

CITY OF READING, PENNSYLVANIA

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CITY AUDITOR'S REPORT Monday, APRIL 10, 2023

Earned Income Tax (EIT) / Earned Income Tax Prior Year – Update as of 03/31/2023

As of March 31, 2023, the revenue line items of EIT and EIT Prior City's General Fund have recorded a combined total revenue of about \$7 million. Because the majority of the revenue recorded for the EIT Prior Year occurs during the first quarter of the year; as of March 31, 2023, this revenue line item has already recorded approximately \$5.7 million. Even though the combined budget for these two revenue line items are about \$2.4 million highest in 2023 compared to the 2022 budget, there is a high probability that the Earned Income Tax will meet its budget target in 2023, if these revenue line items continue the same path as last year.

Earned Income Tax Revenue - Comparison between YTD 2022 and YTD 2023:

	2023 Budget	3/31/2023	Variance	2022 Budget	3/31/2022	Variance
Earned Income Tax	16,452,000.00	1,392,774.17	(15,059,225.83)	15,512,120.00	62,907.17	(15,449,212.83)
EIT Prior Yr.	6,971,000.00	5,676,828.93	(1,294,171.07)	5,500,000.00	6,116,312.78	616,312.78
TOTAL	23,423,000.00	7,069,603.10	(16,353,396.90)	21,012,120.00	6,179,219.95	(14,832,900.05)

User Fees Revenue – Update from 12/31/2019 to 2/28/2023

User Fees revenue is the revenue collected for the EMS services that the City provides to its residents. For the fiscal year of 2023, the City budgeted \$3 million for this revenue line item, and for the first two months of the current year, \$578,849.68 was collected.



The chart below illustrates User Fees Revenue Actual vs. Budget from 2019 to 2/28/2023

	2/28/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
User Fees/EMS-YTD Revenue	578,849.68	3,047,755.50	3,287,855.40	2,405,142.53	3,333,157.10
Budget	3,000,000.00	3,009,000.00	3,033,500.00	3,196,000.00	3,095,000.00
Over/(Under) Budget	(2,421,150.32)	38,755.50	254,355.40	(790,857.47)	238,157.10

2022 Municipal Annual Audit & Financial Report – Update

The 2022 Municipal Annual Audit & Financial Report has been completed by our external auditor, Herbein + Company. And on March 31, 2023, it was submitted to the DCED by Michael Oppenheimer, City Controller. This report is showing an unaudited General Fund balance of \$4.7 million. Although it's too early to know for certain, part of this GF balance could be attributed to the \$3.4 million surplus of Real Estate Transfer Tax plus the \$3.7 million surplus of Earned Income Tax that the City recorded in 2022