ_

1?A;> 2C??;>G

+O4 :4<7B6< 9F 97: >73868 2? 5:9A437:4< 38<AB9<43 29 82<6>2A4< 9F 292A9@5B8>2A4M QO8AO >:4 :4E78:43 69 a4 :459:643 82 >AA9:3>2A4 Q86O ( ) I &8:A7B>: "JLVV_

.;<=>?=@ 0@?;>@CE /=@?>=E 1Y;> /=F<EBC@D;

) >2>?4@426 9F 6O4 08<6:8A6 8< :4<592<8aB4 F9: 4<6>aB8<O82? >23 @>826>8282? 4FF4A68K4 8264:2>B A926:9B 9K4: A9@5B8>2A4 Q86O 6O4 6C54< 9F A9@5B8>2A4 :4E78:4@426< :4F4::43 69 >a9K4_ '2 5B>2282? >23 54:F9:@82? 97: >7386 9F A9@5B8>2A4M Q4 A92<834:43 6O4 08<6:8A6;< 8264:2>B A926:9B 9K4: A9@5B8>2A4 Q86O 6O4 6C54< :4E78:4@426< 6O>6 A97B3 O>K4 > 38:4A6 >23 @>64:8>B 4FF4A6 92 4>AO @>[9: $434:>B 5:9?:>@ 69 3464:@824 6O4 >73868 2? 5:9A437:4< 6O>6 >:4 >55:95:8>64 82 6O4 A8:A7@<6>2A4< F9: 6O4 57:59<4 9F 4N5:4<<82? >2 95828 92 92 A9@5B8>2A4 F9: 4>AO @>[9: $434:>B 5:9?:>@ >23 69 64<6 >23 :459:6 92 8264:2>B A926:9B 9K4: A9@5B8>2A4 82 >AA9:3>2A4 Q86O ( ) I &8:A7B>: "JLVVM a76 296 F9: 6O4 57:59<4 9F 4N5:4<<82? >2 95828 92 92 6O4 4FF4A68K424<< 9F 8264:2>B A926:9B 9K4: A9@5B8>2A4_ "AA9:382?BCM Q4 39 296 4N5:4<< >2 95828 92 92 6O4 4FF4A68K424<< 9F 6O4 08<6:8A6;< 8264:2>B A926:9B 9K4: A9@5B8>2A4_

(7: A92<834:>6892 9F 8264:2>B A926:9B 9K4: A9@5B8>2A4 Q>< F9: 6O4 B8@8643 57:59<4 34<A:8a43 82 6O4 5:4A4382? 5>:>?:>50 >23 Q>< 296 34<8?243 69 834268FC >BB 34F8A842A84< 82 8264:2>B A926:9B 9K4: A9@5B8>2A4 6O>6 @8?O6 a4 @>64:8>B Q4>X24<<4< 9: <8?28F8A>26 34F8A842A84< >23M 6O4:4F9:4M @>64:8>B Q4>X24<<4< 9: <8?28F8A>26 34F8A842A84< @>C 4N8<6 6O>6 Q4:4 296 834268F843_]9Q4K4:M >< 38<A7<<43 a4B9QM Q4 834268F843 A4:6>82 34F8A842A84< 82 8264:2>B A926:9B 9K4: A9@5B8>2A4 34<A:8a43 82 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \74<689243 &9<6< >< 864@< =TLZJTTV 6O>6 Q4 A92<834: 69 a4 > @>64:8>B Q4>X24<<_

" *deficiency in internal control over compliance* 4N8<6< QO42 6O4 34<8?2 9: 954:>6892 9F > A926:9B 9K4: A9@5B8>2A4 394< 296 >BB9Q @>2>?4@426 9: 4@5B9C44<M 82 6O4 29:@>B A97:<4 9F 54:F9:@82? 6O48: ><<8?243 F72A6892<M 69 5:4K426M 9: 3464A6 >23 A9::4A6M 292A9@5B8>2A4 Q86O > 6C54 9F A9@5B8>2A4 :4E78:4@426 9F > $434:>B 5:9?:>@ 92 > 68@4BC a><8<_ " *material weakness in internal control over compliance* 8< > 34F8A842ACM 9: > A9@a82>6892 9F 34F8A842A84<M 82 8264:2>B A926:9B 9K4: A9@5B8>2A4M <7AO 6O>6 6O4:4 8< > :4><92>aB4 59<<8a8B86C 6O>6 @>64:8>B 292A9@5B8>2A4 Q86O > 6C54 9F A9@5B8>2A4 :4E78:4@426 9F > $434:>B 5:9?:>@ Q8BB 296 a4 5:4K42643M 9: 3464A643 >23 A9::4A643M 92 > 68@4BC a><8<_ W4 A92<834: 6O4 34F8A842A84< 82 8264:2>B A926:9B 9K4: A9@5B8>2A4 34<A:8a43 82 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \74<689243 &9<6< >< 864@< =TLZJTTV 69 a4 > @>64:8>B Q4>X24<<_

+O4 08<6:8A6;< :4<592<4 69 6O4 8264:2>B A926:9B 9K4: A9@5B8>2A4 F82382? 834268F843 82 97: >7386 8< 34<A:8a43 82 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \74<689243 &9<6<_ +O4 08<6:8A6;< :4<592<4 Q>< 296 <7a[4A643 69 6O4 >73868 2? 5:9A437:4< >55B843 82 6O4 >7386 9F A9@5B8>2A4 >23M >AA9:382?BCM Q4 4N5:4<< 29 95828 92 92 6O4 :4<592<4_

0#7$9$#7$#3 ,"7031.:+ .$91.3 1#+3,3$ /1 2950,#/$

I9>:3 9F +:7<644<
!>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6
!>2 $:>2A8<A9M &>B8F9:28>

.;<=>? =@ +?C?; /=F<EBC@D;

W4 O>K4 >73864 3 !>2 $:>2A8<A9 &9@@7286C &9BB4?4 08<6:8A6;< D6O4 08<6:8A6G A9@5B8>2A4 Q86O 6O4 6C54< 9F A9@5B8>2A4 :4E78:4@426< >< 834268F843 82 6O4 &>B8F9:28> &9@@7286C &9BB4?4< &O>2A4BB9:;< (FF8A4 *District Audit Manual* 8<<743 82 04A4@a4: =TLV 6O>6 A97B3 O>K4 > 38:4A6 >23 @>64:8>B 4FF4A6 92 4>AO 9F 6O4 08<6:8A6;< 5:9?:>@< >< 2964 3 a4B9Q F9: 6O4 C4>: 42343 b724 VTM =TLZ_

2C@CH;F;@?:G .;G<=@GBIBEB?J

)>2>?4@426 8< :4<592<8aB4 F9: A9@5B8>2A4 Q86O 6O4 :4E78:4@426< 834268F843 82 6O4 &>B8F9:28> &9@@7286C &9BB4?4< &O>2A4BB9:;< (FF8A4 *District Audit Manual* 8<<743 82 04A4@a4: =TLV_

,LMB?=>:G .;G<=@GBIBEB?J

(7: :4<592<8a8B86C 8< 69 4N5:4<< >2 9582892 92 A9@5B8>2A4 9F 4>AO 9F 6O4 08<6:8A6;< !6>64 5:9?:>@< a><43 92 97: >7386 9F 6O4 6C54< 9F A9@5B8>2A4 :4E78:4@426< :4F4::43 69 >a9K4_ W4 A9237A643 97: >7386 82 >AA9:3>2A4 Q86O >738682? <6>23>:3< ?424:>BBC >AA45643 82 6O4 *2863 !6>64< 9F "@4:8A>c 6O4 <6>23>:3< >55B8A>aB4 69 F82>2A8>B >7386< A926>8243 82 *Government Auditing Standards*M 8<<743 aC 6O4 &9@56:9BB4: /424:>B 9F 6O4 *2863 !6>64<c >23 6O4 <6>23>:3< >23 5:9A437:4< 834268F843 82 6O4 &>B8F9:28> &9@@7286C &9BB4?4< &O>2A4BB9:;< (FF8A4 *District Audit Manual*_ +04<4 <6>23>:3< :4E78:4 6O>6 Q4 5B>2 >23 54:F9:@ 6O4 >7386 69 9a6>82 :4><92>aB4 ><<7:>2A4 >a976 QO46O4: 292A9@5B8>2A4 Q86O 6O4 A9@5B8>2A4 :4E78:4@426< :4F4::43 69 >a9K4 A97B3 O>K4 > @>64:8>B 4FF4A6 92 6O4 >55B8A>aB4 5:9?:>@< 2963 a4B9Q_ "2 >7386 82AB734< 4N>@8282?M 92 > 64<6 a><8<M 4K8342A4 >a976 6O4 08<6:8A6;< A9@5B8>2A4 Q86O 6O9<4 :4E78:4@426< >23 54:F9:@82? <7AO 5:9A437:4< >< Q4 A92<834: 24A4<<>:C 82 6O4 A8:A7@<6>2A4<_ W4 a4B84K4 6O>6 97: >7386 5:9K834< > :4><92>aB4 a><8< F9: 97: 9582892_ (7: >7386 394< 296 5:9K834 > B4?>B 3464:@82>6892 9F 6O4 08<6:8A6;< A9@5B8>2A4 Q86O 6O9<4 :4E78:4@426<_

8CGBG K=> PLCEBKB;M 1<B@B=@

"< 34<A:8a43 82 6O4 >AA9@5>2C82? !AO437B4 9F $82382?< >23 \74<689243 &9<6<M 6O4 08<6:8A6 383 296 A9@5BC Q86O :4E78:4@426< :4?>:382? !4A6892 ZVL />22 -8@86 &>BA7B>6892 >< 2963 82 $82382? =TLZJTTZc !4A6892 Z=L !>B>:84< 9F &B><<:99@ '2<6:7A69:< DHT 14:A426 ->QG >< 2963 82 $82382? =TLZJTTHc >23 !4A6892 ZVY !673426 $44< o]4>B6O $44< >23 *<4 9F]4>B6O $44 $723< >< 2963 82 $82382? =TLZJTTHP_ &9@5B8>2A4 Q86O <7AO :4E78:4@426< 8< 24A4<<>:CM 82 97: 9582892M F9: 6O4 08<6:8A6 69 A9@5BC Q86O 6O4 :4E78:4@426< >55B8A>aB4 69 6O9<4 5:9?:>@<_

R=

!"''!!(##) !) $ % !" !###&&

$%.!#(• -"/*#"]'--! • 1"-("-+(• 1-."!"#+(# • %"#&](&*&")(#/" • %'`.%!'0. • !"&%") .#+(

'%3(.-&(*! !"#."#4' $#. , -(')"*#(.%*')'

+" 2 2 , . 4 1 - ," 7031 .:+ .$+"53+
-1 . 3V$ 4$, . $#7$7 !"#$ %&' (&)*

-0#,#/0,5 +3,3$2$#3+

*2@938F843

, 4<
#924 :459:643
#9

-7.,5 ,S ,.7+

, 4<
#924 :459:643
*2@938F843

#9

&$0 " #7@a4:D<G	#>@4 9F $434:>B 1:9?:>@ 9: &B7<64:
YZ_TTRM YZ_TVVM YZ_TPV	!673426 $82>2A8>B "83 &B7<64:
YZ_TT=	+86B4 ''
YZ_TZ=	

'
YZ TZ=

+ , # - . , # / 0 + / 1 / 1 2 2 " # 0 3 4 / 1 5 5 $ 6 $ 7 0 + 3 . 0 / 3

- 0 # , # / 0 , 5 + 3 , 3 $ 2 $ # 3 - 0 # 7 0 # 6 + , # 7 . $ / 1 2 2 $ # 7 , 3 0 1 # + - 1 . 3 V $ 4 $, . $ # 7 $ 7 ! " # $ %&' (&)*

+04 F9BB9Q82? F82382?< :45:4<426 <8?28F8A>26 34F8A842A84<M @>64:8>B Q4>X24<<4<M >23n9: 82<6>2A4< 9F 292A9@5B8>2A4 :4B>643 69 6O4 F82>2A8>B <6>64@426< 6O>6 >:4 :4E78:43 69 a4 :459:643 82 >AA9:3>2A4 Q86O *Government Auditing Standards*_

(&)*T&&) -B@MB@H h 4 ;C> $@M / E=GB@H
Material Weakness

/ >B?;>BC => +<;DBKBD . ;NLB>; F ;@?
" AA972682? 5:82A85B4< ?424:>BBC >AA45643 82 6O4 * 28643 ! 6>64< 9F " @4:8A>M >< 5:4<A:8a43 aC 6O4 / 9K4:2@426>B " AA972682? ! 6>23>:3< I 9>:3M :4E78:4 42 68684< 69 4<6>aB8<O >23 @>826>82 4FF4A68K4 8264:2>B A926:9B 9K4: F82>2A8>B :459:682? 69 5:45>:4 68@4BCM >AA7:>64 F82>2A8>B :459:6<_

/ =@MB?B=@
+04 C4>: 423 AB9<82? 5:9A4<< Q>< 296 A9@5:4O42<8K4 >23 383 296 42<7:4 6O>6 >AA9726 a>B>2A4< Q4:4 :4A92A8B43 >23 A9::4A6_ +04 " 227>B $82>2A8>B >23 I 73?46 %459:6 D&&$! JVLLG F82>2A8>B <6>64@426< Q4:4 5:45>:43 F:9@ 3>6> 6O>6 Q>< 296 A9@5B464_ +04 6:8>B a>B>2A4 >23 &&$! JVLL Q4:4 82A9@5B464 >23 n 9: A926>8243 6O4 F9BB9Q82? 4::9:<^

- " < 9F (A69a4: =TLZM A9726C A><O >AA9726< Q4:4 296 :4A92A8B43 5><6) >:AO =TLZ_
- '264:F723 6:>2<>A6892< 383 296 a>B>2A4_
- +04 <AO437B4 9F F434:>B >23 <6>64 >Q>:3<M A>586>B >><<46 >2>BC<8<M >23 A9@542<>643 >a<42A4 82F9:@>6892 Q>< 296 >K>8B>aB4 7268B 04A4@a4: =TLZ_
- ! 4BF 82<7:>2A4 Q9:X4:< A9@542<>6892 AB>8@< B8>a8B86C >@9726 Q>< 9K4:<6>643 aC eL_L @8BB892_
- +04 <AO437B4 9F <6>64 >Q>:3< 82AB7343 >2 7234:<6>64@426 9F :4A48K>aB4< 9F >55:9N8@>64BC e=TTMTTTM 724>:243 :4K4274 9F >55:9N8@>64BC e=TTMTTTM >23 9@86643 e=HMTTT 5>C>aB4 69 ?:>269:_

PL;G?B=@;M / =G?G
#924_

/ =@?;W?
&9726C A><O >55:9N8@>64< eRR @8BB892 >6 b724 =TLZM >23 <6>64 ?:>26< >AA9726 F9: >55:9N8@>64BC eL= @8BB892 9F >227>B 4N5423867:4<_

$KK;D?
%4A92A8B8>6892< >23 >3[7<6@426< 69 C4>: 423 a>B>2A4< 9AA7::82? >F64: 6O4 5:45>:>6892 9F F8<A>B C4>: 423 :459:6< 34A:4><4 6O4 :4B4K>2A4 >23 7<4F7B24<< 9F 6O4 :459:6< >23 34B>C 6O4 :459:682? 5:9A4<<_

/ CLG;
+04 08<6:8A6;< 383 296 954:>682? 4FF4A68K4BC 69 42<7:4 6O>6 >BB 6:>2<>A6892< Q4:4 :4A9:343 68@4BC >23 >AA7:>64BC

. ;D=F F ;@MC?B=@
+04 08<6:8A6 <O97B3 42<7:4 >34E7>64 68@4 8< <5426 82 :4K84Q82? >23 :4A92A8B82? >BB >AA9726< 37:82? C4>: 423 AB9<4M >23 a4F9:4 5:45>:>6892 9F 6O4 &&$! JVLL 69 42<7:4 6O>6 >AA7:>64M 68@4BC 82F9:@>6892 8< :459:643 69 7<4:< 9F 6O4 F82>2A8>B 82F9:@>6892_

2 C@CH; F ;@?:G . ;G<=@G; C@M / =>>;D?BY; , D?B=@ 9EC@
" < 9F 04A4@a4: =TLZ 6O4 08<6:8A6 O>< F8BB43 > <8?28F8A TMT3 : =T 04D5>4Q26< >2;A7 - TMT56 / 292<

+,# - . ,#/0+/1 /1 2 2"#034 /155$6$ 70+3.0/3

-0#,#/0,5 +3,3$2$#3 -0#70#6+ ,#7 .$/1 2 2$#7,301#+
-1. 3V$ 4$,. $#7$7 !"#$ %&' (&)*

(&)*T&&% **-B@MB@H 9>;<C>C?B=@ =K +DA;MLE; =K -;M;>CE ,XC>MG**
Material Weakness – Internal Control Over Compliance

/>B?;>BC => +<;DBKBD .;NLB>;F;@?
( ) I &8:A7B>: "JLVVM !4A6892 VLT DaG :4E78:4< :4A858426< 9F F434:>B F723< 69 5:45>:4 >2 >AA7:>64 <AO437B4 9F 4N542386 7:4< 9F F434:>B >Q>:3< F9: 6O4 54:893 A9K4:43 aC 6O4 F82>2A8>B <6>64@426< a482? >7386 43_ +O4 <AO437B4 9F 4N542386 7:4< 9F F434:>B >Q>:3< <097B3 82AB734^

LG " B8<6 9F F434:>B 5:9?:>@<M 8234268F843 aC F434:>B >?42AC_

=G $9: $434:>B >Q>:3< :4A48K43 >< > <7a:4A858426M 6O4 2>@4 9F 6O4 5><<J6O:97?0 42686C >23 834268FC82? 27@a4: ><<8?243 aC 6O4 5><<J6O:97?0 42686C_

VG +96>B $434:>B >Q>:3< 4N542343 F9: 4>AO 8238K837>B $434:>B 5:9?:>@ >23 6O4 &$0 " 27@a4: 9: 96O4: 834268FC82? 27@a4: QO42 6O4 &$0 " 82F9:@>6892 8< 296 >K>8B>aB4_

ZG '2AB734 2964< 6O>6 34<A:8a4 6O4 >AA972682? 59B8A84< 7<43 82 5:45>:82? 6O4 <AO437B4_

HG 1><<J6O:97?0 426864< <097B3 834268FC 82 6O4 <AO437B4_

PG +O4 K>B74 9F 6O4 $434:>B >Q>:3< 4N542343 82 6O4 F9:@ 92 292JA><O ><<8<6>2A4M 6O4 >@9726 9F 82<7:>2A4 82 4FF4A6 37:82? 6O4 C4>:M >23 B9>2< 9: B9>2 ?7>:>2644< 976<6>2382? >6 C4>: 423

/=@MB?B=@
$434:>B >Q>:3< >AA9726< :4A48K>aB4< >554>:43 69 a4 9K4:<6>643 aC >55:9N8@>64BC eL @8BB892M 724>:243 :4K4274 aC >55:9N8@>64BC eLTTMTTTM >23 > @8<AB><<8F8A>6892 9F 724>:243 :4K4274 6O>6 <097B3 a4 :459:643 >< :4A48K>aB4< 374 69 34a86 a>B>2A4< 9F eHZMTTT_

PL;G?B=@;M /=G?G
#924_

/=@?;W?
+O4 O8<6:8A6 F434:>B ?:>26 4N542386 7:4< >:4 >55:9N8@>64BC eZT @8BB892 54: C4>:_

$KK;D?
+O4 O8<6:8A6 383 296 >AA7:>64BC :459:6 86< F434:>B ?:>26 >A68K86C_

/CLG;
->AX 9F 6:>8282? >23 9K4:<8?O6 9F F434:>B ?:>26 >A68K86C_

.;D=F F;@MC?B=@
+O4 O8<6:8A6 <097B3 34K4B95 >23 8@5B4@426 5:9A437:4< 69 42<7:4 6O>6 6O4 !AO437B4 9F $434:>B "Q>:3< 8< 5:954:BC >23 >AA7:>64BC A9@5B4643 >23 :4K84Q43 aC O8<6:8A6 <6>FF 5:89: 69 6O4 <6>:6 9F 6O4 >7386_

2C@CH;F;@?:G .;G<=@G; C@M /=>>;D?BY; ,D?B=@ 9EC@
+O4 O8<6:8A6 O>< a4?72 69 :4K84Q >23 4K>B7>64 >BB 5:9A4<<4< >23 5:>A68A4< Q86O82 86< I7<824<< (FF8A4M 82AB7382? 6O4 34K4B95@426 >23 A9@58B>6892 9F 86< !AO437B4 9F $434:>B "Q>:3<_ .K42 >6 6O4 a4?82282? 9F 6O8< 4K>B7>6892 86 Q>< 4K8342 6O>6 <6>FF >23 @>2>?4@426 6:>8282? Q>< A:868A>BBC 24A4<<>:C_ '2 :4<592<4M >BB @>2>?4:< >23 <6>FF >:4 :4E78:43 69 >66423 Q44XBC 6:>8282? <4<<892< A9K4:82? 6>:?4643 >:4>< 9F :4<592<8a8B86C_ $9: 4N>@5B4M 92 O4A4@a4: VM =TLZ >2 976<834 &4:68F843 17aB8A "AA9726>26 A9237A643 > 6:>8282? F9A7<43 92 ?:>26 >AA972682?M :4B>643 F8<A>B C4>: 423 AB9<82? 5:9A437:4<M >23 6O4 5:45>:>6892 9F 6O4 O8<6:8A6g< !AO437B4 9F .N542386 7:4< 9F $434:>B "Q>:3< >23 !AO437B4 9F .N542386 7:4< 9F !6>64 "Q>:3<_ +O4<4 6:>8282?< Q8BB A9268274 6O:97?0 F8<A>B C4>: =TLZJLH A9K4:82? 96O4: F9A7<43 6958A<_

+3 , 3 $, S , . 7 + - 0 # 7 0 # 6 + , # 7 P " $ + 3 0 1 # $ 7 / 1 + 3 +
- 1 . 3 V $ 4 $, . $ # 7 $ 7 ! " # $ %&' (&)*

+04 F9BB9Q82? F82382?< :45:4<426 82<6>2A4< 9F 292A9@5B8>2A4 >23n9: E74<689243 A9<6< :4B>682? 69 !6>64 5:9?:>@ B>Q< >23 :4?7B>6892<_

(&)*T&&* **-B@MB@H T 6 , # # 5BFB? / CEDLEC?B=@**
Significant Deficiency – State Compliance

/ >B?;>BC => +<;DBKBD . ;NLB>; F ;@?

":68AB4 h'''J I 9F 6O4 &>B8F9:28> &92<6867689 2 >23 &O>564: L=THM !6>6764< 9F LSYTM :4E78:4< 4>AO A9@@72 86C A9BB4?4 69 A9@5764 86< >227>B >55:95:8>6892 B8@86_

/ =@MB?B=@

+04 O8<6:8A6 82AB7343 82 6O4 5957B>6892 F>A69: 1= $+ . ! F9: 292J:4<83426 <67342 6<_ +O8< :4<7B6< 82 6O4 =TLZJLH / >22 B8@86M >3[7<643 aC 82FB>6892 >23 5957B>6892 F>A69:<M a482? 7234:<6>643 aC eYLZMTPZ_ +04 5957B>6892 F>A69: 4NAB7382? 292J:4<83426 <67342 6< Q97B3 a4 _RYYH :>6O4: 6O>2 6O4 _RYHT 7<43 82 6O4 A>BA7B>6892 :459:643 82 6O4 &&$! JVLL :459:6 <7a@86643 69 6O4 !6>64 9F &>B8F9:28>_

8 Î · - Ø Ô T g : 3

+] J O 4 &>B 8 F 9 9 F &>B 6 7 6 8 9 M 2 > 2 3 &&8 9 2) 2 B F > L S Y O 4 _ ! Ò

+] Q

+ m @ M

+m@M=8R)@0<B6C G336BA7B!6 8 2 AB7 3 7 3 6 4 0 <Y O 4

¥M< ' 14 Ò ă Ô Ğ ŗ ă M Ğ Ǝ > Ğ Ğ Ğ Ğ G 3 6 >B 6 5 9: 0 g '

_- 4:4086_>3>B8 6 ΛØηŸg5 7_0 ŗÃΛ ᶠ _MΛ}Ÿ_ğ ᵛ ˜ ΛØMkØÔΛ ᵁ

(&)*T&&^ -B@MB@H h ^& g 5CX /CEDLEC?B=@
Significant Deficiency – State Compliance

/>B?;>BC => +<;DBKBD .;NLB>;F;@?
.37A>6892 &934 YZVP= :4E78:4< 6O>6 > @828@7@ 9F HT 54:A426 9F 6O4 O8<6:8A6g< &7::426 .N542<4 9F
.37A>6892 D& . .G a4 4N542343 37:82? 4>AO C4>: F9: l!>B>:84< 9F &B><<:99@ '2<6:7A69:<m_

/=@MB?B=@
+O4 &&$!JVLL F9:@ Q>< A9@5B4643 5:89: 69 6O4 O8<6:8A6 F82>B8U82? 86< C4>: 423 AB9<82? 27@a4:<_
+O4:4F9:4M 6O4 HT f B>Q A>BA7B>6892 82AB7343 82 6O4 &&$!

/=@MB?B=@
+04 5:9A437:4< 69 >55BC F9: O4>B6O F44 4N4@5682< >:4 296 AB4>:BC 34F8243 82 6O4 A97:<4 A>6>B9?_

PL;G?B=@;M /=G?G
#924

/=@?;W?
1:9A437:4< 69 >55BC F9: O4>B6O F44 4N4@5682< Q4:4 82AB7343 92B824 >23 82 A97:<4 <AO437B4<M O9Q4K4: 6O4C Q4:4 296 >B<9 82AB7343 82 6O4 A97:<4 A>6>B9?_

$KK;D?
+04 08<6:8A6 383 296 A9@5BC Q86O 6O4 :4A9@@423>6892 69 57aB8<O 5:9A437:4< F9: O4>B6O F44 4N4@5682< 82 6O4 A97:<4 A>6>B9?_

/CLG;
1:9A437:4< 69 >55BC F9: O4>B6O F44 4N4@5682< Q4:4 296 AB4>:BC <6>643 82 6O4 A>6>B9?_

.;D=F F;@MC?B=@
W4 :4A9@@423 6O>6 5:9A437:4< 2968FC82? <673426< 9F 5:9A4<<4< 69 :4E74<6 4NAB7<892 F:9@ O4>B6O F44< a4 82AB7343 82 6O4 A97:<4 A>6>B9?_

2 C@CH;F;@?:G .;G<=@G; C@M /=>>;D?BY; ,D?B=@ 9EC@
+04 08<6:8A6 8< 82 6O4 5:9A4<< 9F 34K4B9582? >23 8@5B4@42682? I9>:3 19B8A84< >23 "3@8228<6:>68K4 1:9A437:4< F9: 6O4 4268:4 954:>6892< 9F 6O4 08<6:8A6_ +O8< 82AB734< <673426 F44< >23 4N4@5682<_ '2 >33868926 9 A:4>682? >23 8@5B4@42682? >2 >3@8228<6:>68K4 5:9A437:4< 6O>6 82AB734< 5:9K8382? <673426< Q86O > O4>B6O F44 4N4@5682M 6O4 08<6:8A6 Q8BB :4K8<4 4N8<682? B>2?7>?4 A926>8243 Q86O82 86< A97:<4 A>6>B9? :4F4:42A82? 6O8< >3@8228<6:>68K4 5:9A437:4 >23 O4>B6O F44 4N4@5682< >K>8B>aB4 69 <673426<_

+" 2 2 , . 4 + / V $ 7 " 5 $ 1 - 9 . 0 1 . , " 7 0 3 - 0 # 7 0 # 6 +
- 1 . 3 V $ 4 $, . $ # 7 $ 7 ! " # $ %&' (&)*

(&)%T) **-B@MB@H h 4;C> $@M /E=GB@H**
Significant Deficiency

/>B?;>BC => +<;DBKBD .;NLB>;F;@?
" AA972682? 5:82A85B4< ?424:>BBC >AA45643 82 6O4 *28643 !6>64< 9F "@4:8A>M >< 5:4<A:8a43 aC 6O4 /9K4:2@426>B "AA972682? !6>23>:3< I9>:3M :4E78:4 42668684< 69 4<6>aB8<O >23 @>8 26>82 4FF4A68K4 8264:2>B A926:9B 9K4: F82>2A8>B :459:682?_

/=@MB?B=@
+O4 "227>B $82>2A8>B >23 I73?46 %459:6 D&&$!JVLLG F82>2A8>B <6>64@426< >23 6O4 /"!I VH &92K4:<892 426:84< 5:4<42643 69 a4?82 6O4 >7386 A926>8243 6O4 F9BB9Q82? 4::9:<^

- " :4A48K>aB4 F:9@ 6O4 045>:6@426 9F]7@>2 !4:K8A4< 3>643 F:9@ 6O4 =TTRJTY C4>: Q>< <68BB @>826>8243 92 6O4 08<6:8A6;< ?424:>B B43?4:_ +O4 08<6:8A6 O>< Q:86642 69 6O4 045>:6@426 9F]7@>2 !4:K8A4< 69 82E78:4 >a976 6O4 <6>67< 9F 6O4 :4A48K>aB4M O9Q4K4:M 29 :4<592<4 O>< a442 :4A48K43 69 3>64_ +O4 a>B>2A4 9F 6O4 :4A48K>aB4 696>B43 eLPSMTYR >6 b724 VTM =TLV_
- +O4 B>23 :459:643 92 6O4 !6>64@426 9F #46 "<<46< 6O:97?O A92K4:<892 426:84< Q>< 7234:<6>643 aC >55:9N8@>64BC eL_Z @8BB892 >< > :4<7B6 9F > 5:89: C4>: 6:>2<>A6892 :4B>643 69 6O4 &O82>69Q2 5:954:6C 6:>2<>A6892<_

PL;G?B=@;M /=G?G
#924_

/=@?;W?
" AA9726< :4A48K>aB4< >23 F723 a>B>2A4 82AB734< >2 >@9726 9F eLPSMTYR 6O>6 @>C 296 a4 A9BB4A68aB4_
6O4 B3 8a92M 924 A92K4:<892 426:O4 B>643 69 6O4 734:>2<>A6892 > 5:89: C4>: <46< . R

+,# - . ,# /0+/ 1 /1 2 2 "#034 /155$6$ 70+3 .0/3

+" 2 2 , . 4 +/V$7"5$ 1 - 9 .01 . ,"703 -0#70#6+
-1 . 3V$ 4$, . $#7$7 !"#$ %&' (&)*

2 C@CH; F ;@?:G . ;G<=@G; C@M / =>>;D?BY; , D?B=@ 9EC@
+04 0 8<6:8A6 <AO437B4< 9K4: ZMTTT A97:<4 <4A6892< 4>AO 5:8@>:C 64:@M >23 0>< 296 O>3 >34E7>64 E7>B86C ><<7:>2A4 5:9A4<<4< 82 5B>A4 69 42<7:4 6O>6 6O4 K9B7@8297< @>27>B 3>6> 426:C 3924 F9: 4>AO <4@4<64: 8< 3924 A9::4A6BC_

+04 0 8<6:8A6 8< 34K4B95820 >7690@>643 4::9: AO4AX820 5:9A437:4< 69 K4:8FC 6O>6 >BB A97:<4 <4A6892< O>K4 >AA972682? @46O93< 4<6>aB8<O43 6O>6 >:4 82 >AA9:3>2A4 Q86O 6O4 !67342 6 " 66423>2A4 " AA972682?) >27>B F9: 6O4 Q>C< 6O>6 6O4 A97:<4 8< <AO437B43_ +04<4 4::9:JAO4AX820 5:9A437:4< Q8BB a4 82 5B>A4 82 9:34: 69 42<7:4 6O>6 >BB AB><<4< 82 6O4 =TLVnLZ >A>34@8A C4>: O>K4 >55:95:8>64 >AA972682? @46O93< 4<6>aB8<O43_

+?C?LG
'@5B4@42643_

(&)%T* **-B@MB@H T 3= 8; , >>C@H;M V=L>G 0 3 8 , Q**
Significant Deficiency – State Compliance

/ >B?;>BC => +<;DBKBD . ;NLB>; F ;@?
U 3 6 4 H ! 4 A 6 8 9 2 } H E T [{ D Ó V 6 Ł T T = Đ a G D V % } H ╫ Y T H T D > G D H G M H Y T H L = ' ' ч U 3 <3) ɪ ; U

PL;G?B=@;M /=G?G

- #9 E74<689243 A9<6< >:4 >55B8A>aB4 69 6O4 B>AX 9F 38<AB9<7:4< 82 6O4 A97:<4 <CBB>a7< 9: A97:<4 976B824< 9F :4A9:3_
- \ 74<689243 A9<6< :4B>643 F9: QO8AO >66423>2A4 Q>< 296 >K>8B>aB4 9: 82AB7343 72<754:K8<43 >A68K8684< 696>B43 LS_ZR $+ . ! F9: Q44XBC A97:<4< >23 H_LS $+ . ! F9: 3>8BC A97:<4<_
- +04 08<6:8A6 >3[7<643 $+ . ! F9: 6O4<4 A97:<4< aC > :437A6892 9F Y_LV $+ . ! F9: Q44XBC A97:<4< 6O:97?0 <7a@8<<892 9F 6O4 %4A>BA7B>6892 V=T :459:6M B4>K82? > 246 9F LL_VZ $+ . ! F9: Q44XBC A97:<4< >23 H_LS $+ . ! F9: 3>8BC A97:<4 6O>6 0>3 296 a442 >3[7<643 82 6O4 %4A>BA7B>6892 V=T :459:6_
- . N6:>59B>682? 6O4 4::9: :>64 69 >BB + I " A97:<4< Q97B3 :4<7B6 82 >2 9K4:<6>64@426 9F L=V_ZP $+ . ! F9: Q44XBC A97:<4< >23 S=_LP F9: 3>8BC A97:<4<_

/=@?;W?
W4 64<643 LH 976 9F PS D=L f G 9F A97:<4< 6O>6 82AB7343 + I " A926>A6 097:<_

$KK;D?
+04 08<6:8A6 :459:643 $+ . ! F9: + I " A97:<4< 6O>6 3832;6 @446 6O4 !6>64;< :4E78:4@426< F9: AB>8@82? + I " A97:<4< F9: >559:6892@426_

/CLG;
(76B824< >23 <CBB>a8 Q4:4 296 753>643 69 82A9:59:>64 6O4 :4E78:43 38<AB9<7:4< F9: + I " A97:<4<_
"66423>2A4 39A7@426>6892 Q>< 296 A92<8<6426BC @>826>8243 69 <7559:6 6O4 + I " 097:< a482? AB>8@43_
+04 08<6:8A6 394< 296 >554>: 69 0>K4 > <6>23>:38U43 5:9A4<< 69 A426:>B8U4 >66423>2A4 :4A9:3< ><<9A8>643 Q86O + I " A97:<4 A926>A6 097:<_

.;D=F F;@MC?B=@
W4 :4A9@@423 6O>6 6O4 08<6:8A6 4<6>aB8<0 > 59B8AC 69 A426:>B8U4 :4A9:3< ><<9A8>643 Q86O + I " >66423>2A4_ " 5:9A4<< 69 54:F9:@ >2 8264:2>B :4K84Q 9F >BB + I " A97:<4< AB>8@43 F9: >559:6892@426 5:89: 69 <7a@8<<892 9F 6O4 "227>B V=T :459:6 <097B3 a4 8@5B4@42643 >23 <097B3 9AA7: >6 B4><6 92A4 > C4>:_ +04 8264:2>B :4K84Q <097B3 82AB734 > :4K84Q 9F A97:<4 976B824< >23 <CBB>a8 F9: 5:954: 38<AB9<7:4<M >< Q4BB >< > :4K84Q 9F + I " >66423>2A4 39A7@426<M 69 42<7:4 29 72<7559:643 + I " 097:< >:4 AB>8@43 F9: >559:6892@426_

2 C@CH;F;@?:G .;G<=@G; C@M /=>>;D?BY; ,D?B=@ 9EC@
+04 08<6:8A6 8< 34K4B9582? > 59B8AC <9 6O>6 >55:95:8>64 :4A9:3< F9: + I " >66423>2A4M 82AB7382? A97:<4 <CBB>a8 >23 :4A9:3< 9F 8238K837>B 3>8BC <673426 >66423>2A4M Q8BB a4 @>826>8243 82 38K8<892 9FF8A4<_

'2 >3386892M 6O4 08<6:8A6 Q8BB 8@5B4@426 >2 8264:2>B >7386 5:9A4<< 69 42<7:4 6O>6 6O4<4 :4A9:3< >:4 >55:95:8>64BC @>826>8243_ +O8< >7386 5:9A4<< Q8BB a4 A9237A643 >F64: 4>AO 5:8@>:C 64:@ >23 6O4 <7@@4: <4<<892_

+?C?LG
'@5B4@42643

(&)%Te **-B@MB@H T 1<;@ $@>=EE F ;@?**
Significant Deficiency – State Compliance

/ >B?;>BC
! 4A6892 HYTHL_H 8238A>64< 6O>6 29 A9@@7286C A9BB4?4 38<6:8A6 @>C AB>8@ F9: 57:59<4< 9F <6>64 >559:6892@426 8F <7AO AB><<4< >:4 296 B9A>643 82 F>A8B8684< AB4>:BC 834268F843 82 <7AO > @>224:M >23 4<6>aB8<O43 aC >55:95:8>64 5:9A437:4<M 69 42<7:4 6O>6 >66423>2A4 82 <7AO AB><<4< 8< 9542 69 6O4 ?424:>B 57aB8A_

/ =@MB?B=@
$8K4 292JA:4386M 9FF A>@57<M A97:<4< Q4:4 O4B3 >6 F>A8B8684< 6O>6 Q4:4 296 AB4>:BC 834268F843M 9: 4<6>aB8<O43 aC >55:95:8>64 5:9A437:4<M >< 9542 69 6O4 ?424:>B 57aB8A_ +O4 A97:<4< 82 E74<6892 Q4:4 >BB 292JA:4386 A97:<4<_

PL;G?B=@;M / =G?G
- LH_Y= $+ . ! :459:643 92 6O4 " 227>B $9:@ V=T Q4:4 ><<9A8>643 Q86O A97:<4< O4B3 >6 F>A8B8684< 296 AB4>:BC 8238A>643 >< 9542 69 6O4 ?424:>B 57aB8A_
- . N6:>59B>682? 6O4 4::9: :>64 69 >BB 9FF A>@57< A97:<4< Q97B3 :4<7B6 82 >2 9K4:<6>64@426 9F HZ_RH $+ . ! F9: 59<868K4 >66423>2A4 292JA:4386 A97:<4<_

/ =@?;W?
=H 9F LTY D=V f G 9F 9FF A>@57< A97:<4< Q4:4 :4K84Q43_

$KK;D?
+O4 O8<6:8A6 :459:643 >559:6892@426 F9: A97:<4< B9A>643 82 F>A8B8684< 6O>6 Q4:4 296 AB4>:BC 834268F843 >< a482? 9542 69 6O4 ?424:>B 57aB8A_

/ CLG;
->AX 9F @9286 9:82? 9FF A>@57< <864< 69 42<7:4 6O>6 59B8A84< 9K4: 9542 >AA4<< 9F <864< >:4 >3O4:43 69_

. ;D= F F ;@MC?B=@
+O4 O8<6:8A6 <O97B3 :4K84Q 59B8A84< 9F F>A8B8684< QO4:4 9FF A>@57< A97:<4< >:4 O4B3 69 42<7:4 6O>6 >AA4<< aC 6O4 ?424:>B 57aB8A 8< 9542M 72F4664:43M >23 57aB8A>BBC 38<AB9<43_

2 C@CH; F ;@? . ;G<=@G;
'2 6O4 =TLVnLZ >A>34@8A C4>: 6O4 O8<6:8A6 Q8BB A9237A6 >2 >7386 9F 6O4 292JO8<6:8A6 B9A>6892< QO4:4 AB><<4< >:4 O4B3_ +O8< >7386 Q8BB K4:8FC 6O>6 6O9<4 B9A>6892< O>K4 AB4>: 59B8A84< :4?>:382? 9542 >AA4<< F9: O8<6:8A6 AB><<4<_ '2 >33868 92M 6O4 O8<6:8A6 Q8BB 4<6>aB8<O 8264:2>B A926:9B< 69 42<7:4 6O>6 6O8< 9542 >AA4<< 8< 42<7:43 >23 39A7@4243 F9: >2C 24Q 5:959<43 292J&&! $ B9A>6892<_

+?C?LG
'@5B4@4243_