

CITY OF READING, PENNSYLVANIA

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CITY AUDITOR'S REPORT Monday, October 24, 2022

User Fees Revenue – Update as of September 30, 2022

User Fees revenue is money collected from the EMS services that the City offers to its citizens. In 2022, the City budgeted \$3 million for this revenue item, and as of September 30, 2022, \$2,323,573.02 has been recorded. If the revenue received through year end continues along this path, User Fees will likely reach its budget target for 2022.

The chart below illustrates User Fees Revenue Actual vs. Budget from 2018 to 9/30/2022

	YTD 9/30/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
User Fees/EMS- YTD Revenue	2,323,573.02	3,287,855.40	2,405,142.53	3,333,157.10	2,808,204.15
Budget	3,000,000.00	3,033,500.00	3,196,000.00	3,095,000.00	2,900,000.00
Over/(Under) Budget	(676,426.98)	254,355.40	(790,857.47)	238,157.10	(91,795.85)

Business Privilege Tax/Business Privilege Tax Prior Year – Update as of September 30, 2022

In 2022, the General Fund's combined budget for Business Privilege Tax and Business Privilege Tax Prior Year revenue was \$1,789,600. This amount represents an increase of \$323,200 over its 2021 budget amount. Despite the budget increase in 2022 for Business Privilege Tax, as of September 30, 2022, the combined total for these two revenue line items has already generated \$1,923,727 and exceeded its budget target by \$134,127.

The chart below compares the Business Privilege Taxes Budget to Actual for 2021 & 2022:

	2022 Budget	YTD 9/30/2022	Variance	2021 Budget	YTD 9/30/2022	Variance	
Business Privilege Tax	1,708,800.00	1,867,784.08	158,984.08	1,385,600.00	1,622,163.86	236,563.86	
Bus Priv Tax - Prior Year	80,800.00	55,942.92	(24,857.08)	80,800.00	58,341.35	(22,458.65)	
Total	1,789,600.00	1,923,727.00	134,127.00	1,466,400.00	1,680,505.21	214,105.21	



Earned Income Tax (EIT) / Earned Income Tax Prior Year – Update as of 9/30/2022

The City’s General Fund has recorded a combined total of about \$18.2 million in revenue for EIT and EIT Prior Year as of September 30, 2022. EIT Prior Year revenue, which was approximately \$5.9 million as of year-end 2021, has already recorded almost \$6.6 million as of September 30, 2022 and has exceeded its budget target by \$1,082,801.91 as of this date. And even though the combined budget for these two revenue line items was \$770,000 higher for 2022 than it was for 2021, \$954,022.28 more in EIT Prior Year revenue has been recorded as of September 30, 2022 than had been recorded as of the same time in 2021.

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

	2022 Budget	YTD 9/30/2022	Variance	2021 Budget	YTD 9/30/2021	Variance
Earned Income	15,512,120.00	11,625,282.22	(3,886,837.78)	15,512,120.00	9,858,048.52	(5,654,071.48)
EIT Prior	5,500,000.00	6,582,801.91	1,082,801.91	4,730,000.00	5,628,779.63	898,779.63
TOTAL	21,012,120.00	18,208,084.13	(2,804,035.87)	20,242,120.00	15,486,828.15	(4,755,291.85)

Miscellaneous:

- The Department of Community and Economic Development’s Keystone Communities Program granted the City \$234,266 at the end of 2019 with a deadline of June 30, 2022 to use the funds. The North Courtyard at Penn Street was renovated with the help of this funding. And the state audit that was required to be completed for this grant has been completed by Herbein + Company and will be submitted to the State on October 28, 2022.
- The 2021 Single Audit for the City of Reading that was submitted on September 30, 2022 by Herbein & Company has been accepted by the Federal Audit Clearinghouse (FAC).