

# CITY OF READING, PENNSYLVANIA

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## CITY AUDITOR'S REPORT Monday, October 10, 2022

### Real Estate Transfer Tax - Update from 1/1/2018 to 8/31/2022

The City receives a 3.5% Real Estate Transfer Tax on the sale value of all taxable real estate transactions. During the month of August of 2022, \$747,631.78 in revenue was recorded for Real Estate Transfer Tax; this amount included a total of 216 Real Estate Transfer transactions of which 166 were taxable and 50 were non-taxable (see Table #2). For the current year, \$5.5 million was budgeted for this line item, and as of August 31, 2022, \$6,172,565.48 has already been recorded (see Table #1). Also during the month of August of 2022, two properties sold for more than a threshold of half of a million dollars (see Table #3).

**Table #1**

Month	2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
January	702,030.86	535,849.04	323,123.52	223,920.68	293,105.03
February	512,582.49	523,300.89	511,220.85	615,116.21	204,053.26
March	954,153.08	1,178,885.61	601,103.82	266,411.11	348,937.95
April	736,240.82	717,308.73	235,765.07	548,506.44	347,097.22
May	883,522.38	447,710.27	157,245.87	441,084.11	322,871.76
June	842,707.71	719,042.39	1,464,932.00	363,997.72	350,369.72
July	793,696.36	752,234.50	437,026.44	359,547.89	350,708.33
August	747,631.78	1,078,840.76	361,892.51	353,006.61	514,841.63
September		678,323.20	501,228.42	350,731.42	324,492.29
October		480,665.62	493,787.54	340,908.53	389,823.15
November		844,193.89	510,649.58	330,855.79	267,444.32
December		837,430.85	993,086.79	457,238.03	576,429.44
<b>Total Revenue</b>	<b>6,172,565.48</b>	<b>8,793,785.75</b>	<b>6,591,062.41</b>	<b>4,651,324.54</b>	<b>4,290,174.10</b>
<b>Total Budgeted</b>	<b>5,500,000.00</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>Over/(Under) Budget</b>	<b>672,565.48</b>	<b>4,093,785.75</b>	<b>2,391,062.41</b>	<b>851,324.54</b>	<b>940,174.10</b>



**Table #2**

	<b>Taxable</b>	<b>Non-Taxable</b>	<b>Total Transactions</b>
<b>January</b>	216	33	249
<b>February</b>	135	37	172
<b>March</b>	250	41	291
<b>April</b>	201	40	241
<b>May</b>	200	29	229
<b>June</b>	199	41	240
<b>July</b>	209	43	252
<b>August</b>	166	50	216

**Table #3**

<b>Month</b>	<b>Address</b>	<b>Sale Price</b>	<b>Rate - 3.5%</b>
August	148 N 4 <sup>th</sup> Street	2,250,000.00	78,780.00
August	1112 Muhlenberg	851,000.00	29,785.00
<b>Total</b>		<b>3,101,000.00</b>	<b>108,565.00</b>

### **Admission Fee Tax Revenue– Update as of August 31, 2022**

The majority of the revenue collected for the Admission Fee Tax comes from the Reading Royals, the Reading Phils and other events/concerts held at the Santander Arena and the Performing Arts Center. In 2022, the Administration budgeted \$200,000 for this revenue line item. And as of August 31, 2022, \$545,619.68 in revenue has already been collected, exceeding its budget target by \$345,619.68.

<b>Month</b>	<b>Reading Phils</b>	<b>Reading Royals</b>	<b>Santander Arena- Other</b>	<b>Performing Art Center</b>	<b>Reading Symphony</b>	<b>Varsity Spirit LLC</b>	<b>YTD Amount Recorded</b>
January	2,686.19	8,618.11	5,013.05	4,687.02			21,004.37
February	2,797.68	9,277.90	44,010.19	25,533.63			81,619.40
March	4,312.12	18,087.90	54,424.75	23,490.73		3,133.98	103,449.48
April	6,919.24	9,876.94	77,475.84	23,792.76			118,064.78
May	7,355.98	7,606.55	34,515.52	10,421.32			59,899.37
June	8,941.65	-	-	4,856.09			13,797.74
July	6,355.72	-	25,022.62	10,493.65			41,871.99
August	8,226.27	-	80,327.16	10,380.14	6,978.98		105,912.55
<b>Total</b>	<b>47,594.85</b>	<b>53,467.40</b>	<b>320,789.13</b>	<b>113,655.34</b>	<b>6,978.98</b>	<b>3,133.98</b>	<b>545,619.68</b>

## **Pension- State Aid Annual Allocation & Minimum Municipal Obligation (MMO)**

The Pension State Contribution is the annual payment that the City receives from the State Auditor General's Office. The tables below show how much the City has received annually since 2018. Most recently, on September 28, 2022, the City received more than \$3.9 million as the current year allocation from the state. And as you can see in Table #2 below, the Minimum Municipal Obligation (MMO) for 2023 is about \$17.6 million for the three Pension Funds combined. When the City receives its 2023 annual pension contribution next year from the state, it will offset the total MMO expense of the general fund by the amount of the contribution. (Table #2)

**Table #1**

<b>Year</b>	<b>Budget</b>	<b>Allocation of State Aid</b>	<b>Variance</b>
<b>2018</b>	4,050,314.00	3,705,351.33	(344,962.67)
<b>2019</b>	3,705,350.00	4,050,314.76	344,964.76
<b>2020</b>	4,050,314.00	3,830,744.28	(219,569.72)
<b>2021</b>	3,771,656.00	3,674,718.47	(96,937.53)
<b>2022</b>	3,674,719.00	3,963,045.67	288,326.67

**Table # 2**

<b>Year</b>	<b>MMO Calculation</b>	<b>Allocation of State Aid</b>	<b>NET-MMO Obligation</b>
<b>2018</b>	18,520,487.18	3,705,351.33	14,815,135.85
<b>2019</b>	18,522,901.00	4,050,314.76	14,472,586.24
<b>2020</b>	18,364,828.00	3,830,744.28	14,534,083.72
<b>2021</b>	18,551,458.00	3,674,718.47	14,876,739.53
<b>2022</b>	18,628,100.00	3,963,045.67	14,665,054.33
<b>2023</b>	17,579,972.00		

### **Miscellaneous:**

On September 30, 2022, Herbein & Company submitted the City of Reading's 2021 Financial and Compliance Audit Report to the Federal Audit Clearinghouse.

On September 7, 2022, the Office of the City Auditor received a copy of the Reading Parking Authority's 2021 Financial and Compliance Audit. According to the 2021 Audit, the Reading Parking Authority's (RPA) operating revenues ended the year with a total of about \$11.4 million, compared to only about \$7.3 million for the year ended December 31, 2020. And the RPA's operating expenses for 2021 ended the year with a total of about \$8.5 million compared to \$5.8 million for 2020. This increase in operating expenses during 2021 was due to various factors including: the contributions to the City of Reading; employee compensation; and capital expenses. And the RPA's net position was approximately \$22.1 million, out of which only about \$2.7 million was unrestricted funds.