

CITY AUDITOR'S REPORT

MONDAY, APRIL 14, 2014

2013 CITY AUDIT

ON WEDNESDAY, APRIL 09, 2014, HERBEIN & COMPANY ARRIVED AND BEGAN THE 2013 CITY AUDIT. WITH THE 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 INCOME STATEMENTS, BALANCE SHEETS, EXPENSE REPORTS, BUDGETS, COPIES OF COUNCIL MINUTES, BANK AND INVESTMENT RECONCILIATIONS, 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.

2013 D.C.E.D. REPORT

ON 04/01/14, THE CITY OF READING FILED THE 2013 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, 2013. 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 **\$8,283,465 GENERAL FUND GAIN** FOR THE YEAR ENDING 12/31/2013, WITH **\$87,355,604** IN REVENUE AND **\$79,072,139** IN EXPENSES. THIS **PRELIMINARY REPORT** REVEALS A POSITIVE FUND BALANCE OF **\$18,902,055** AS OF 12/31/13.

OUR 2013 EXTERNAL AUDIT HAS JUST STARTED, AND THE GENERAL FUND'S ENDING 2013 FUND BALANCE WILL NOT BE FINALIZED UNTIL SOMETIME LATER THIS SUMMER.

STATE AID-PENSION – AG385 REPORT - 2014

THE CITY AUDITOR'S OFFICE HAS WORKED COLLABORATIVELY WITH THE ADMINISTRATIVE SERVICES DEPARTMENT IN REVIEWING, BEFORE TRANSMITTAL, THE ANNUAL AG-385 REPORT. THE CITY FILED THE REPORT ON 3/27/14.

FORM AG-385 IS PREPARED FOR THE COMMONWEALTH, BY THE CITY, SO WE MAY BE ELIGIBLE FOR STATE AID FOR OUR PENSION PLANS. WE MUST CERTIFY EMPLOYEES BASED ON STATE CRITERION FOR INCLUSION IN THE STATE AID PROGRAM. POLICE AND FIRE PERSONNEL COUNT AS 2 UNITS AND NON-UNIFORMED PERSONNEL ARE CONSIDERED 1 UNIT FOR CALCULATION PURPOSES. THE UNIT VALUE IN 2013 WAS AROUND \$3,884 PER UNIT.

IN 2013 WE BUDGETED \$2,800,000 AND RECEIVED \$3,068,643 IN PENSION STATE AID. THE 2014 BUDGET REFLECTS \$3,150,000 IN ESTIMATED REVENUES.

I WOULD LIKE TO PERSONALLY THANK THE FOLLOWING PEOPLE FOR THEIR EFFORTS IN THIS ENDEAVOR:

- CHRISTIAN ZALE – CONTROLLER
- ROBIN PHILLIPS – FORMER PENSION ADMINISTRATOR
- HOLLY GULDIN – INTERIM PENSION ADMINISTRATOR