

CITY OF READING, PENNSYLVANIA

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CITY AUDITOR'S REPORT Monday, November 8, 2021

2021 Cable Franchise Fees Revenue – Update as of 09/30/2021

For 2021, the City budgeted \$825,000.00 in revenue for the Cable Franchise Fees. Due to less revenue collected in previous years, \$50,000.00 less was budgeted for this year compared to 2020 budget. As of September 30, 2021, the City recorded \$607,448.43 in revenue for this revenue line item. And about \$10,000 less in revenue has been collected during the first three quarters of this year compared to the same period of 2020.

Cable Franchise Fees Revenue

	YTD 9/30/2021	YTD 2020	YTD 2019	YTD 2018	YTD 2017
1 st Quarter	205,330.02	207,751.86	209,042.39	212,684.39	229,932.97
2nd Quarter	204,350.84	206,508.34	210,579.70	214,578.59	236,184.17
3rd Quarter	197,767.57	203,557.64	199,517.55	208,734.78	224,527.59
4 th Quarter		200,679.36	204,481.07	214,925.66	223,161.86
TOTAL REVENUE	607,448.43	818,497.20	823,620.71	850,923.42	913,806.59
Total Budgeted	825,000.00	875,000.00	875,000.00	930,000.00	875,000.00
OVER/UNDER BUDGET	(217,551.57)	(56,502.80)	(51,379.29)	(79,076.58)	38,806.59



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

For September of 2021, the City's revenue is \$678,323.20 for Real Estate Transfer Tax. And YTD revenue recorded as of September 30, 2021, is \$6,631,495.39 for this line item. The revenue for Real Estate Transfer Tax has already exceeded its budget target by \$1,931,495.39.

Revenue for Real Estate Transfer Tax YTD 9/30/21 thru 12/31/17

	YTD 9/30/2021	YTD 9/30/2020	YTD 9/30/2019	YTD 9/30/2018	YTD 9/30/2017
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
July	752,234.50	437,026.44	359,547.89	350,708.33	374,898.32
August	1,078,840.76	361,892.51	353,006.61	514,841.63	264,020.74
September	678,323.20	501,228.42	350,731.42	324,492.29	291,320.27
Total Revenue	6,631,495.39	4,593,538.50	3,522,322.19	3,056,477.19	3,136,998.06
Total Budgeted	4,700,000.00	4,200,000.00	3,800,000.00	3,350,000.00	3,050,000.00
Over/(Under) Budget	1,931,495.39	393,538.50	(277,677.81)	(293,522.81)	86,998.06

Since January of this year, 1,961 transactions for Real Estate Transfer Tax have been completed, of which 1,654 transactions were taxable and 307 were not taxable transactions. See table 1.

Table 1

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
July	207	174	33
August	251	217	34
Sept.	220	186	34
Total	1961	1654	307

Consequently, the City recorded \$1,450,851.56 in revenue for properties sold for more than half a million threshold for this fiscal year. **See table 2 for details.**

Table 2

Property Address	Month of Sale	Sale Price	Rate - 3.5%
100 Lancaster Avenue	January	1,925,000.00	67,375.00
323 N 4 th 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 Lackwanna 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
Belmon Ave.	June	2,500,000.00	87,500.00
2045 Centre Ave.	June	670,000.00	23,450.00
1015 Rockland	June	1,500,000.00	52,500.00
Museum Road	July	1,150,000.00	40,250.00
50 N 9th Street	July	2,400,000.00	84,000.00
442 S 6th Street	July	540,000.00	18,900.00
812 Penn Street	August	2,544,332.00	89,051.62
1810 N 5th Street	August	550,000.00	19,250.00
801 Hiester Lane	August	1,528,580.00	53,500.30
In Town Motel LLC	August	965,000.00	33,775.00
211 S 9th Street	August	650,000.00	22,750.00
232 S 6th Street	September	675,000.00	23,625.00
19 S 3rd Street	September	500,000.00	17,500.00
Total		41,452,901.74	1,450,851.56

DCED Grant Update - Closeout Audit

At the September 23, 2021, Council meeting, I reported that in 2015, the DCED granted \$520,000 to the City, and the expiration date of this grant was June 30, 2021. A closeout audit was needed in order for the City to be in compliance with the DCED guidelines. The closeout audit has been completed by Herbein & Company, and on October 28, 2021, this audit was filed to DCED by Michael Oppenheimer, City Controller.

The closed audit identified the following two findings:

- 1) The contract financial statements include \$25,196 of expenditures for design and engineering of the Penn Street Fire Station and \$475.00 of expenditures associated with the Penn Street properties, neither of which were approved activities in the grant contract or any amendments. The 9th and Marion Fire Station was the allowable project in the amended grant.

As outlined in the grant contract, the City could be asked to return the grand funds plus interest which were spend on unbudgeted activities.

- 2) The City did not purchased an asset management software until the spring of 2021. The City charged the entire cost of \$50,757 to the grant including \$757 of training; however, the license is for the period of April 1, 2021 to March 31, 2022. Based on the invoice provided, only \$3,775 of expenditures incurred within the contract period and the remaining \$46,225 relates to expenditures incurred outside of the contract period. The parking study had not been completed as of September 21, 2021. Only expenses incurred through September 21, 2021 have been charged to the grant totaling about 81% completion per the vendor performing study.

As outlined in the in the grant contract, the City could be asked to return the grant funds which were spent on expenditures no incurred within the grant period. In addition, the City had \$22,086 of unspent grant funds which will be returned to the State.