

CITY OF READING, PENNSYLVANIA

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CITY AUDITOR

CITY AUDITOR'S REPORT Monday, April 11, 2022

Admission Fee Tax – Update as of February 28, 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. As I mentioned at the March 14, 2022 Council meeting, due to the pandemic, only \$200,000 was budgeted for this revenue line item in 2021. Even though no revenue was recorded during the first quarter of 2021, a total of \$297,567.26 was collected as of year-end.

In 2022, the administration again opted to budget \$200,000 for this revenue line item. And for the first two months of this year, \$102,623.77 has already been collected.

2022 Admission Fee Tax Revenue (see graph below):

Month	Reading Phils	Reading Royals	Santander Arena-Other	Performing Arts Center	Total Collected
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
Total	5,483.87	17,896.01	49,023.24	30,220.65	102,623.77



Earned Income Tax / Earned Income Tax Prior Year – Update as of 03/31/2022

As of March 31, 2022, the City’s General Fund has recorded \$6,179,219.95 in revenue for EIT and EIT Prior Year. Since most of the EIT Prior Year revenue is received during the first quarter of the year, the majority of the revenue that has been recorded in 2022 is for the EIT Prior Year line item. As of March 31, 2022, the EIT Prior Year revenue has already exceeded its budget target by \$616,312.78. In 2021, approximately \$5.8 million was collected as of year-end, but for just the first quarter of 2022, about \$6.1 million has already been collected, so approximately \$242,000 more in revenue has already been recorded for EIT Prior Year in 2022 in comparison to YTD 2021.

The City will be exiting Act 47 in 2022, so, for 2023 and future years, there is a high probability that the City will no longer be collecting the non-resident EIT Tax. However, the EIT Prior Year revenue that will be recorded during 2023 will most likely not be impacted. Any significant, negative impact to EIT Prior Year revenue might not appear until 2024 because most of the EIT Prior Year revenue recorded during 2023 will be from 2022, when non-resident EIT Prior Year will still be collected.

Earned Income Tax Revenue - YTD Comparison Between 2022 and 2021 (see graph below):

	2022 Budget	YTD 3/31/22	Variance	2021 Budget	YTD 12/31/21	Variance
Earned Income Tax	15,512,120.00	62,907.17	(15,449,212.83)	15,512,120.00	15,265,023.40	(247,096.60)
EIT Prior	5,500,000.00	6,116,312.78	616,312.78	4,730,000.00	5,874,084.66	1,144,084.66
Total	21,012,120.00	6,179,219.95	(14,832,900.05)	20,242,120.00	21,139,108.06	896,988.06

2021 Municipal Annual Audit & Financial Report – Update

The 2021 Municipal Annual Audit & Financial Report has been completed by our external auditor, Herbein + Company, and on April 1, 2022, it was submitted to the DCED by Michael Oppenheimer, City Controller. This report is showing an unaudited General Fund balance of about \$5 million. Although it’s too early to know for certain, part of this GF balance could be attributed to the \$4 million surplus of Real Estate Transfer Tax that the City recorded in 2021.