

CERTIFICATE OF ACKNOWLEDGMENT OF RECEIPT OF ADDENDUM
THE CITY OF READING

ADDENDUM NO. 1

BID: Audit Services

DUE DATE: July 15, 2022
3:00 P.M. Prevailing Time

This addendum must be signed, attached to, and returned with your proposal to the City of Reading by the time and date indicated ABOVE.

Q1. Is the City ready for the audit to commence?

A1. No, 2022 audit won't commence until early 2023 (interim fieldwork) and late March/early April 2023 (audit fieldwork)

Q2. What has been the audit timeline in past years? In the same timeline expected for future audits?

A2. Audit fieldwork usually started on first Monday of April, we usually get a draft in Sept, Oct or Nov and audit is usually finalized by end of calendar year.

Q3. Are any service organizations used (e.g., payroll)?

A3. ADP for City payroll; Dallas Data Systems for Reading Area Water Authority (RAWA, a blended CU)

Q4. What actuary do you use to measure your pension and OPEB liabilities? When are those reports available?

A4. Conrad Siegel. Drafts are usually available in May or June each year.

Q5. When the Water Authority's audit is typically provided to the City? Who is the auditor?

A5. Draft on or around 5/31; final usually in mid or late June, by 6/30. RKL

Q6. It appears the financial activity of the Parking and Redevelopment Authorities are included in the scope of this audit. Are separate reports issued? Who files the DCED reports for those Authorities?

A6. RPA and RRA are both discretely presented CUs of the City; they each have their own annual audits conducted by a large regional firm. It is presumed that the audit firm files the DCED reports for both CUs; the City has no involvement in their DCED filings.

Q7. What assistance does the City auditor provide to the independent auditor?

A7. City Auditor drafts, signs, sends and tracks confirmation responses, plus provides assistance on auditor PBC lists and auditor questions.

Q8. Can you explain "what routine assistance" means regarding the PA DCED-CLGS-30 AAFR? Currently, on or around March 10th each year, we provide our external auditor all

trial balances for the preceding calendar year. During March, they group the TBs and draft the AAFR. After City personnel (usually Controller and City Auditor) review and approve, City management (Controller) will log in to DCED Municipal Statistics and submit the AAFR. The City needs this level of routine assistance to continue past 2021.

A8.

Q9. How many professionals are in the City's Finance Department?

A9. Four employees. City Controller and Director of Finance; Grant Coordinator and Secretary

Q10. What were the prior year audit fees?

A10. 2020 \$72,500 base, plus \$5,000 estimated for assistance with entity-wide entries for Statement of Net Position and Statement of Activities (pension, OPEB, etc.)

2021 \$74,500 base, estimated, plus \$5,000 estimated for assistance with entity-wide entries for Statement of Net Position and Statement of Activities (for example, deferred outflows and inflows for pension and OPEB, etc.)

Q11. Are consent and comfort letters necessary for bond issues billed separately by the audit firm?

A11. We believe so, but we are not 100% certain of this at this time. See A.10.

Q12. Has the corrective action in the 2020 audit regarding the finding for material audit journal entries been implemented? Did this finding repeat in the 2021 audit? Where there any new findings?

A12. Partially, yes. While the City has been better at recording, for example, grants receivable, we still have trouble recording some accounts payable timely and our self-insurance fund activity. Finding is highly-likely to repeat for 2021 (but the Condition and other sections may be reworded slightly from the 2020 Finding).

We are not aware of new findings at this time, but the possibility exists.

Q13. When will the 2021 audited financial statements be available for review?

A13. We believe on or before September 30, 2022

Q14. Has the City done any work to get ready for GASB 87?

A14. Yes, we are in process of gathering lease agreements where the City is a lessee. In near future, will do the same for where the City is a lessor.

I, HEREBY CERTIFY THAT THE CHANGES COVERED BY THIS ADDENDUM HAVE BEEN TAKEN INTO ACCOUNT.

Firm Name (Type or Print) _____

Authorized Signature _____

Title _____

Name (Type or Print) _____

Date _____