

# CITY OF READING, PENNSYLVANIA

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## CITY AUDITOR'S REPORT Monday, June 13, 2022

### Earned Income Tax / Earned Income Tax Prior Year – Update as of 05/31/2022

As of May 31, 2022, the City's General Fund has recorded a combined \$10,715,368.45 in revenue for EIT and EIT Prior Year. And as of this date, the EIT Prior Year portion of this total, \$6,285,645.29, has already exceeded this year's annual budget target by \$785,645.29, since the majority of EIT Prior Year revenue is normally received during the first quarter of the year.

In 2021, approximately \$5.8 million of EIT Prior Year revenue was collected as of year-end, and this line item ended with a surplus of about \$1.1 million. As of May 31, 2022, about \$411,560 more has already been recorded for the line item of EIT Prior Year compared to all revenue collected for the year of 2021. However, \$770,000 more in revenue was budgeted for this line item for the current year. Although more revenue has been collected this year, this explains why the EIT Prior Year for the year of 2021 ended with a larger variance compared to the revenue received as of May 31, 2022.

Due to the City's exit from Act 47 this year, the City will no longer be collecting non-resident EIT Tax revenue in 2023 and future years. The loss of this revenue could have a negative impact on the City's Capital Projects.

### **Earned Income Tax Revenue - 12/31/21 vs. 2022 YTD Comparison:**

	2022 Budget	YTD 5/31/22	Variance	2021 Budget	YTD 12/31/21	Variance
<b>Earned Income Tax</b>	15,512,120.00	4,429,723.17	<b>(11,082,396.83)</b>	15,512,120.00	15,265,023.40	<b>(247,096.60)</b>
<b>EIT Prior Year</b>	5,500,000.00	6,285,645.29	<b>785,645.29</b>	4,730,000.00	5,874,084.66	<b>1,144,084.66</b>
<b>Total</b>	<b>21,012,120.00</b>	<b>10,715,368.46</b>	<b>(10,296,751.54)</b>	<b>20,242,120.00</b>	<b>21,139,108.06</b>	<b>896,988.06</b>



## **Business Privilege Tax/Business Privilege Tax Prior Year – Update as of 4/30/2022**

For the current year, the City budgeted a combined \$1,789,600 for Business Privilege Tax and Business Privilege Tax Prior Year, which is a \$323,200 increase over the 2021 budget for these same line items. However, as of April 30, 2022, the City has collected \$847,620.23 for these line items, which is \$57,374.75 lower than the \$904,994.98 in revenue that was recorded during the same period in 2021.

### **Business Privilege Tax Revenue – 2021 vs. 2022 YTD Comparison:**

	<b>2022 Budget</b>	<b>4/30/2022</b>	<b>Variance</b>	<b>2021 Budget</b>	<b>4/30/2021</b>	<b>Variance</b>
<b>Business Privilege Tax</b>	1,708,800.00	804,786.28	(904,013.72)	1,385,600.00	874,392.11	(511,207.89)
<b>Bus Privilege Tax - Prior Year</b>	80,800.00	42,833.95	(37,966.05)	80,800.00	30,602.87	(50,197.13)
<b>Total</b>	<b>1,789,600.00</b>	<b>847,620.23</b>	<b>(941,979.77)</b>	<b>1,466,400.00</b>	<b>904,994.98</b>	<b>(561,405.02)</b>

## **Admission Fee Tax Revenue– Update as of April 30, 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 April 30, 2022, \$324,137.43 in revenue has already been collected, exceeding its budget target by \$124,137.43.

### **Admission Fee Tax Revenue - 2022:**

<b>Month</b>	<b>Reading Phils</b>	<b>Reading Royals</b>	<b>Santander Arena-Other</b>	<b>Performing Art Center</b>	<b>Varsity Spirit LLC</b>	<b>Total Collected</b>
January	2,686.19	8,618.11	5,013.05	4,687.02		<b>21,004.37</b>
February	2,797.68	9,277.90	44,010.19	25,533.63		<b>81,619.40</b>
March	4,312.12	18,087.30	54,424.75	23,490.73	3,133.98	<b>103,448.88</b>
April	6,919.24	9,876.94	77,475.84	23,792.76		<b>118,064.78</b>
<b>Total</b>	<b>16,715.23</b>	<b>45,860.25</b>	<b>180,923.83</b>	<b>77,504.14</b>	<b>3,133.98</b>	<b>324,137.43</b>

## **Audit Updates**

A draft of the 2021 and 2020 Reading Area Water Authority Financial Statements audit has been received by the City Auditor. And I am currently in the process of reviewing it.

Also, on Friday June 3, 2022, the City Auditor, along with staff from the Finance Department, met with the City's external auditors, Herbein + Company. They noted that significant progress has been made on the City's 2021 Financial Statements audit. More updates will be provided as the audit progresses.