

# **CITY AUDITOR'S REPORT**

## **MONDAY, SEPTEMBER 10, 2018**

### **2017 CITY AUDIT UPDATE**

THE 2017 CITY AUDIT, BY HERBEIN & COMPANY, IS NEARING COMPLETION. WE NOW HAVE A "DRAFT" COPY OF THE AUDIT AND ADJUSTING JOURNAL ENTRIES. AS SOON AS THE ADMINISTRATION RESPONDS TO FINDINGS, COMPLETES MANAGEMENT'S DISCUSSION AND ANALYSIS (M.D. & A.) AND PREPARES A CORRECTIVE ACTION PLAN, WE WILL MEET WITH COUNCIL AND THE AUDIT COMMITTEE TO REVIEW THE AUDIT. ONCE THE AUDIT IS FINALIZED, WE WILL SHARE THE RESULTS WITH THE MAYOR, COUNCIL AND THE GENERAL PUBLIC DURING A REGULARLY SCHEDULED COUNCIL MEETING.

QUOTING FROM SECTION 914 OF READING'S CITY CHARTER, THE ANNUAL CITYWIDE AUDIT IS "...TO BE COMPLETED AND SUBMITTED TO THE MAYOR WITHIN ONE HUNDRED EIGHTY (180) DAYS OF THE CLOSE OF THE FISCAL YEAR." ANOTHER PART STATES "WITHIN THIRTY (30) DAYS OF COMPLETION, THE MAYOR SHALL PRESENT TO THE COUNCIL THE RESULTS OF THE ANNUAL AUDIT".

### **2017 STATE LIQUID FUELS AUDIT**

ON 9/5/18, AUDITORS FROM THE COMMONWEALTH OF PENNSYLVANIA BEGAN THE AUDIT OF THE LIQUID FUELS (MOTOR LICENSE) FUND FOR THE YEAR ENDED 12/31/17. THESE ARE STATE FUNDS THAT MUNICIPALITIES RECEIVE TO MAINTAIN, REBUILD, AND REPAIR STREETS AND ROADWAYS. STREET LIGHTING, BRIDGE LIGHTING AND APPLICABLE PERSONNEL COSTS ARE ALSO ALLOWABLE USES OF THESE FUNDS.

THE CITY RECEIVED A GRANT OF \$2,036,946 IN 2017 FOR THE LIQUID FUELS FUND. THE 2017 BUDGET ESTIMATED \$2,771,500 IN TOTAL REVENUES AND ALSO THE SAME AMOUNT FOR EXPENDITURES. IN 2018, THE CITY BUDGETED \$2,101,610 FOR OUR ANNUAL LIQUID FUELS GRANT AND RECEIVED \$2,136,872 OR \$35,262 MORE THAN EXPECTED.

THE 2017 LIQUID FUELS BUDGET HAD AN INCREASED EMPHASIS ON STREET PAVING AND NO EMPHASIS ON STREET/BRIDGE LIGHTING, AS THOSE COSTS WERE BUDGETED IN THE GENERAL FUND.