Staff Report

Agenda Item: **FISCAL YEAR 2008-2009 AUDITED FINANCIAL STATEMENTS** – Presentation of the audit reports and consideration of approval of the 2008-2009 Fiscal Year Audit.

Staff Contact: Kathy Bainbridge, Finance Director

Meeting Date: February 23, 2010

Background:

The annual audit and the auditor reports have been completed for Fiscal Year 2009. The auditors will bring the reports with them to present to Council. Included in packet is a draft copy.

The first report is the ANNUAL EXPENDITURE LIMITATIONS REPORT. It is presented on the basis of accounting prescribed by the Uniform Expenditure Reporting System (UERS), as required by the Arizona Revised Statutes, and in accordance with the voter-approved alternative expenditure limitation. This report is done to comply with the uniform expenditure reporting system and should not be used for any other purpose.

The second report is the ANNUAL FINANCIAL REPORT. This report summarizes all funds including General, Streets, Water, Wastewater, Sanitation, and Cemetery. The Management's Discussion and Analysis, starting on page iii, has been written by Finance Director Kathy Bainbridge and provides an overview of the financial activities for the fiscal year ended June 30, 2009, along with an introduction to the basic financial statements.

Recommendation: Staff recommends Council approve the Fiscal Year 2009 Audit.

TOWN OF CLARKDALE, ARIZONA

Annual Expenditure Limitation Report
and Independent Auditors' Report
June 30, 2009

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Clarkdale, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of the Town of Clarkdale, Arizona, for the year ended June 30, 2009. This report is the responsibility of the Town of Clarkdale, Arizona, management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in **Note 1**, and is not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of the Town of Clarkdale, Arizona, for the year ended June 30, 2009, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in **Note 1**.

This report is intended solely for the information and use of management, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

February 3, 2010

TOWN OF CLARKDALE, ARIZONA
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2009

1. Voter approved expenditure limitation (Approved March 14, 2006)	$ 13,108,786
2. Amount subject to the expenditure limitation (total amount from **Part II, Line C**)	5,368,306
3. Amount under the expenditure limitation	$ 7,740,480

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: _____

Telephone Number: _____ Date: _____

See accompanying notes to report.

TOWN OF CLARKDALE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2009

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the **Reconciliation, Line D**	$ 3,600,831	$ 1,767,475	$ 5,368,306
B. Less exclusions claimed:	-	-	-
C. Amounts subject to the expenditure limitation	$ 3,600,831	$ 1,767,475	$ 5,368,306

See accompanying notes to report.

TOWN OF CLARKDALE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2009

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	$ 3,600,831	$ 1,879,242	$ 5,480,073
B. Subtractions			
1. Items not requiring use of working capital			
a. Depreciation and amortization	-	363,054	363,054
b. Bad debt expense	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
3. Present value of minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-
4. Involuntary court judgments	-	-	-
Total subtractions	-	363,054	363,054
C. Additions			
1. Principal payments on long-term debt	-	187,677	187,677
2. Acquisition of capital assets	-	63,610	63,610
Total additions	-	251,287	251,287
D. Amounts reported on **Part II, Line A**	$ 3,600,831	$ 1,767,475	$ 5,368,306

See accompanying notes to report.

TOWN OF CLARKDALE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes Section 41-1279.07, and in accordance with the voter approved alternative expenditure limitation adopted March 14, 2006, as authorized by the Arizona Constitution, Article IX, Section 20(9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balance for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Funds, and the Statement of Cash Flows for the Proprietary Funds.