

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

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Principal
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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING
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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)



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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

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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**

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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



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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



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Internal Control Communication

- Material Weaknesses Reported – None
- Significant Deficiencies Reported – None
- Management Comment - 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.

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Questions or Comments?

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