

# COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND ASSOCIATED FINANCIAL REPORTS



December 5<sup>th</sup>, 2019

## Resolution No. 2019-25

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**CAFR (Financial statements)**  
**AELR (Expenditure limitation)**  
**HURF (Highway user revenue)**  
**Auditor communication**  
**Internal control communication**



**2019**

# **TOWN OF PARADISE VALLEY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

June 30, 2019

**[WWW.PARADISEVALLEYAZ.GOV](http://WWW.PARADISEVALLEYAZ.GOV)**

# Thank you

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**CAFR p.4 (document); p. 13 PDF**

## **ACKNOWLEDGEMENTS**

The presentation of this report would not have been possible without the efficient, effective and dedicated services of the entire finance staff. Their bestowed efforts to enhance procedures, ensure accuracy, improve systems, and conduct extensive research have allowed for the completion of this annual audit and report. I would also like to thank other departments in the Town who responded so positively to the requests for detailed information that accompanies each annual audit.

We also extend our appreciation to the Mayor, Town Council and the Town Manager for their leadership and support in planning and conducting the financial affairs of the Town in a responsible and prudent manner, and for maintaining and strengthening the utmost standards of professionalism in the management of the Town.



## EXECUTIVE SUMMARY

**Revenues** closed **8.0% (\$2,658,613) *higher*** than estimated; revenue estimates were purposefully flat to protect the Town from over extending expenditures.

**Expenditures** were **2.3% (\$687,687) *higher*** than estimated; included \$3mm additional PSPRS.

**Transfers out** ended the year **9.2% (\$505,141) *more*** than estimated; driven by Town policy.

Ending operating **fund balance** is **1.4% (\$439,563) *higher*** than estimated; meeting expectations.

# Quarterly Report

2019: Year end

## HIGHLIGHTS for 2019

**Remaining debt** and **unfunded PSPRS liability** balances closed better than expected.

The **expenditure limitation** carryforward increased **capacity by \$1,422,568** or 627% since FY17 and is equivalent to 4.3% of FY2019 spending.

**All Town departments** ended the year **within** their legally approved operating budgets.

Projects funded with the 2016 excise tax debt proceeds closed well under budget; by contract, excess proceeds were directed to the debt payment fund.

The Capital projects fund has accumulated a cash balance in excess of the Council approved Capital Improvement Plan and will be presented to Council for consideration with the FY2021 budget.

There were 2 audit findings; the Finance Division has implemented a Corrective Action Plan.

**No changes** are recommended for the FY2020 budget resulting from FY2019 audit.



# Town of Paradise Valley Financial Audit for the Fiscal Year Ended June 30, 2018

Daros Zahn

Senior

December 5, 2019

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

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## What is an Audit?

Examine and verify management's assertions...provide an opinion

Includes findings & recommendations

Auditors evaluate risk

Auditors work for and should communicate results to the governing board (City Council)



# The Reporting Package

1. Communication to Governance
2. Comprehensive Annual Financial Report (CAFR) – Includes audit opinion
3. Annual Expenditure Limitation Report
4. HURF Report
5. Internal Control Communication





## Comprehensive Annual Financial Report (CAFR)

- Components of the CAFR
  - Basic financial statement (audit opinion)
  - Combining and individual fund financial statements and schedules (“in-relation-to” opinion)
  - Required supplementary information, statistics section, and introductory section

**We rendered an Unmodified Opinion  
on the Financial Statements**



## Annual Expenditure Limitation Report

- Provide an opinion on the Town's compliance with the Uniform Expenditure Limitation Reporting requirements. (Examination Report)
- The Annual Expenditure Limitation Report (AELR) provides a reconciliation of the GAAP basis financial statements to the basis of accounting used for the AELR.

**We rendered a clean opinion on the Annual Expenditure  
Limitation Report**



## Control Deficiencies (in plain English)

- Deficiency – either an error occurred or the design of the Organization's internal controls may not prevent or detect an error
- Significant Deficiency – a deficiency occurred, but it is not material and in all likelihood would not cause something to be materially misstated, but it's important enough that it should be reported to governance
- Material Weakness – a deficiency is present and it is either material or it could cause a material misstatement



## Internal Control Communication

- Material Weaknesses Reported – We proposed and the Town subsequently recorded an entry to restate beginning net position of the governmental activities for an error in deferring pension contributions in the previously issued financial statements.
- Significant Deficiencies Reported – During our audit we noted that two management level employees had full user access rights to the financial accounting software. We believe the Town should limit user access rights to those functions necessary to perform each employee's job function. Maintaining segregation of duties and limitation on user access rights will mitigate the threat of management override of controls over financial reporting.
- Management Comment – None.





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# Questions or Comments?

Daros Zahn, Senior

[Daros.Zahn@CLAconnect.com](mailto:Daros.Zahn@CLAconnect.com)

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# Recommendation: Approve Res. 2019-25

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## RESOLUTION NUMBER 2019-25

**A RESOLUTION OF THE MAYOR AND  
COUNCIL OF THE TOWN OF PARADISE  
VALLEY, ARIZONA ACCEPTING THE  
FY 2018-19 COMPREHENSIVE ANNUAL  
FINANCIAL REPORT (CAFR) AND  
ASSOCIATED FINANCIAL REPORTS**



# 2019

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