

CITY AUDITOR'S REPORT

MONDAY, APRIL 10, 2017

2016 CITY AUDIT

LAST MONDAY, APRIL 03, 2017, HERBEIN & COMPANY ARRIVED AND STARTED THE 2016 CITY AUDIT. WITH COOPERATION BETWEEN THE OFFICE OF THE CITY AUDITOR AND ADMINISTRATIVE SERVICES DEPARTMENT WE ASSIGN RESPONSIBILITIES FOR TIMELY COMPLETION OF HERBEIN AND COMPANY'S REQUESTS. THERE ARE VARIOUS REQUESTS SUCH AS TRIAL BALANCES, INCOME STATEMENTS, BALANCE SHEETS, EXPENSE REPORTS, ANNUAL BUDGETS, COPIES OF COUNCIL MINUTES, BANK AND INVESTMENT RECONCILIATIONS, CONFIRMATION LETTERS, ACCOUNTS RECEIVABLE/PAYABLE ANALYSIS, FIXED ASSET REPORTS AND PENSION ACTUARY REPORTS.

PER SECTION 914 OF OUR CITY CHARTER, THERE SHALL BE "...AN ANNUAL INDEPENDENT AUDIT TO BE COMPLETED AND SUBMITTED TO THE MAYOR WITHIN ONE HUNDRED EIGHTY (180) DAYS OF THE CLOSE OF THE FISCAL YEAR."

AS ALWAYS, I WILL PROVIDE THE ADMINISTRATION AND COUNCIL WITH PERIODIC UPDATES THROUGHOUT THE AUDIT PROCESS.

2016 D.C.E.D. REPORT

ON 03/31/17, THE CITY OF READING FILED THE 2016 MUNICIPAL ANNUAL FINANCIAL REPORT (DCED-CLGS-30) WITH THE DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT. THIS REPORT IS A **BASIC SUMMARY** OF FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016. IT USES THE INFORMATION THAT IS CURRENTLY AVAILABLE FROM OUR ACCOUNTING DIVISION. QUOTING FROM THE SECTION - **ELECTED AUDITOR'S CERTIFIED OPINION**, THIS "AUDIT ...WAS MADE IN ACCORDANCE WITH LAW RATHER THAN GENERALLY ACCEPTED AUDITING STANDARDS. THESE FINANCIAL STATEMENTS **DO NOT** INCLUDE ALL OF THE DISCLOSURES REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES."

THIS **PRELIMINARY REPORT** INDICATES A **\$3,981,998 GENERAL FUND LOSS** FOR THE YEAR ENDED 12/31/2016, WITH **\$88,443,050** IN REVENUE AND **\$92,425,048** IN EXPENSES. THIS **PRELIMINARY REPORT** REVEALS A POSITIVE FUND BALANCE OF **\$26,053,621** AS OF 12/31/16.

OUR 2016 EXTERNAL AUDIT HAS JUST STARTED, AND THE GENERAL FUND'S ENDING 2016 FUND BALANCE WILL NOT BE FINALIZED UNTIL SOMETIME LATER THIS SUMMER.