

Town of Paradise Valley, Arizona



Independent Auditors' Report
Presentation to the Town Council
Year Ended June 30, 2020



About the Partner



- Brian Hemmerle, CPA, CFE
 - Partner, Governmental Services
 - Certified Fraud Examiner
 - Experience in Municipalities, School Districts, State Agencies, Non-Profits & Industry
 - Serves on the Board of Directors for the Girl Scouts Arizona Cactus Pine Council
 - AICPA, ASCPA, GFOA, GFOAz, AASBO
 - GFOA CAFR Special Review Committee Member



Required Communications with Town Council and Management

- Auditors' Report on the Financial Statements
 - Unmodified opinion
 - Reasonable assurance the financial statements are fairly presented in accordance with GAAP.
- Report on Compliance and on Internal Control over Financial Reporting
 - Unmodified opinion



Communications with Town Council and Management

- Henry + Horne's Responsibility under U.S. General Accepted Auditing Standards (GAAS)
 - Stated in engagement letter dated May 10, 2020
 - Reasonable assurance
 - Internal control properly designed and implemented
- Significant Accounting Policies and Issues Discussed
 - Note 1 of Financial Statements
 - Difficulties Encountered in Performing the Audit – **None encountered**
 - Corrected and Uncorrected Misstatements – **No uncorrected misstatements**
 - Disagreements with Management – **No disagreements**
 - Management Consultations with Other Auditors "Audit Shopping" - **None noted**



Communications with Town Council and Management

- Other Reports

- Annual Expenditure Limitation Report (AELR)

- Issued to the Arizona State Auditor General timely

| | |
|-----------------------------------------|-------------------|
| EEC Expenditure Limitation | \$42,194,350 |
| Town Expenditures Subject to Limitation | <u>31,744,775</u> |
| Amount under the expenditure Limitation | \$10,449,575 |

- Single Audit

- Not required in fiscal year 2020
 - CARES Act Funding Audit possible in 2021



Findings and Recommendations

- Findings
 - No Findings Issued in 2020
 - 2019 Findings have been corrected in 2020



Findings and Recommendations

- Recommendations

1. Allowance for court receivables

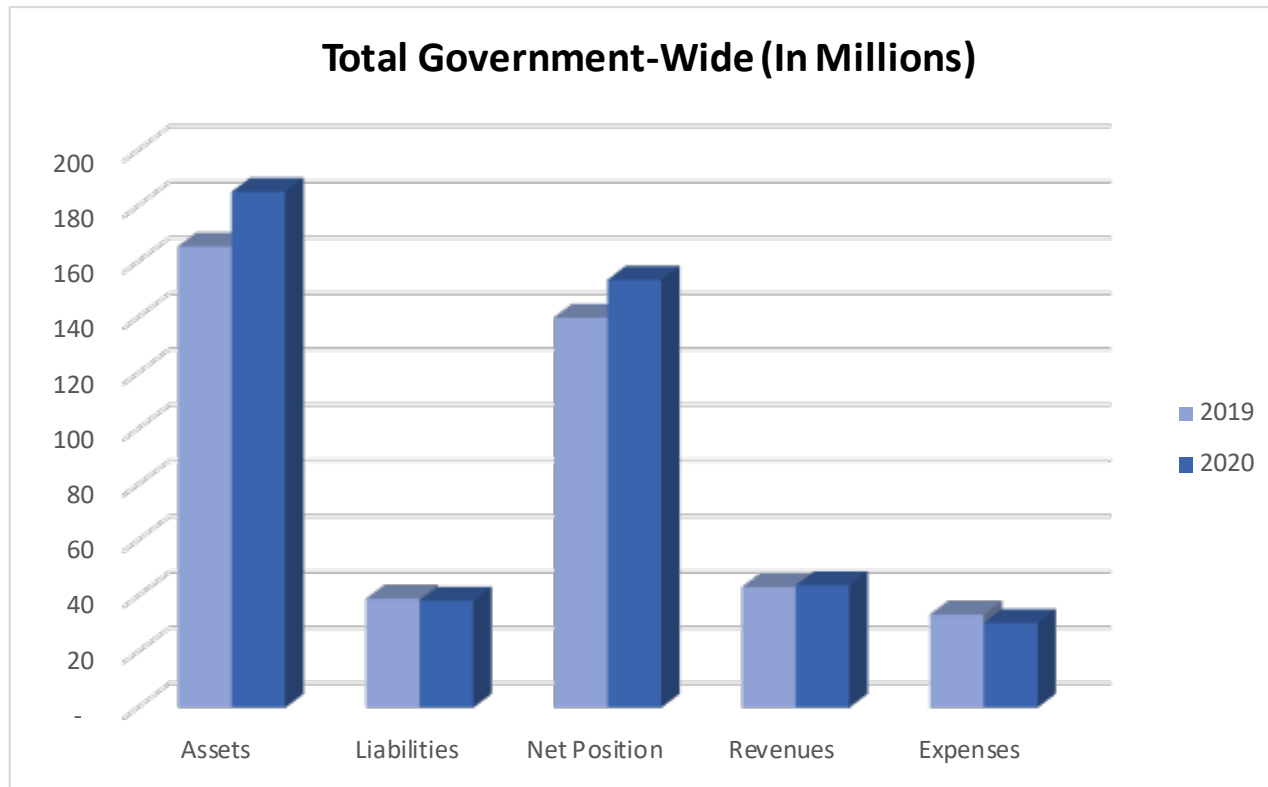
- A significant number of court receivables dating back years continue to accumulate and have been allowed for in the past.
 - We recommend the Town adopt a policy detailing a reasonable period of time the Town will pursue outstanding receivables before “writing them off”.

2. Customer Deposit Liability

- We noted a significant number of deposits dating several years back that are no longer active or have not had any activity or progress made on the customer account in the recent years.
 - After two years of attempting to return refundable deposits, we recommend the Town escheat the deposits to the State when applicable or recognize the revenue for the deposits with no remaining historical information to use in escheatment.

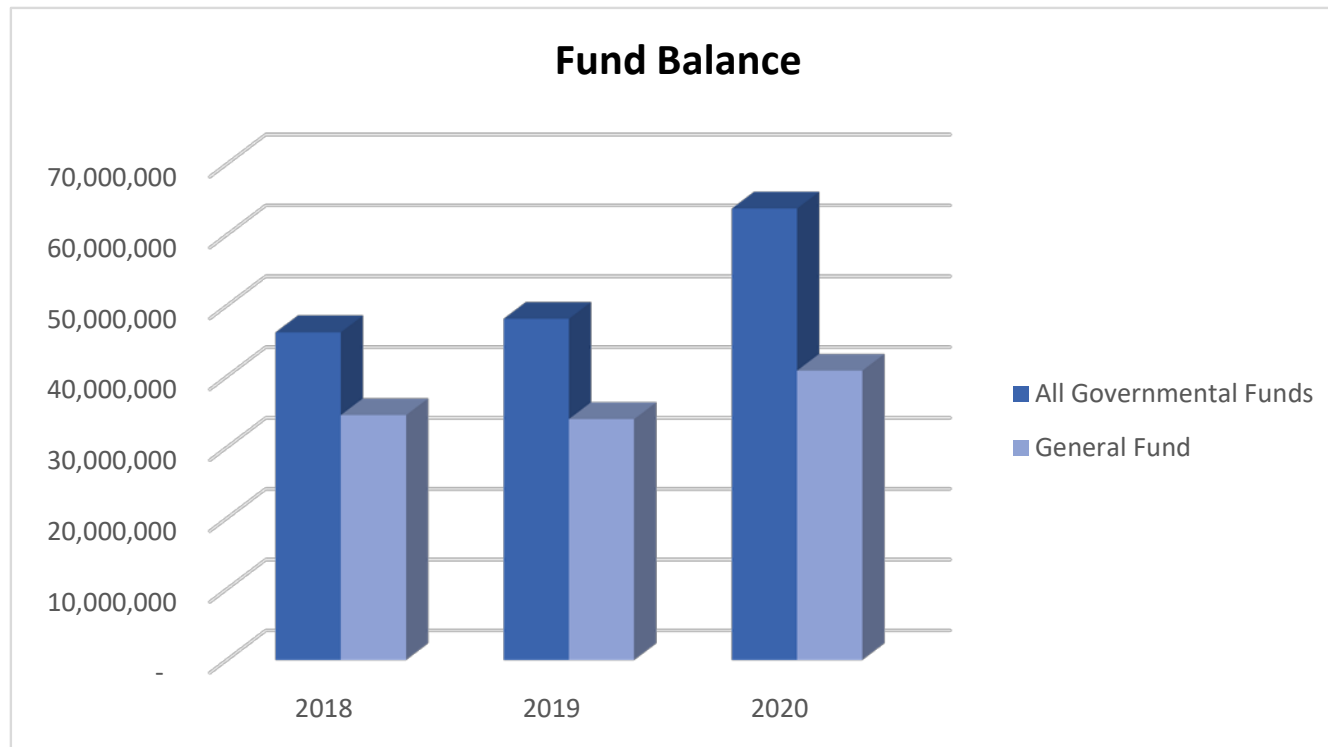


Financial Highlights



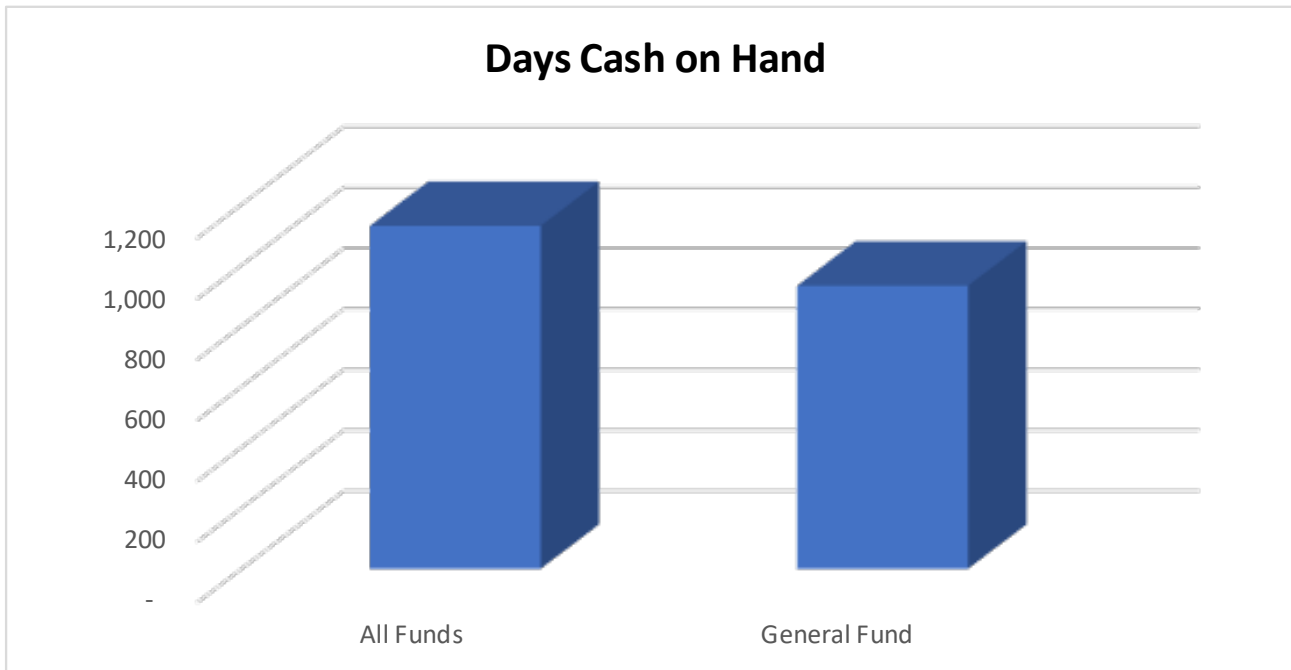


Financial Highlights





Financial Highlights





Questions

