

Town of Paradise Valley Financial Audit for the Fiscal Year Ended June 30, 2015

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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 (Disclaimer)

**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**

Audit Findings (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 - 1

Material Weakness

- Material adjustments were recorded to properly record the financial statements in accordance with GAAP.

Recommendation: Management should review its year end closing procedures to ensure the closing procedures include a reconciliation of all significant account balances and a review of the general ledger for any unusual items.

Internal Control Communication - 1 Significant Deficiencies

- Documentation of a supervisor's review and approval of an employee's timecard was not maintained.

Recommendation: Management should review its internal controls and ensure documentation is retained to support a supervisor's review and approval of employee timecards.

Questions or Comments?

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