

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 75% of Arizona's Average Daily Membership – more than any other accounting firm.

Since we opened our firm in 1986, our single objective has been our uncompromising commitment to the highest standards of quality and professionalism. Providing quality service to governmental and non-profit clients is 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.



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Getting Ready for the New Statistical Section in Your CAFR – Part III

As discussed in the last two issues of *Imagine*, all comprehensive annual financial reports beginning with fiscal year 2005-06 will need to address additional requirements as outlined in the *Governmental Accounting Standards Board (GASB) No. 44, Economic Condition Reporting: The Statistical Section*. In this issue we will discuss the two statistical schedules that require the district to compile the information that is unavailable to the auditors. Our firm is recommending that school districts compile at least five years of data for these schedules. It should be noted that the district is not required to collect information or data for either schedule that is not readily available through current measurement procedures already in place at the district.



The schedule of **Full-Time-Equivalent District Employees by Type** provides the users of the report with information about the personnel resources available to the district. The district may compile and report this information in a manner that will be most beneficial to the users of the report including full-time equivalency or total direct headcount, inclusion or exclusion of part-time seasonal

employees, fiscal year average or year-end count. An example of the schedule that the district will need to provide is included on page 6.

The schedule of **Capital Assets Information** provides the users of the report with useful indicators as to the district's utilization of its capital assets and how the functions and programs of the district are supported by its capital assets. The indicators shown in the example included on page 7 are suggested indicators based on those commonly used by school districts; however, none of the indicators provided are specifically required to be presented. The district should use judgment to determine the amount of detail to display and the types of programs or activities to present in the schedule.

July 2006

Time & Effort Cert. Form	2
Checking for Suspended/ Debarred Vendors.....	2
Microsoft Settlement.....	3
Hot Topics	3
Just Ask H&M	3
Upcoming Deadlines	5

Sample Time and Effort Certification Form

Recent Title I audits by the US Department of Education (USDOE) have highlighted one of the most prevalent compliance findings: failure to maintain semi-annual time certifications for Title I staff in targeted assistance schools. One school district in Long Island was cited for unsupported Title I salaries of over \$2.5 million. According to OMB Circular A-87, employees working in and being paid entirely from one federal program must document their time by completing documentation certifying that they worked solely on that one federal program. At educational conferences, the USDOE has provided an unofficial “blanket” certification form for schools (shown below) to cover all employees working 100% of the time in a single federal program at a particular school. This form would need to be completed for each federal program. **FSM**

_____ School

Time Certification Form

Date _____

This is to certify that the following individuals have worked 100% of their time during the last six months under the _____ federal program.

<u>Position</u>	<u>Printed Name</u>	<u>Signature</u>
Teacher	_____	_____
Teacher	_____	_____
Teacher	_____	_____
Instructional Asst.	_____	_____
Instructional Asst.	_____	_____
Instructional Asst.	_____	_____
_____	_____	_____
_____	_____	_____

I have full knowledge of 100% of these activities:

Principal _____

Checking for Suspended or Debarred Vendors

According to federal guidelines, a school district must verify that a vendor has not been suspended or debarred by the federal government before awarding a contract to that vendor that is in excess of \$100,000 and will be paid from federal monies. An acceptable verification method is to check the General Services Administration’s Excluded Parties List System (EPLS) at epls.arnet.gov. The EPLS is an electronic, web-based system that identifies those parties excluded from receiving federal contracts.

In performing your Single Audit, auditors will be requesting documentation that the district performed a suspension or debarment verification for each vendor contract paid with federal monies in excess of \$100,000. Common examples of such contracts include health insurance, modular buildings and food service purchases.

The EPLS web site provides many search options. For specific instructions for performing searches, simply click on the Public User’s Manual in the right corner of the web page. In order to document your search, be sure to print the search results screen, as in the following example below. **FSM**

Search Results for Parties Excluded
by Partial Name : Heinfeld, Meech & Co.
As of 05-Jun-2006

No records were found matching your search request.

Accounting for the Microsoft Settlement Reimbursements

Our office has received numerous questions regarding the proper accounting for the reimbursements received from the Microsoft Products Settlement.

Background – Some Arizona school districts have received vouchers from the Microsoft Products Settlement, allowing the school districts to claim a reimbursement for purchases of eligible Microsoft products. Once a district has made eligible purchases, it may submit its vouchers and request from the Microsoft Product Settlement one reimbursement per calendar year through 2009. Additional information regarding the class action settlement is available at www.microsoftproductssettlement.com/arizona/home.htm.

Accounting – Generally, a district will record the expenditure for the eligible Microsoft purchases initially in a capital projects fund (i.e., fund 610, 625, etc.). The district will then submit a voucher for reimbursement from the Microsoft Products Settlement. Upon receipt of the reimbursement check, the district should record the cash and related revenue in the Litigation Recovery Fund (fund 565) and then move the corresponding expenditures from the capital projects fund where it was originally recorded to the Litigation Recovery Fund. This will allow the district to recoup its budget capacity in the capital projects fund.

Timing issue – It is important that the district submit its annual reimbursement request in such time to allow for the reimbursement to be received in the same fiscal year as the purchase was made. This will allow for the proper recouping of budget capacity in the capital projects fund. Please have all documents related to any reimbursements available for review during your audit.

For more information, please contact Kera Badalamenti at kerab@heinfeldmeech.com. **H&M**

Just Ask H&M

Q: Is a booster club always required to obtain nonprofit status from the IRS?

A: Some organizations are not required to file Form 1023 to receive nonprofit status from the IRS. These include organizations normally having gross receipts of less than \$5,000. See IRS Publication 553 for further information. **H&M**

Hot Topics

Revenue Budget Reminder

Although State law was changed and revenue budgets are no longer required to be prepared, your auditors will be requesting a district-prepared revenue budget for fiscal year 2006 to complete the budget to actual comparison statement required to be presented in the district's Comprehensive Annual Financial Report (CAFR).

New USFR Chart of Accounts

There are plans to revise the USFR chart of accounts. The updated chart of accounts will include changes from the federal chart of accounts and changes resulting from recent legislation and GASB Statement No. 34 requirements. The new chart of accounts is expected to be issued soon and will be effective July 1, 2007. **H&M**

H&M University

Information on our workshops, including registration forms, can be found on our website at www.heinfeldmeech.com (click on Resources pull-down menu and select Upcoming Events).

Surviving a Student Attendance Audit

Tucson: Mon., August 14th

Phoenix: Tues., August 15th

Topics will include: definitions and statutes, policies and procedures, USFR Compliance requirements, and how to prepare for the audit. (This workshop does not include SAIS information.)

Registration deadline is Friday, August 4th.
Registration forms are available on our website or contact us at hmu@heinfeldmeech.com.

AFR/Budget/Financial Coding

Tucson: Mon., Sept. 18th

Phoenix metro area: Tues., Sept. 19th

Further registration information will be available soon. For pre-registration, contact us at hmu@heinfeldmeech.com or 520-742-2611, ext 107. **H&M**

AASBO Annual Conference – July 19-22 in Tucson:

Visit www.aasbo.org or contact 602-253-5576 for registration information.

Our partners and staff members will be presenting the following topics:

Thursday 7/20:

Credit Card Purchasing by Kimberly Robinson
(Breakout Session 206)

Making the USFR Compliance Questionnaire Work For Me by Jennifer Shields
(Breakout Session 303)

IRS Rules and Regulations by CW Payne
(Breakout Session 306)

Friday 7/21:

Common Audit Findings and How to Avoid Them by Jill Shaw [Breakout Session 406]

Internal Audit Procedures by Scott Kies
(Breakout Session 504)

BUDG Reports 25 and 75 by Cathy Elliott
(Breakout Session 506)

How to Get Your Charter School Exempt from Taxes by Heather Jones
[Breakout Session 607]

Procedures for Disposal of Capital Assets and Surplus Property by Kera Badalamenti
(Gold Mine Session – Table 14]

Proper Travel Policies and Documentation Procedures by Brittney Williams
(Gold Mine Session – Table 11]

Upcoming Conferences:

ASBO International Annual Meeting:

October 13-16, 2006 in Pittsburgh, PA.
For more information, visit www.asbointl.org.

AZ Charter Schools Assn Annual Conference:

November 12-14, 2006 in Tucson. For more information, visit www.azcharters.org.

Riddle of the Month

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

SPRING
SUMMER
AUTUMN
WINTER

H&M Practice Aids

Annual Financial Report (AFR)

Is your District's AFR accurate? Inaccurate AFR reporting can negatively impact future funding as well as result in audit findings. In addition, the AFR has been modified to accommodate recent statute changes and the new GASB 34 requirements. We can review your AFR to help avoid costly oversights and inaccurate financial data. If you need more assistance, our team can also help you with the complete preparation of your AFR.

Student Activities Sponsor Orientations

Do you offer training to your Student Activities sponsors at the beginning of the school year? These trainings are essential for helping to ensure that your sponsors comply with the USFR regulations for this crucial area. We can customize these trainings for your District and provide an onsite orientation to outline these procedures for the District's personnel.

For more information on these services, contact:

Scott W. Kies, Partner
602-277-9449, ext. 308
scottk@heinfeldmeech.com

Cathy Elliott, Consulting Manager
602-277-9449, ext. 348
cathye@heinfeldmeech.com **H&M**

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

New Partners: H&M is happy to announce two new partners. **Kera Badalamenti, CPA** was an audit manager in our Tucson office and has been with H&M since 1999. Kera specializes in providing audits to our school district clients. **Kimberly A. Robinson, CPA** was an audit manager in our Phoenix office and has been with H&M since 2001. Kim specializes in municipality and not-for-profit audits.

Promotions: Congratulations to the following H&M staff on their promotions!

- **Melissa Spangler** to Audit Manager
- **Melissa Higdon** to Consulting Manager
- **Johnny Kim** to Staff Auditor II
- **Jatin Shah** to Staff Auditor II

ASCPA Involvement: Congratulations to **Melissa Spangler**, Audit Manager, who was recently elected President of the Southern Chapter of the Arizona Society of Certified Public Accountants.

Upcoming Deadlines for Schools

<u>Due Date</u>	<u>Item</u>
before June 30	If the District chose to budget monies outside of the revenue control limit as provided in A.R.S. §15-901.G for desegregation expenditures, the District may transfer a specified amount from the Unrestricted Capital Fund to the M&O Fund. (A.R.S. §15-901.H)
by June 30	Monies in the petty cash account should be returned to the M&O Fund revolving back account Monies in the Student Activities Fund revolving bank accounts must be returned to the M&O Fund (A.R.S. §15-1124) Monies in the Auxiliary Operations Fund revolving bank accounts must be returned to the Auxiliary Operations Fund. (A.R.S. §15-1126.E)
June 30	Interest earned during the year on the Federal Savings Bond Withholdings bank account, State Income Tax Withholdings bank account, Federal Payroll Tax Withholdings bank account, and Employee Insurance Programs Withholdings bank account must be remitted to the county treasurer for deposit in the district's M&O Fund. (A.R.S. §§15-1221.A, 15-1222.A, and 15-1223.B) Districts should prepare a supplies inventory listing End of State fiscal year End date for most Federal and State projects
July 5	Proposed budget due (districts/charters) Copy of the proposed budget and a notice of the public hearing and board meeting must be published in a newspaper or mailed to each household (A.R.S. §15-905.C)
July 5	Graduation Rate Study report due (school districts)
July 15	Adopted budget should be approved by the Board (districts/charters)
July 15	Bus Inventory Due to ADE (school districts)
July 18	Adopted Budget should be uploaded to ADE (districts/charters)
July 19	July Estimated Student Count Enrollment List (Charters only)
July 31	Employer's Quarterly Federal 941 Tax Form due to IRS Arizona Quarterly Withholding Tax Return (A1-QRT) due (A.R.S. §43-401.C)
August 4	Affidavit of Publication for Proposed Budget due (or within 30 days of publishing) (Districts/Charters – A.R.S. §15-905.C)
August 18	End of cash management reporting period for all federal projects
August 19	Amount to be raised from primary and secondary property taxes must be fixed, levied & assessed (A.R.S. §§15-992 and 42-304.B)
August 23	August Estimated Enrollment List due to ADE (Charters only)
September 18	End of cash management reporting period for all Federal projects
September 19	September Enrollment List due (Charters only)
September 28	Deadline for completion reports to be submitted to ADE for projects ending June 30

Answer to Riddle of the Month (Page 4):
"a man for all seasons"

Sample Statistical Schedules for GASB 44 (See page 1):

**ARIZONA SCHOOL DISTRICT
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST FIVE FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Supervisory					
Administrators					
Principals					
Assistant principals					
Total supervisory	_____	_____	_____	_____	_____
Instruction					
Teachers					
Other certified					
Instructional Aides					
Total instruction	_____	_____	_____	_____	_____
Student Services					
Librarians					
Food services					
Other					
Total student services	_____	_____	_____	_____	_____
Support services					
Custodians					
Bus drivers					
Other					
Total support services	_____	_____	_____	_____	_____
Total	=====	=====	=====	=====	=====

Source: The source of this information is the District's personnel records.

Sample Statistical Schedules for GASB 44 (See page 1):

**ARIZONA SCHOOL DISTRICT
CAPITAL ASSETS INFORMATION
LAST FIVE FISCAL YEARS**

	Fiscal Year Ended June 30				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>Schools</u>					
Elementary					
Buildings					
Square feet					
Capacity					
Enrollment					
Middle					
Buildings					
Square feet					
Capacity					
Enrollment					
High					
Buildings					
Square feet					
Capacity					
Enrollment					
Other					
Buildings					
Square feet					
Capacity					
Enrollment					
<u>Administrative</u>					
Buildings					
Square feet					
<u>Transportation</u>					
Garages					
Buses					
<u>Athletics</u>					
Football fields					
Baseball/softball					
Swimming pools					
Playgrounds					

Source: The source of this information is the District's facilities records.