

ADDITIONAL INFORMATION

**COUNCIL MEETING
SEPTEMBER 5, 2007**

ITEM #8

Memorandum

To: Council
From: Dane Bullard, Finance Director
Date: September 4, 2007
Subject: CAFR Proposals



Attached are the two CAFR proposals issued per Council's request. These items were not received until the afternoon of Friday, August 31st and therefore and being sent to you as an addendum to the agenda. A breakout of the proposal costs are as follows:

Lisa Lumbard & Associates

Audit - \$18,500
CAFR - 5,340
Total - \$23,840

Heinfeld & Meech

Audit - \$24,500
CAFR - 1,000
Total - \$25,500

If you have any questions, please contact me at extension 104.

III. PRICING SECTION - REVISED

Upon acceptance of this proposal submitted herewith, the undersigned hereby agrees to enter into a contract with the Town of Camp Verde, Arizona (the Town) to perform the services as described in the Request for Proposals for Financial Auditing Services. The undersigned agrees to perform the services for a total cost "not to exceed" the amount proposed below.

Total charges, including expenses, will not exceed:

Audit of the Year Ended	Annual Audit	CAFR	Total
June 30, 2007	\$24,500	\$1,000	\$25,500

The above fees are based on anticipated cooperation from your personnel in that the Town will provide all information and complete all forms in a timely manner. In addition, these fees are based on the assumption that unexpected circumstances will not be encountered during the audit. The fees do not include additional time required for expansion of the scope of the audit due to changes, subsequent to the date of this proposal, in audit and/or reporting requirements that increase the scope of work. Any such additional time would be in addition to the above cost proposal.

HOURLY RATES FOR ADDITIONAL SERVICES:

Any additional work authorized by the Town completed before June 30, 2008 will be billed at the following hourly rates. These hourly rates may be adjusted for inflation for any work completed after June 30, 2008.

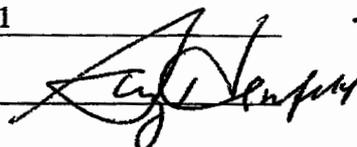
Additional Audit Services: Principal \$175 ; Manager \$135 ; Senior \$105 ; Staff \$82

Other Management Advisory Services: Principal \$225 ; Manager \$195 ; Senior \$135 ; Staff \$110

CPA Firm: Heinfeld, Meech & Co., P.C.

ADDRESS: 10120 North Oracle Road
Tucson, Arizona 85704

TELEPHONE: (520) 742-2611

SIGNED BY: Gary Heinfeld 

TITLE: Managing Partner

DATE: August 27, 2007

TOWN OF CAMP VERDE

**AUDIT PROPOSAL
CAFR ADDENDUM**

**For the Fiscal Year Ending
June 30, 2007**

August 30, 2007

**Lumbard & Associates, P.L.L.C.
4143 North 12th Street, Suite 100
Phoenix, Arizona 85014
Office (602) 274-9966
Fax (602) 265-0021**

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 **LUMBAR & ASSOCIATES, P.L.L.C.**
A Certified Public Accounting Firm

Lisa B. Lumbard, C.P.A., C.G.F.M.

Neil Broadstock, C.P.A.

Roger Tubach

Rosendo L. Portillo

A. Jake Litwiller

Jessica M. Castro

Stephanie M. Canez

August 29, 2007

Dane Bullard, Finance Director
Town of Camp Verde
395 S. Main Street
Camp Verde, Arizona 86322

Re: Request for Audit Proposal – CAFR Addendum

Dear Mr. Bullard:

Please accept the following proposal for expanding the reporting package for the fiscal year ended June 30, 2007 to include the additional schedules and requirements for preparation of a Comprehensive Annual Financial Report (CAFR), for submission to the Government Finance Officer's Association for the Certificate of Excellence in Financial Reporting. The reporting package will include the following additional items as applicable to the Town of Camp Verde for the year ended June 30, 2006:

Introductory Section

Letter of Transmittal (Estimated 5 pages)

List of Principal Officials

Organization Chart

**Combining and Individual Fund Statements
and Schedules**

Explanation of individual funds within fund types

Combining Balance Sheet - Non-major governmental funds

Combining Stmt of Revenues & Expenditures and

changes in fund balance - non major governmental funds

Individual Funds - Schedule of Revenues of Expenses and

changes in fund balance - budget actual for all non-major
funds

Statistical Section

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating information

Comprehensive Annual Financial Report (CAFR)

The CAFR Certificate of Achievement for Excellence in Financial Reporting was established by the Government Finance Officers Association (GFOA). The reports are sent by the GFOA to a state other than the state of origination and reviewed based upon an extensive checklist by a minimum of 3 different reviewers. Lisa B. Lumbard is a GFOA CAFR reviewer and brings the benefit of this experience to your engagement. However, there is no guarantee that an award will be issued. If issued, a Certificate of Achievement is valid for a period of one year.

American Institute of
Certified Public
Accountants

Government Finance
Officers Association

Arizona Finance
Officers Association

Arizona Society of
Certified Public
Accountants

Association of
Government
Accountants

Town of Camp Verde
August 29, 2007

Comprehensive Annual Financial Report (CAFR) – continued

The CAFR does include extensive narrative sections that permit the Town to highlight achievements and service accomplishments, as well as discuss future plans. The financial statements of the municipality are audited in accordance with generally accepted auditing standards, *Government Auditing Standards (GAS)* and for municipalities with expenditures of federal funds in excess of \$500,000, in accordance with the Single Audit Act of 1984 whether they are included in a CAFR or not. The CAFR involves additional reporting; it does NOT provide any additional assurances as to the adequacy of internal controls.

Independent Auditor's Report

Our Independent Auditor's Report is expected to include the following additional paragraph as required for the issuance of a CAFR:

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion are fairly stated in all material respects in relation the basic financial statements taken as whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Town's Responsibility

We will assist the Town's personnel by providing guidance on the required reporting in the introductory section, the combining and individual fund statements and schedules and the statistical section. However, the Town is responsible for the preparation of the drafts of the reports and for performing the historical research for the 10 years of data required in the statistical section. Additionally, the Town's personnel are responsible for the completion of the application form and for payment of the application fee charged by the Government Finance Officer's Association.

Time Period

Upon awarding of the audit contract, a pre-audit package will be sent to the Town of Camp Verde. The Town of Camp Verde is requested to send to the auditor, the year end adjusted trial balance by fund and the basic financial statements preliminary draft prepared by the Town's finance department from the computerized accounting system in accordance with GASB 34 requirements. For submission of the CAFR, all appropriate items must be postmarked or e-mailed to the Government Finance Officers Association (GFOA) no later than six months after the government's fiscal year end. Accordingly, all of the additional documents to be included in the June 30, 2007 CAFR submission package must be submitted to the Audit Firm no later than October 31, 2007.

Town of Camp Verde
August 29, 2007

Initial Year Fees

The additional procedures to assist the Town with their initial CAFR and expand the audit reporting package are estimated to take 76 hours and to cost, including out-of-pocket costs, a total of \$5,340. A detailed time budget is included in the attached appendix. Please note that this time budget includes our completion of the extensive GFOA CAFR disclosure checklist. The initial CAFR will require extensive time from both the audit firm and the Town's personnel. Should the Town choose to prepare and submit a CAFR in subsequent years, significantly less time should be required.

This quote represents a valid offer for 30 days from the date of this letter.

Firm Representatives

The person authorized to represent the firm is Lisa B. Lumbard, C.P.A., C.G.F.M., 4143 North 12th Street, Suite 100, Phoenix, Arizona 85014, (602) 274-9966.

We look forward to focusing our experience and talents on your CAFR. Thank you for the opportunity to submit this proposal. If you have any questions, please feel free to call our office.

Respectfully,



Lisa B. Lumbard, C.P.A., C.G.F.M.
For the Firm

**TOWN OF CAMP VERDE
PRELIMINARY AUDIT HOURS CAFR ADDENDUM
FOR THE FISCAL YEAR ENDING JUNE 30, 2007**

Audit Steps	Estimated Hours			Support Staff
	Principal	Auditor 1	Auditor 2	
1. Report Preparation				
Advise Town on mandatory additional sections required in reporting package for CAFR and set up proforma reports where practical as follows:				
Introductory Section				
Letter of Transmittal (Estimated 5 pages)	1	2		1
List of Principal Officials		0.5		
Organization Chart		0.5		
Combining and Individual Fund Statements and Schedules				
Explanation of individual funds within fund types		2		1
Combining Balance Sheet - Non-major governmental funds		2		1
Combining Stmt of Revenues & Expenditures and changes in fund balance - non major gov't funds		4		2
Individual Funds - Schedule of Revenues of Expenses and changes in fund balance - budget actual for all non-major funds		4		2
Statistical Section				
Financial Trends		2		2
Revenue Capacity		1		1
Debt Capacity		1		1
Demographic and Economic Information		1		1
Operating information		1		1
2. Convert Organization Financial Data				
Import and format Town's supplemental schedules		2		4
3. Assist Town Personnel with Questions	1	2		
4. Assemble reporting package				
Prepare table of contents and number all documents			2	2
Modify and insert auditor's report	0.5		1	0.5
Insert audited financial statements and notes				1
Insert RSI (required supplementary information)				1
5. Review Town's application form	1	4		
Section 1 - Government Information				
Section 2 - Audit Information				
Section 3 - Fee Calculation				
Section 4 - Fund Information				
Section 5 - Pension and Post Employ Benefits Info				
Section 6 - Display and Disclosure Questions				
Section 7 - Authorization				
6. Complete GFOA CAFR Checklist				
Complete checklist			8	
Review checklist and additional report sections	2			
Discuss/obtain additional disclosures with Town	1			
7. Additional Travel	4	4	0	
TOTAL CAFR HOURS	10.5	33	11	21.5