



# CITY OF READING, PENNSYLVANIA

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## CITY AUDITOR'S REPORT Monday, July 26, 2021

### Reading Area Water Authority (RAWA) – 2020 Audit

A copy of the 2020 audit report of the Reading Area Water Authority which is one of the Component Units of the City of Reading, was received by the office of the City Auditor on June 15, 2021 via email.

After reviewing the financial Statements, this audit report illustrates the following (see table 1):

- The **Total Net Position** which is the Total Assets/Deferred Outflow of Resources minus Total Liabilities that include Current Liabilities and Long-Term Debt, reflects the increase of \$1,875,761.
- In 2020, the Authority **Total Liabilities** decreased by \$3,737,269
- In 2020, The Authority has an **Operating Income** of \$3,653,656 compared to \$3,556,133 in 2019, and it ended with an increase of \$97,523.
- In Mach of 2020, RAWA refinanced the bonds, Series 2011, and as a result the **Interest Expense** line item was reduced to \$ 2,194,472 in 2020 from \$3,768,727 in 2019, and this was the main reason that caused **the increase of \$1,875,761 in Net Position** compared to 598,104 in 2019.

Table 1

	2020	2019	2020 vs 2019
<b>Total Assets/Deferred Outflow of Resources</b>	95,232,756	97,094,264	<b>(1,861,508)</b>
<b>Total Liabilities</b>	78,796,115	82,533,384	<b>(3,737,26)</b>
<b>Total Net Position</b>	16,436,641	14,560,880	<b>1,875,761</b>
<b>Operating Income</b>	3,653,656	3,556,133	<b>97,523</b>
<b>Increase In Net Position</b>	<b>1,875,761</b>	598,104	<b>1,277,657</b>



## Real Estate Transfer Tax Revenue - Update as of June 30, 2021

For the month of June of the current year, the City collected \$719,042.39 in revenue for Real Estate Transfer Tax, and as of June 30, 2021, a total of \$4,122,096.93 has already been received which is 88% of total amount budgeted. For the first six months of the current year, a total of 1,283 transactions for Real Estate Transfer Tax has been completed of which 1,077 transactions were taxable and 206 were not taxable transactions. **See table 2.** And until now, the City has collected \$1,048,249.64 for properties sold for more than half a million threshold. **See table 3 for details.**

**The following chart illustrates YTD revenue collected for Real Estate Transfer from 2017-2021**

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
January	535,849.04	323,123.52	223,920.68	293,105.03	276,076.87
February	523,300.89	511,220.85	615,116.21	204,053.26	210,173.34
March	1,178,885.61	601,103.82	266,411.11	348,937.95	297,329.36
April	717,308.73	235,765.07	548,506.44	347,097.22	581,143.64
May	447,710.27	157,245.87	441,084.11	322,871.76	313,275.46
June	719,042.39	1,464,932.00	363,997.72	350,369.72	528,760.06
<b>Total Revenue</b>	<b>4,122,096.93</b>	<b>3,293,391.13</b>	<b>2,459,036.27</b>	<b>1,866,434.94</b>	<b>2,206,758.73</b>
<b>Total Budgeted</b>	<b>4,700,000.00</b>	<b>4,200,000.00</b>	<b>3,800,000.00</b>	<b>3,350,000.00</b>	<b>2,750,000.00</b>
<b>Total % Collected</b>	<b>0.88</b>	<b>0.78</b>	<b>0.65</b>	<b>0.56</b>	<b>0.80</b>

**The following chart demonstrates total transactions for Real Estate Transfer Tax as of 6/30/2021**

**Table 2**

Month	Total Transactions	Taxable	Non-Taxable
January	168	149	19
February	157	135	22
March	294	239	55
April	232	198	34
May	186	158	28
June	246	198	48
<b>Total</b>	<b>1283</b>	<b>1077</b>	<b>206</b>

The table below demonstrates the # of transactions for properties sold within the threshold

**Table 3**

Property Address	Month of Sale	Sale Price	Rate - 3.5%
100 Lancaster Avenue	January	1,925,000.00	67,375.00
323 N 4 <sup>th</sup> Street	January	950,000.00	33,250.00
1800 Centre Avenue	February	5,200,000.00	182,000.00
1260 Hill RD	March	875,000.00	30,625.00
300 Lackawanna St.	March	11,387,550.00	398,564.25
1211 Carbon Street	March	575,000.00	20,125.00
601 Lancaster Avenue	April	729,000.00	25,515.00
100 Lancaster Avenue	April	3,038,439.74	106,345.39
1414 Moss Street	April	600,000.00	21,000.00
	May	0	0
Belmont Ave.	June	2,500,000.00	87,500.00
2045 Centre Ave.	June	670,000.00	23,450.00
1015 Rockland St.	June	1,500,000.00	52,500.00
<b>Total</b>		<b>29,949,989.74</b>	<b>1,048,249.64</b>

## **2020 Fire Escrow Audit**

The Fire Escrow audit has been completed by the Office of the City Auditor and it was presented today at the 5pm meeting. As previously stated, the Fire Escrow account has a liability of \$766,883.41 as of December 31, 2020.