

CITY OF READING, PENNSYLVANIA

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CITY AUDITOR

CITY AUDITOR'S REPORT

Monday, September 12, 2022

User Fees Revenue – Update as of July 31, 2022

For the current year, the City budgeted \$3,000,000 for User Fees, which is the revenue collected for the EMS services that the City provides. And as of July 31, 2022, the City has recorded \$1,771,682.86. If the revenue received in the upcoming months continues with this same trend, the User Fees Revenue line item will most likely meet its budget target by 12/31/2022.

The chart below illustrates User Fees Revenue Actual vs. Budget from 2018 to 7/31/2022:

	YTD 7/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
User Fees-EMS	3,000,000.00	3,287,855.40	2,405,142.53	3,333,157.10	2,808,204.15
Budget	1,771,682.86	3,033,500.00	3,196,000.00	3,095,000.00	2,900,000.00
Over/(Under) Budget	(1,228,317.14)	254,355.40	(790,857.47)	238,157.10	(91,795.85)

Business Privilege Tax/Business Privilege Tax Prior Year – Update as of July 31, 2022

In 2022, a combined total of about \$1.8 million was budgeted for Business Privilege Tax and Business Privilege Tax Prior. This is \$323,200 more than what was budgeted in 2021 for these revenue line items. And as of July 31st of the current year, \$1,849,390.05 has already been recorded. Even though more revenue was budgeted in 2022 than in 2021 for these line items, \$239,988.06 more in revenue has already been collected this year when compared to the revenue received for the same period last year.

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

	2022 Budget	7/31/2022	Variance	2021 Budget	7/31/2021	Variance
Business Privilege Tax	1,708,800.00	1,800,195.00	91,395.00	1,385,600.00	1,553,113.25	167,513.25
Bus Priv. Tax - Prior Year	80,800.00	49,195.05	(31,604.95)	80,800.00	56,288.74	(24,511.26)
Total	1,789,600.00	1,849,390.05	59,790.05	1,466,400.00	1,609,401.99	143,001.99



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

As of August 31, 2022, the City's General Fund has recorded about \$16.9 million in revenue for EIT and EIT Prior Year, with EIT Prior Year revenue already exceeding its budget target by \$1,020,832.02. In 2021, approximately \$5.9 million of EIT Prior Year revenue was collected as of year-end, but as of August 31, 2022, about \$6.5 million in revenue has already been recorded for this line item. Even though \$770,000 more was budgeted in 2022 than in 2021 for these combined revenue line items, \$646,747.37 more in EIT Prior Year revenue has already been recorded as of August 31, 2022 when compared to the amount that had been recorded for the entire year in 2021.

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

	2022 Budget	YTD 8/31/2022	Variance	2021 Budget	YTD 12/31/2021	Variance
Earned Income	15,512,120.00	10,384,413.56	(5,127,706.44)	15,512,120.00	15,265,023.40	(247,096.60)
EIT Prior Year	5,500,000.00	6,520,832.02	1,020,832.02	4,730,000.00	5,874,084.66	1,144,084.66
Total	21,012,120.00	16,905,245.58	(4,106,874.42)	20,242,120.00	21,139,108.06	896,988.06

Miscellaneous

At the August 25, 2022 Audit Committee Meeting, the City's external auditors, Herbein & Company, presented an overview of the 2021 Financial Statements Audit. The preliminary results of this audit are showing that the General Fund ended the year with a surplus of \$6.4 million. The majority of this surplus is attributed to the revenue recorded for Real Estate Transfer Tax, which, in 2021, exceeded its budget target by about \$4.1 million. The 2021 General Fund balance ended the year with a total of \$41,333,000. A draft of this audit was received by the City Auditor's Office on September 6th, 2022, and I am currently in the process of reviewing it.