



# CITY OF READING, PENNSYLVANIA

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## CITY AUDITOR'S REPORT Monday, February 14, 2022

The following is a summary and comparison of the revenue that the City has received for the last five years:

- Per Capita Tax and Per Capital Tax-Prior years,
  - Business Privilege Tax and Business Privilege-Prior years,
  - Business Privilege Licenses; and
  - Building an Trades – Revenue/Expenses
- In 2014, the fee for Per Capita Tax was increased from \$15 to \$30 dollars and since then, this fee has remained the same. Out of the \$30 dollars collected, \$20 goes to the City and \$10 dollars to the School District. And this fee has to be paid by any residents of the City who is 18 years and older.
- In 2021, the City budgeted \$450,000 for Per Capita Tax and per Capital Tax-Prior Years, and as of December 31, \$538,229.48 has been received, and this amount has already exceeded the 2021 annual budget by about \$88,000. The revenue recorded in 2021 is very consistent with the revenue collected over the previous two years. However, the highest revenue received for Per Capita Tax and Per Capital Tax-Prior Years during the last five years occurred in 2020, when the City Collected about \$562,000.
- For the fiscal year of 2021, the administration, with the City Auditor's non-binding budget recommendations, opted to increase the line item of Per Capital Tax-Prior Years to \$200,000 from \$60,000 that was budgeted in 2020. And as of December 31, 2021, \$241,208.37 has been collected. (See Table #1)
- Business Privilege Tax and Business Privilege Tax Prior Years are the fees charged to business owners by the City. These fees vary from 1.0 to 2.25, according to the services that are provided.



As of December 31, 2021, the City collected about \$1.8 million for these line items, and this has already exceeded the 2021 budget target by \$398,631.18.

For the last three years, the total revenue collected for Business Privilege Tax and Business Privilege Tax Prior Years has been very consistent, but the highest amount was recorded in 2018, when the City collected about 2 million dollars.

Compared to the 2020 variance, 2021 is showing a significant positive variance because less revenue was budgeted in 2021. (See Table #2)

- Business Privilege License is a \$50 annual fee that business owners pay in order to conduct business in the City of Reading. In 2021, the administration budgeted \$280,000 and as of December 31, \$286,163.90 has been collected for this line item. This amount is greater by \$20,689.90 compared to the amount collected in 2020 for the same period. In 2019 the City collected about \$ 309,000 of revenue for Business Privilege License which has been the highest amount collected during the last five years.

All the revenue amounts referenced above that have been recorded as of December 31, 2021 are unaudited and subject to change. The revenue that is received within the first two months of this year will be accrued to the fiscal year of 2021.

- As of December 31, 2021, the Department of Building and Trades, has recorded about \$1.4 million in revenue and about \$1.1 million was expended. And the year ended with A surplus of \$296,905.77.

TABLE #1  
REVENUE COLLECTED FOR PER CAPITA TAX AND PER CAPITA TAX PRIOR YEARS - FIVE YEARS COMPARISON

	2021 BUDGET	YTD -REVENUE 12/31/2021	2020 BUDGET	YTD -REVENUE 12/31/2020	2019 BUDGET	YTD -REVENUE 12/31/2019	2018 BUDGET	YTD -REVENUE 12/31/2018	2017 BUDGET	YTD -REVENUE 12/31/2017
PER CAPITA TAX	250,000.00	297,021.11	275,000.00	292,698.00	275,000.00	233,739.00	300,000.00	256,257.00	225,000.00	263,382.00
PER CAPITA TAX-PRIOR YEARS	200,000.00	241,208.37	60,000.00	269,503.00	30,000.00	273,193.00	30,000.00	78,692.00	30,000.00	8,186.00
<b>TOTAL</b>	<b>450,000.00</b>	<b>538,229.48</b>	<b>335,000.00</b>	<b>562,201.00</b>	<b>305,000.00</b>	<b>506,932.00</b>	<b>330,000.00</b>	<b>334,949.00</b>	<b>255,000.00</b>	<b>271,568.00</b>
<b>OVER / (UNDER) BUDGET</b>		<b>88,229.48</b>		<b>227,201.00</b>		<b>201,932.00</b>		<b>4,949.00</b>		<b>16,568.00</b>

TABLE #2  
REVENUE COLLECTED FOR BUSINESS PRIVILEGE TAX AND BUSINESS PRIVILEGE TAX PRIOR YEARS - FIVE YEARS COMPARISON

	2021 BUDGET	YTD -REVENUE 12/31/2021	2020 BUDGET	YTD -REVENUE 12/31/2020	2019 BUDGET	YTD -REVENUE 12/31/2019	2018 BUDGET	YTD -REVENUE 12/31/2018	2017 BUDGET	YTD -REVENUE 12/31/2017
BUSINESS PRIVILEGE TAX	1,385,600.00	1,794,398.10	1,877,750.00	1,785,381.00	1,850,000.00	1,732,318.00	1,750,000.00	1,737,739.00	1,800,000.00	1,460,555.00
BUSINESS PRIVILEGETAX-PRIOR	80,000.00	69,833.08	213,150.00	82,831.00	210,000.00	100,805.00	210,000.00	386,243.00	210,000.00	43,573.00
<b>TOTAL</b>	<b>1,465,600.00</b>	<b>1,864,231.18</b>	<b>2,090,900.00</b>	<b>1,868,212.00</b>	<b>2,060,000.00</b>	<b>1,833,123.00</b>	<b>1,960,000.00</b>	<b>2,123,982.00</b>	<b>2,010,000.00</b>	<b>1,504,128.00</b>
<b>OVER / (UNDER) BUDGET</b>		<b>398,631.18</b>		<b>(222,688.00)</b>		<b>(226,877.00)</b>		<b>163,982.00</b>		<b>(505,872.00)</b>

TABLE #3  
REVENUE COLLECTED FOR BUSINESS PRIVILEGE LICENSE - FIVE YEARS COMPARISON

	2021 BUDGET	YTD -REVENUE 12/31/2021	2020 BUDGET	YTD -REVENUE 12/31/2020	2019 BUDGET	YTD -REVENUE 12/31/2019	2018 BUDGET	YTD -REVENUE 12/31/2018	2017 BUDGET	YTD -REVENUE 12/31/2017
BUSINESS PRIVILEGE LICENSE	280,000.00	286,163.90	280,000.00	265,474.00	280,000.00	309,477.00	275,000.00	298,992.00	320,000.00	279,542.00
<b>OVER / (UNDER) BUDGET</b>		<b>6,163.90</b>		<b>(14,526.00)</b>		<b>29,477.00</b>		<b>23,992.00</b>		<b>(40,458.00)</b>

TABLE #4

BUILDING AND TRADES - 2021 REVENUE VS EXPENSE			
	YTD		Revenue vs Expense
	REVENUE	EXPENSE	
2021 BUDGET	12/31/2021	12/31/2021	12/31/2021
	1,409,166.07	1,130,623.00	296,905.77
		1,112,260.30	