Imagine

What we can do together

Heinfeld, Meech & Co., P.C. is an Arizona based CPA firm and we are recognized leaders in the State of Arizona in the field of school accounting and auditing. Our firm provides services to over 70% of Arizona's Average Daily Membership - more than any other accounting firm.

Nationally recognized in the "Best Small Companies to Work for in America" list, our core purpose is to be the best at everything we do. Since we opened our firm in 1986, providing quality service to governmental and non-profit clients has been our primary objective.

Our dedicated top-quality talent and substantial resources ensure that we stay abreast of emerging issues to serve our clients better. We remain dedicated to our Firm philosophy of "clients first."

Imagine What We Can Do Together is a quick-read digest of information that brings valuable news to you and your organization. If at any time you would like additional information, please contact us to discuss your questions.

For more about Heinfeld, Meech & Co., P.C., please visit our web site at www.heinfeldmeech.com.

HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Tucson ◆ Phoenix ◆ Flagstaff

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The Data Collection Form Process Goes Completely Electronic

By Melissa D. Spangler, CPA
Audit Manager

Just when you think the annual audit process is over, those of you required to have a single audit know that there is one more document to complete – the data collection form. Beginning for fiscal year 2007-08 audits, the Federal Clearinghouse has redesigned the submission process for the single audit reporting packages to be completely electronic. This will have several effects on the old process, but the new process will hopefully save time (and it definitely will save paper!).

Previously, a paper copy of the data collection form would be mailed to you for an original signature that then needed to be returned to our office for submission with the final single audit reports. This year, all signatures, information and reports must be filed electronically.

Just as in the past, our firm will prepare the forms, and request your review and approval. Since the information is submitted entirely online, several security measures will be utilized. First, a password is required to access the information online for review. This password will be generated by H&M and sent to you by us via an email to let you know that the data collection certification process has begun. In addition, a confirmation email from the Federal Clearinghouse will be sent to the district official(s) and auditors. This email is extremely important as it will contain directions, passwords and other information to successfully complete the process. The subject for this email will be "OMB Circular A-133 Certification Instructions" and the sender's email address will be govs.fac.ides@census.gov. You may want to have your IT department save this address

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The New DCF Process (Cont'd from page 1)

as safe in your email system's spam filter to ensure that the email is delivered to you.

The email from the Federal Clearinghouse will contain a link to the internet site for you to certify the form. You will first need to enter the report ID and the password provided by our firm to access the system. Then you will need to select the "Certify Form SF-SAC" button and then select "Auditee Certification" on the following page. This page will give you access to review both the draft of the Data Collection Form and the A-133 (Single Audit) Reporting Package as uploaded by our firm.

Once you review the report and form, you can choose between agreeing to or rejecting the certification statement. (If you are requesting that changes are made to the form or report, you will want to reject the certification statement.) For either choice, you will need to enter your name and title, as well as the signature code provided to you in the email from the Federal Clearinghouse. This additional code is required as an extra layer of security used to verify that a valid representative of the auditee is electronically "signing" the form.

Following your acceptance and "signature" of the reports, an email will be sent by the Federal Clearinghouse system to the firm for our final acceptance and the entering of our own signature certification code.

When we near the completion of your Single Audit Reporting Package and the Data Collection Form, we will be contacting you about the email addresses to be used as well as a reminder of the steps of the process. If you have any questions, please feel free to contact Diane Bradley at 520-742-2611, x133 or dianeb@heinfeldmeech.com. H&M

Heinfeld, Meech & Co., P.C. News

Congratulations to Anne Ortiz, Audit Senior, for her recent achievement of her CPA certification.

Our firm was recently named to the 2009 Comerica Bank Arizona Companies to Watch. Drawn from a pool of more than 300 nominees, this list honors 50 companies from around the state. This award is sponsored by the Arizona Small Business Association (ASBA) in association with the Edward Lowe Foundation.

New Year Planning Reminders

1099's: As the calendar year end nears, here are a few reminders for 1099 preparation:

- *Nonemployee* individuals and *unincorporated* businesses providing ***services*** of $600 or more in a calendar year should receive a Form 1099-MISC.
- If the vendor is an individual, report the individual's name & SSN. If the vendor is a sole proprietor, report the individual's name (not the business name) and either the SSN or the sole proprietorship's EIN. If the vendor is a partnership or other entity, report the business name and EIN.
- Form 1099-Copy B must be furnished to vendors by January 31, and Copy A must be furnished to the IRS by February 28.

Bond Disclosure: Continuing bond disclosure is **required** by the SEC for any government issuing bonds of $10,000,000 or more after 7/3/94. This disclosure supplies the secondary market for government bonds with information on which to base their purchases. **The deadline for disclosures is usually February 1**. *Please note that governments do **not** need to submit their **audited** financial statements by their deadline (e.g., February 1).* Instead, they may file the AFR before the deadline as long as the audited financial statements are submitted to the repositories *no later than 30 days after they are received.*

Instead of filing directly with the NRMSIRs and SIDs, you may utilize an Internet-based electronic filing system to upload documents. This "central post office" is located at www.DisclosureUSA.org and there is no fee for electronic filings. For more information, visit the SEC website at: www.sec.gov/info/municipal/discfiletips.htm H&M

H&M Client News

Congratulations to Amphitheater Unified, Flowing Wells Unified and Pendergast Elementary, who were all recently awarded the Meritorious Budget Award by ASBO International for their 2007-08 budget reports.

Congratulations also to the East Valley Institute of Technology for receiving the 2008 National Civic Star Award from the American Association of School Administrators and the Academy of Math and Science for receiving the 2008 No Child Left Behind Blue Ribbon Award. H&M

Nonprofit Tax Return (990) Changes

By Heather Jones, Consulting Manager

It has been almost 30 years since the Form 990 has seen major changes; however starting with fiscal years beginning in 2008 or later, the Internal Revenue Service has completely revamped the information return. The form is going from a nine-page form with two Schedules to an eleven-page form with 16 schedules, with a focus on all non-profits, not just a selected group.

The first page of the 990 has been changed to show a summary of your organization and the signature has been moved from the last page to the first page. In addition, a two-page checklist is used to determine which schedules are required and there is a two-page list of statements regarding other IRS filings and tax compliance. Although most of these are yes or no questions, Schedule O has been provided to include narrative on policies, changed operations, and no/yes answers.

There are four main areas that the Internal Revenue Service intends to uncover:

- Governance
- Family/Business Relationships
- Compensation
- Policies

The new form has required questions on each of these areas and space is provided for explanations to your answers. The purpose behind these changes is that the Internal Revenue Service is seeking transparency into the organization, to monitor if the organization is complying with their exempt purpose, and to reflect the current laws.

The new governance section will be required by every organization, and will ask questions regarding the independence of the governing board members and relationships with other board members, business relationships and compensation received by the organization. There is one entire schedule dedicated to this subject, and it will have questions on it designed to disclose all relationships.

Arizona allows non-profits to submit the Form 990 in place of the AZ-99, so the Internal Revenue Service has questions to address the State's needs, such as year of formation, state of incorporation, organization's mission statement, and number of volunteers.

The new compensation section now includes higher salary amounts (from $50,000 to $100,000) for required disclosures on managers' salaries and independent contractors. Another change is that the compensation amounts need to match the W-2 forms submitted to Social Security at the calendar year end instead of your organization's fiscal year, which will facilitate the completion of this section. Schedule J is dedicated to Officers, Key Employees and Directors whose reportable compensation exceeds $150,000 (including all benefits) and will pose questions to see if the individual meets the 1 out of 3 responsibilities test. This section also focuses on individuals who do not currently work at the organization but are receiving compensation over $10,000.

In addition, the new Form 990 will include required questions regarding policies that may or may not be in place at your organization. Some of those questions are:

- Is there a written conflict of interest policy in place? If yes, explain.
- Is there a whistleblower policy?
- Is there written documentation for a retention and destruction policy?
- Do you have a compensation schedule and if so how is it reviewed and approved? Is it by an independent person?

Please note that these policies are not required by law so it is acceptable to reply that your organization does not currently have them. However you should be prepared to answer no on the questionnaire and provide an explanation.

The 2008 Form 990 re-design will be phased in over a three-year timeframe. Your organization's phase year is determined according to gross receipts or total assets. The timeframe is listed below:

Year	Gross Receipts	Total Assets
1	Over $1 million	Over $2.5 million
2	Over $500,000	Over $1.25 million
3	Over $200,000	Over $500,000

With so many changes underway, it is important to start preparation early so that your organization will know what to expect come tax time.

Questions? Contact 602-277-9449, ext 332 or heatherj@heinfeldmeech.com.

New CPE Requirements for Arizona CPAs

The Arizona State Board of Accountancy recently approved changes to their CPE (Continuing Professional Education) requirements that will effect Certified Public Accountants registered in Arizona beginning with renewals in January 2009. These changes include:

- CPAs must complete 16 hours of live or interactive CPE within their reporting period. Examples of CPE types that would meet this requirement are delivered in a classroom environment or an interactive webinar.
- CPAs must complete 16 hours of technical CPE in each reporting period (e.g., accounting, auditing or taxation classes).
- ***All CPAs*** *including those in government, education and industry*, will be required to complete ***80*** hours. This change was made to adhere to current AICPA standards.

Please note that our firm's HMU workshops will help you meet these first two of these requirements (as they are delivered in a classroom setting and are technical training). In general, our workshops provide each attendee 6 hours of CPE. H&M

Upcoming Southern Arizona School Business Officials Meetings

Date	Hosted By
Jan. 16	Tucson Unified
Feb. 20	Tanque Verde Unified
March 20	Amphitheater Unified

All SASBO meetings begin at 11 a.m. For more information about upcoming meetings, please contact John Filippelli at 520-762-2040 or filippellij@vail.k12.az.us.

Puzzler

Decipher the hidden meaning: (Answer on p. 5)

GGES	**EGSG**
GEGS	**SEGG**

H&M University Workshops

Information on our workshops, including links to online registration, can be found at www.heinfeldmeech.com/hmu. (Online registration usually opens about 6-8 weeks before the event.)

For more help or for pre-registration, contact Susan at hmu@heinfeldmeech.com or 520-742-2611, x107.

Fraud/Internal Controls *(registration open!)*

Vail (Tucson area): Tues., February 10
Mesa (Phoenix area): Wed., February 11

Student Activities/Auxiliary Operations/Tax Credits

Vail (Tucson area): Tues., February 17
Mesa (Phoenix area): Thurs., February 19

ADM Compliance

Vail (Tucson area): Tues., March 3
Mesa (Phoenix area): Wed., March 4

Fair Labor Standards Act

Vail (Tucson area): Tues., March 24
Mesa (Phoenix area): Wed., March 25
Flagstaff: Thurs., March 26

Financial Coding

Vail (Tucson area): Tues., April 21
Mesa (Phoenix area): Wed., April 22

Capital Assets Accounting

Vail (Tucson area): Tues., May 5
Mesa (Phoenix area): Wed., May 6

Procurement (Compliance Issues)

Tucson: Mon., June 1
Phoenix (midtown): Tues., June 2

Bringing HMU to your District/School:

Are you interested in bringing one of our workshops to your District/School? All of our workshops can be tailored to your District/School and taught on-site by one of our consultants.

To find out more about holding training for your District's personnel or hosting a regional workshop, contact us at 520-742-2611, ext 133 or info@heinfeldmeech.com.

Upcoming Deadlines for Schools

Due Date	Item
December 15	The publisher's affidavit of publication for the AFR must be filed with the Superintendent of Public Instruction (or no later than 30 days after publication). (Districts)
	Revised expenditure budget must be presented at a public meeting.
	For grants received from ADE, districts should submit a cash management report to ADE for each special project with a budget of $10,000 or more.
	Charter schools should submit English Language Learner program participation transactions to ADE.
December 18	End of cash management reporting period for all Federal projects.
	Revised expenditure budget must be filed with the county school superintendent. (Districts)
December 31	Comprehensive Annual Financial Reports (CAFRs) due to ASBO International and GFOA for Certificate of Excellence awards
January 1	Districts participating in an accommodation school agreement must remit tuition payments to the county school superintendent for accommodation school special education program costs.
January 18	End of cash management period for all Federal projects
January 31	Schools and districts must furnish each employee with a completed Form W-2 and certain nonemployee payees a completed Form 1099 for the calendar year ended 12/31/08. (See article on page 2.)
	Contribution and Wage Report (Form UC-018) and State Unemployment Compensation Fund contributions/payments must be submitted to AZ Department of Economic Security (A.A.C. R6-3-1704.B)
Feb. 1	Disclosures for any Government issuing bonds of $10,000,000 or more after July 3, 1994 due. (See article on page 2.)
Feb. 15	Special Education Census should be submitted to ADE.
	English Language Learners (ELL) report due to ADE (Districts)
Feb. 18	End of cash management reporting period for all Federal projects
Feb. 28	Form 1096, Annual Summary and Transmittal of U.S. Information Returns, along with Copy A of all Forms 1099, must be filed with the IRS. (See article on page 2.)
	Form A-1R, Annual Withholding Tax Return, must be filed with the Arizona Department of Revenue. (A.R.S. 43-412)
By Feb. 28	Form W-3, Transmittal of Wage & Tax Statements, along with Copy A of all Forms W-2, must be filed with the Social Security Administration. (IRS Circular E)
Before March 1	Districts intending to participate in the Accounting Responsibility Program for following year & who have applied for an evaluation by the AG must notify the country treasurer and county school superintendent (A.R.S. §15-914-01.E)
March 18	End of cash management reporting period for all Federal projects
March 31	Fiscal year 2008 annual audit due for all districts requiring a Single Audit, charter schools (whose deadline was not 11/15/08), and districts with an adopted M&O expenditure budget of $700,000 or more
April 15	Absence approvals due to ADE (Districts)

Answer to Puzzler (Page 4):
"Scrambled eggs"