

COMPLIANCE REPORT ON
ORDINANCE #17-2011
BY THE OFFICE OF THE CITY AUDITOR
JULY 25, 2011

THE FOLLOWING IS A REPORT ON COMPLIANCE WITH NEWLY ENACTED FISCAL POLICIES AS ADOPTED BY CITY COUNCIL ON APRIL 11, 2011 VIA ORDINANCE #17-2011 AND RECOMMENDATIONS FROM OUR ACT 47 COORDINATORS: PUBLIC FINANCIAL MANAGEMENT (PFM).

THE TWO MAIN AREAS OF THE ORDINANCE ARE REGULATIONS CONCERNING INTERFUND BORROWINGS AND APPROPRIATION TRANSFERS.

REGARDING THE FIRST ITEM (INTERFUND BORROWINGS); THERE WERE NO INTERFUND BORROWINGS IN EITHER THE 1ST QUARTER (1/1-3/31) OR THE 2ND QUARTER (4/1-6/30) OF 2011. HOWEVER, A REPAYMENT OF A PREVIOUS YEAR(S) BORROWING(S) DID OCCUR IN THE 1ST QUARTER OF 2011. ON 2/4/11, THE GENERAL FUND (#01) WAS REPAYED IN FULL THE AMOUNT OF \$810,103.25 FROM THE LIQUID FUELS FUND (#35).

THE SECOND ITEM PERTAINS TO APPROPRIATION TRANSFERS. SECTION F OF ORDINANCE #17-2011 REQUIRES “AN AMENDMENT TO THE CITY’S ANNUAL BUDGET ORDINANCE TO AUTHORIZE ANY CUMULATIVE MODIFICATION TO ANY DEPARTMENTAL OVERALL BUDGET OR LINE ITEM EXCEEDS (sic) \$10,000.”

AS OF 6/30/11, IN THE GENERAL FUND (#01), THERE WERE THIRTY SEVEN (37) EXPENDITURE ACCOUNTS (see attached chart) EACH HAVING A NEGATIVE BALANCE. OF THOSE ACCOUNTS, TWELVE (12) HAVE NEGATIVE BALANCES OF \$10,000 OR MORE.

THERE ARE ALSO EIGHT (8) NON-GENERAL FUND EXPENDITURE ACCOUNTS (see attached chart) THAT ALSO HAVE NEGATIVE BALANCES. OF THOSE ACCOUNTS, THREE (3) HAVE NEGATIVE BALANCES IN EXCESS OF \$10,000.

SOME OF THESE ACCOUNTS MIGHT SHOW A NEGATIVE BALANCE DUE TO INCORRECT POSTINGS TO THEIR RESPECTIVE ACCOUNTS. IF THAT IS THE CASE, THEN A RECLASSIFYING ENTRY SHOULD BE PREPARED AND POSTED TO CORRECT THE ERROR. IF IT IS A LEGITIMATE NEGATIVE BALANCE, THEN THE ADMINISTRATION MUST PREPARE APPROPRIATION TRANSFER(S) FOR CITY COUNCIL’S APPROVAL TO CORRECT THE SITUATION AS PER ORDINANCE #17-2011. THE APPROPRIATION TRANSFER(S) SHOULD NOT ONLY COVER THE CURRENT DEFICIENCY, BUT ALSO ANY ADDITIONAL ANTICIPATED EXPENDITURES DURING THE REMAINDER OF THE CURRENT FISCAL YEAR.

I WILL BE REPORTING ON THIS TOPIC ON A QUARTERLY BASIS. IF THERE ARE ANY QUESTIONS REGARDING THE CONTENTS OF THIS REPORT, PLEASE FEEL FREE TO CONTACT ME IN THE OFFICE, VIA PHONE AT (610) 655-6123 OR BY E-MAIL AT DAVID.CITUK@READINGPA.ORG.

RESPECTFULLY SUBMITTED

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