

CITY OF READING, PENNSYLVANIA

OFFICE OF THE CITY AUDITOR
ROOM 2-36
815 WASHINGTON STREET
READING, PA 19601-3690
(610) 655-6123

MARIA M. RODRIGUEZ
CITY AUDITOR

CITY AUDITOR'S REPORT Monday, August 28, 2022

Real Estate Transfer Tax - Update from 1/1/2018 to 7/31/2022

During the month of July of 2022, \$793,696.36 in revenue was recorded for Real Estate Transfer Tax; this amount included a total of 252 Real Estate Transfer transactions of which 209 were taxable and 43 were non-taxable (see Table #2). For the current year, \$5.5 million was budgeted for this line item, and as of July 31, 2022, \$5,424,933.70 has already been recorded (see Table #1). Also during the month of July of the current year, four properties were sold for more than half of a million dollar threshold (see Table #3). The City receives a tax levy of 3.5% on the value of the Real Estate Transfer Tax for properties sold.

Table #1

Month	7/31/2022	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		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
Total Revenue	5,424,933.70	8,793,785.75	6,591,062.41	4,651,324.54	4,290,174.10
Total Budgeted	5,500,000.00	4,700,000.00	4,200,000.00	3,800,000.00	3,350,000.00
Over/(Under) Budget	(75,066.30)	4,093,785.75	2,391,062.41	851,324.54	940,174.10



Table #2

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

Table #3

Month	Address	Sale Price	Rate - 3.5%
July	1619 Lorraine Rd	650,000.00	22,750.00
July	600 N 8th Street	1,000,000.00	35,000.00
July	930 Pike Street	1,280,000.00	44,800.00
July	952 Penn St	500,000.00	17,500.00
Total		17,443,133.00	610,509.66

Earned Income Tax / Earned Income Tax Prior Year – Update as of 07/31/2022

As of July 31, 2022, the City’s General Fund has recorded about \$13 million in revenue for EIT and EIT Prior Year. The EIT Prior Year revenue has already exceeded its budget target by \$920,201.09. In 2021, approximately \$5.8 million of EIT Prior Year revenue was collected as of year-end. And as of July 31, 2022, about \$6.4 million in revenue has already been recorded for this line item. As a result, \$546,116.43 more in revenue for EIT Prior Year has already been recorded as of July 31, 2022 when compared to what had been recorded for the entire year in 2021.

As I reported at previous meeting, due to the exit of Act 47, the City will no longer be collecting the non-resident EIT Tax.

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

	2022 Budget	YTD 7/31/2022	Variance	2021 Budget	YTD 12/31/21	Variance
Earned Income Tax	15,512,120.00	6,595,053.89	(8,917,066.11)	15,512,120.00	15,265,023.40	(247,096.60)
EIT Prior Yr	5,500,000.00	6,420,201.09	920,201.09	4,730,000.00	5,874,084.66	1,144,084.66
TOTAL	21,012,120.00	13,015,254.98	(7,996,865.02)	20,242,120.00	21,139,108.06	896,988.06

Admission Fee Tax Revenue– Update as of July 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 June 30, 2022, \$439,707.13 in revenue has already been collected, exceeding its budget target by \$239,707.13

Admission Fee Tax Revenue as of July 31, 2022

Month	Reading Phils	Reading Royals	Santander Arena-Other	Performing Art Center	Varsity Spirit LLC	YTD Amount Recorded
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
Total	39,368.58	53,467.40	240,461.97	103,275.20	3,133.98	439,707.13

Miscellaneous:

On July 13, 2022, a copy of the 2021 final audit report from the Reading Area Water Authority was received by the City Auditor's office. As of December 31, 2021, the Authority Enterprise Fund had a total Net Position of \$17.7 million. In 2021, the Reading Area Authority reduced their Long Term Debt by about 3.9 million because of the regular principal payments made by the Water Authority. And in 2021, the City received approximately \$12.5 million for the Lease Payments from the Water Authority.