

CITY AUDITOR'S REPORT

MONDAY, APRIL 8, 2013

2012 CITY AUDIT

TODAY, MONDAY, APRIL 08, 2013, HERBEIN & COMPANY ARRIVED AND BEGAN THE 2012 CITY AUDIT. WITH THE COOPERATION BETWEEN THE ADMINISTRATIVE SERVICES DEPARTMENT AND OFFICE OF THE CITY AUDITOR, 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.

2012 D.C.E.D. REPORT

ON 03/29/13, THE CITY OF READING FILED THE 2012 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, 2012. 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 **\$8,603,353 GENERAL FUND LOSS** FOR THE YEAR ENDING 12/31/2012, WITH **\$84,861,696** IN REVENUE AND **\$93,465,049** IN EXPENSES. THIS **PRELIMINARY REPORT** REVEALS A POSITIVE FUND BALANCE OF **\$10,618,590** AS OF 12/31/12.

OUR 2012 EXTERNAL AUDIT HAS JUST STARTED, AND THE GENERAL FUND'S ENDING 2012 FUND BALANCE WILL NOT BE FINALIZED UNTIL SOMETIME LATER THIS SUMMER.

STATE AID-PENSION – AG385 REPORT - 2013

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 3/28/13.

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 2012 WAS AROUND \$3,575 PER UNIT.

IN 2012 WE BUDGETED \$2,600,000 AND RECEIVED \$2,701,960 IN PENSION STATE AID. THE 2013 BUDGET REFLECTS \$2,800,000 IN ESTIMATED REVENUES.

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

- CHRISTIAN ZALE – CONTROLLER
- ROBIN PHILLIPS – PENSION ADMINISTRATOR