

CITY OF READING, PENNSYLVANIA

OFFICE OF THE CITY AUDITOR
ROOM 2-36
815 WASHINGTON STREET
READING, PA 19601-3690
(610) 655-6123

MARIA M. RODRIGUEZ
CITY AUDITOR

CITY AUDITOR'S REPORT Monday, February 27, 2023

Real Estate Transfer Tax - Update from 1/1/2019 to 02/28/2023

The City receives a 3.5% Real Estate Transfer Tax on the sale value of all taxable real estate transactions. For the month of February 2023, the Real Estate Transfer Tax generated \$429,825.33 in revenue. And \$967,191.17 has been collected for the first two months of the current year. 353 Real Estate Transfer transactions were completed, of which 68 were non-taxable and 285 were taxable (see Table #2). For the current year, six million was budgeted for this revenue line item, and out of the total revenue collected as of February 2023, about \$43,610 came for properties that were sold for half a million dollars or more. (See Table #3)

Month	2023	2022	12/31/2021	12/31/2020	12/31/2019
January	537,365.84	702,030.86	535,849.04	323,123.52	223,920.68
February	429,825.33	512,582.49	523,300.89	511,220.85	615,116.21
March		954,153.08	1,178,885.61	601,103.82	266,411.11
April		736,240.82	717,308.73	235,765.07	548,506.44
May		883,522.38	447,710.27	157,245.87	441,084.11
June		842,707.71	719,042.39	1,464,932.00	363,997.72
July		793,696.36	752,234.50	437,026.44	359,547.89
August		747,631.78	1,078,840.76	361,892.51	353,006.61
September		654,921.99	678,323.20	501,228.42	350,731.42
October		958,192.93	480,665.62	493,787.54	340,908.53
November		619,275.83	844,193.89	510,649.58	330,855.79
December		512,935.97	837,430.85	993,086.79	457,238.03
Total Revenue	967,191.17	8,917,892.20	8,793,785.75	6,591,062.41	4,651,324.54
Total Budgeted	6,000,000.00	5,500,000.00	4,700,000.00	4,200,000.00	3,800,000.00
Over/(Under) Budget	(5,032,808.83)	3,417,892.20	4,093,785.75	2,391,062.41	851,324.54



Table #2

Month	Taxable	Non-Taxable	Total Transactions
January	148	35	183
February	137	33	170
Total	285	68	353

Table #3

Month	Property Address	Sale Price	Rate - 3.5%
January	610 N 5th Street	576,000.00	20,160.00
February	111 S 6th Street	670,000.00	23,450.00
February	1274 Hill Rd	500,000.00	17,500.00
Total		576,000.00	43,610.00

Earned Income Tax (EIT) / Earned Income Tax Prior Year – Update as of 12/31/2022

As of December 31, 2022, The City's General Fund has recorded a combined total of about \$24.7 million in revenue for EIT and EIT Prior Year. As of this date, EIT Prior Year revenue, which was approximately \$5.9 million as of year-end 2021, has recorded about \$6.7 million in 2022. And this revenue line item has exceeded its budget target by \$1,282,788.57. Even though the combined budget for these two revenue line items was \$770,000 higher for 2022 than it was for 2021, \$3,635,526.39 more in revenue has been recorded as of December 31, 2022, compared to the revenue recorded for the same period in 2021, and this two line items combined had exceeded its budget target by about \$3.7 million in 2022. At the City Council meeting on January 23, 2023, I reported that about \$26.1 million was collected for EIT revenue as of December 31, 2022. However, during the month of November 2022, this revenue was overstated by about \$1.5 million. Therefore the chart below illustrates a more realistic amount of revenue collected for EIT in 2022.

Earned Income Tax Revenue - Comparison between YTD 2021 and YTD 2022:

	2022 Budget	12/31/2022	Variance	2021 Budget	YTD 12/31/2021	Variance
Earned Income	15,512,120.00	18,009,845.88	2,497,725.88	15,512,120.00	15,265,023.40	(247,096.60)
EIT Prior	5,500,000.00	6,782,788.57	1,282,788.57	4,730,000.00	5,874,084.66	1,144,084.66
TOTAL	21,012,120.00	24,792,634.45	3,780,514.45	20,242,120.00	21,139,108.06	896,988.06

Miscellaneous:

An audit committee meeting has been scheduled on April 13, 2023.