



# CITY OF READING, PENNSYLVANIA

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## CITY AUDITOR'S REPORT Monday, September 14, 2020

### EARNED INCOME TAX UPDATE – AUGUST 31, 2020

For the current fiscal year, the City budgeted \$22,361,000.00 for Earned Income Tax & Earned Income Tax Prior, and as of August 31<sup>st</sup>, 2020, the City has collected \$14,233,788.68 or 64% of total amount budgeted. The revenue collected for Earned Income Tax Prior has exceeded the budget target by \$421,891.41. Usually, most of this revenue is collected by the second quarter of the year.

In 2019, for the same time the City collected \$15,571,219.76 or 71% of total amount budgeted which is \$1,337,413.08 or 7% more than this year. However, this year, the administration budgeted \$361,000.00 more than last year.

The Earned Income Tax is the second largest source of the City General Fund revenue, and if this line item doesn't end the year with a good source of income the City capital projects will be affected also, since a portion of the Earned Income Tax revenue is allocated to the City capital projects fund.

The following chart illustrates the Earned Income Tax & Earned Income Tax Prior YTD revenue.

	<b>2020</b>	<b>YTD</b>	<b>YTD</b>	<b>2019</b>	<b>YTD</b>	<b>YTD</b>
	<b>Budget</b>	<b>8/31/2020</b>	<b>Variance</b>	<b>Budget</b>	<b>8/31/2019</b>	<b>Variance</b>
<b>Earned Income Tax</b>	16,861,000.00	8,311,897.27	(8,549,102.73)	16,500,000.00	9,206,200.47	(7,293,799.53)
<b>EIT Prior</b>	5,500,000.00	5,921,891.41	421,891.41	5,500,000.00	6,365,019.29	865,019.29
<b>Total</b>	<b>22,361,000.00</b>	<b>14,233,788.68</b>	<b>(8,127,211.32)</b>	<b>22,000,000.00</b>	<b>15,571,219.76</b>	<b>(6,428,780.24)</b>



## **2020 STATE MOTOR LICENSE REVENUE**

On September 1, 2020, the City received \$2,129,216.59 in revenue from the Commonwealth of PA; for the City's Liquid Fuels (Motor License) Fund. This revenue has to be used for costs associated with construction/reconstruction and maintenance for local roads, streets and bridges. As of September 8, 2020, this account has a balance of \$8,296,640.87. Most of this balance is a carry-over from prior years since most of the paving projects were not completed by previous administration.

The following chart list the budget to actual amount received from the State, since 2011.

<b>YEAR</b>	<b>BUDGETED</b>	<b>YTD REVENUE</b>	<b>VARIANCE</b>
2020	2,101,610.00	2,129,216.59	27,606.59
2019	2,101,610.00	2,186,337.07	84,727.07
2018	2,101,610.00	2,136,872.00	35,262.00
2017	1,800,000.00	2,036,946.00	236,946.00
2016	1,800,000.00	1,947,077.00	147,077.00
2015	1,600,000.00	1,665,473.00	65,473.00
2014	1,364,200.00	1,513,088.00	149,088.00
2013	1,364,200.00	1,402,043.00	38,043.00
2012	1,295,000.00	1,426,955.00	131,955.00
2011	1,295,000.00	1,329,673.00	34,673.00

## **2019 AUDIT UPDATE**

The 2019 City Audit, by Herbein & Company, is nearing completion. We do not have yet a draft copy of the audit. As soon as we receive and review the "draft" audit and the administration responds to findings and completes management's discussions and analysis, we will meet with council and the audit committee to review the audit. Once the audit is finalized, we will share the results with the Mayor, Council and the general public at a regular scheduled Council meeting.