



## Legislation Text

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**File #:** 18-476, **Version:** 1

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**TO:** Mayor Collins and Town Council Members

**FROM:** Brian Dalke, Interim Town Manager  
Douglas W. Allen, CPA

**DATE:** December 6, 2018

**DEPARTMENT:** Finance

**AGENDA TITLE:**

**Adoption of Resolution Number 2018-31: Accepting the FY2018 Comprehensive Annual Financial Report (CAFR) and Associated Financial Reports.**

**Town Value(s):**

- ☐ Primarily one-acre, residential community
- ☒ Limited government
- ☒ Creating a sense of community
- ☐ Partnerships with existing schools and resorts to enhance recreational opportunities
- ☐ Improving aesthetics/creating a brand
- ☐ Preserving natural open space

[Describe how the action is consistent with the selected Town Value(s).]

**Council Goals or Statutory Requirements:**

Arizona Revised Statutes:

- 9-481 audit of cities and towns; and
- 41-1279.07 uniform expenditure limitation

**RECOMMENDATION:**

Adopt Resolution Number 2018-31: Accepting the FY2018 Comprehensive Annual Financial Report (CAFR) and Associated Financial Reports.

**SUMMARY STATEMENT:**

The accounting firm of CliftonLarsonAllen LLP conducted the annual financial audit and concluded the Town's financial statements present fairly in all material respects, the financial positions of the governmental activities, each major fund, and the aggregate remaining fund information for the Town of Paradise Valley.

The Town received a clean audit opinion and the Comprehensive Annual Financial Report (CAFR), Annual Expenditure Limitation Report (AELR) and the Highway User Revenue Fund (HURF)

Compliance Letter. There were no “audit findings”.

The Auditors Communication on Internal Controls shows:

- Material weakness - None;
- Significant deficiencies - None.

The auditors have one “Management Comment” regarding access rights to the financial system by two management level employees and recommends segregating and limiting these rights.

Management agrees with the auditors’ recommendation and has modified users’ access to mitigate the concern. This dual access was a result of personnel turn over and transitions between the Manager’s office and the Finance and Information technology Divisions while maintaining continuity of operations. With the transition is complete, standard internal controls are being restored.

### **BUDGETARY IMPACT:**

No changes are recommended for the FY19 budget resulting from FY18 audit.

Executive summary:

- + Revenues closed 1.3% (\$423,521) higher than estimated; this is good.
- + Expenditures were 6.3% (\$1,539,938) less than estimated; this is great.
- + Transfers out ended the year 47.3% (\$4,106,058) less than estimated; this is key.
- + Ending operating fund balance is 21% (\$6,068,517) higher than estimated.

Other highlights:

- + Remaining debt and unfunded PSPRS liability balances closed as expected.
- + Financing measures were exercised to free \$4.1 million capacity in the expenditure limitation.
- + All Town departments ended the year within their Legally adopted operating budgets.
- + Bond proceeds to fund capital projects are being used on a reasonable timeline.
- + Revenue classifications are aligned and will be monitored closely.

Further information can be found in the CAFR and Quarterly report 2018: Year end.

### **ATTACHMENT(S):**

- 1) Resolution No. 2018-31 Accepting
- 2) Auditor presentation
- 3) Comprehensive Annual Financial Report (CAFR)
- 4) Annual Expenditure Limitation Report (AELR)
- 5) Highway User Revenue Fund (HURF) Compliance Letter
- 6) Auditor Communication to Those Charge with Governance
- 7) Communication on Internal Controls
- 8) Quarterly report: 2018 Year End