

CITY AUDITOR'S REPORT

MONDAY, JANUARY 14, 2019

CITY GENERAL FUND BALANCES 1991-2017

THE FOLLOWING CHART ILLUSTRATES BEGINNING FUND BALANCE, NET ANNUAL GAIN/ LOSS, AND ENDING FUND BALANCE FROM 1991-2017 FOR THE GENERAL FUND.

AS YOU CAN SEE OVER THE PAST TWENTY SEVEN (27) YEARS WE HAVE EXPERIENCED FOURTEEN (14) YEARS OF GAINS AND THIRTEEN (13) YEARS OF LOSSES. IN 1991 AND 1992 WE HAD LOSSES OF OVER \$1.3 MILLION AND \$2.1 MILLION RESPECTIVELY. THE YEARS 1993 TO 1996 MARKED FOUR (4) CONSECUTIVE YEARS OF GAINS, ULTIMATELY TURNING A \$2 MILLION DEFICIT INTO A \$1.4 MILLION SURPLUS. FROM 1997 THROUGH 2001 WE ALTERNATED BETWEEN ANNUAL LOSSES AND GAINS. CUMULATIVE LOSSES IN 2002-2004 BROUGHT US TO A DEFICIT FUND BALANCE OF MORE THAN \$7 MILLION.

THE YEAR 2006 MARKED THE SECOND CONSECUTIVE YEAR THAT REVENUES EXCEEDED EXPENSES. ONCE AGAIN, ONE TIME ONLY FINANCING MECHANISMS, SUCH AS BOND ISSUES/REFUNDINGS AND INTEREST RATE SWAP CONTRACTS, CONTRIBUTED GREATLY TO THE \$9.5 MILLION POSITIVE CHANGE TO FUND BALANCE IN 2006. IN 2007, WE EXPERIENCED A REDUCTION IN FUND BALANCE OF NEARLY \$4.4 MILLION DOLLARS.

IN 2008 AND 2009 WE EXPERIENCED LOSSES OF ABOUT \$3.1 MILLION AND \$10 MILLION RESPECTIVELY TO END 2009 WITH A NEGATIVE FUND BALANCE OF OVER \$6.5 MILLION.

IN MAY 2010, THE CITY OF READING WAS DECLARED FINANCIALLY DISTRESSED AND ACCEPTED INTO PENNSYLVANIA'S MUNICIPALITIES FINANCIAL RECOVERY ACT (ACT 47). THE RECOVERY PLAN, COMPLETED BY PUBLIC FINANCIAL MANAGEMENT OF PHILADELPHIA, PA., IS A GUIDE TO READING'S FISCAL RECOVERY.

AT THE END OF 2010, THE PREVIOUS NEGATIVE FUND BALANCE OF MORE THAN \$6.5 MILLION WAS ELIMINATED BY A GAIN OF MORE THAN \$21.6 MILLION TO SET A POSITIVE FUND BALANCE AT \$11.1 MILLION. THIS WAS MAINLY ACCOMPLISHED BY AN UNFUNDED DEBT BOND ISSUANCE. GAINS IN 2011 OF \$8 MILLION INCREASED FUND BALANCE TO \$19.2 MILLION. IN 2012, THE FUND BALANCE WAS REDUCED BY \$4.3 MILLION TO END AT \$14.9 MILLION. IN 2013, GAINS OF NEARLY \$5.3 MILLION INCREASED FUND BALANCE TO \$20,175,069.

IN 2014, INCREASES OF NEARLY \$3 MILLION AND GAINS OF ALMOST \$7 MILLION IN 2015 INCREASED FUND BALANCE TO \$30,035,619 AS OF THE END OF 2015. A LOSS OF \$483,165 IN 2016 REDUCED FUND BALANCE TO APPROXIMATELY \$29.5 MILLION. A GAIN OF NEARLY \$3.9 MILLION IN 2017 LEAVES FUND BALANCE AT \$33,416,397 AS OF 12/31/17.

CITY GENERAL FUND BALANCES 1991-2017 (continued)

YEAR	FUND BALANCE 1/1/XX	CHANGE IN FUND BAL. GAIN/(LOSS)	FUND BALANCE 12/31/XX
1991	1,277,390	(1,350,505)	(73,115)
1992	(73,115)	(2,102,853)	(2,175,968)
1993	(2,175,968)	66,883	(2,109,085)
1994	(2,109,085)	1,518,800	(590,285)
1995	(590,285)	641,559	51,274
1996	51,274	1,375,025	1,426,299
1997	1,426,299	(1,369,149)	57,150
1998	57,150	1,827,059	1,884,209
1999	1,884,209	(662,638)	1,221,571
2000	1,221,571	560,910	1,782,481
2001	1,782,481	(330,341)	1,452,140
2002	1,452,140	(921,625)	530,515
2003	530,515	(3,548,839)	(3,018,324)
2004	(3,018,324)	(1,995,256)	(5,013,580)
2005	*(7,220,468)	6,128,894	(1,091,574)
2006	(1,091,574)	9,563,719	8,472,145
2007	8,472,145	(4,374,847)	4,097,298
2008	**6,647,298	(3,133,296)	3,514,002
2009	3,514,002	(10,045,155)	(6,531,153)
2010	*** (10,509,759)	21,665,231	11,155,472
2011	11,155,472	8,066,471	19,221,943
2012	19,221,943	(4,317,452)	14,904,491
2013	14,904,491	5,270,578	20,175,069
2014	20,175,069	2,986,149	23,161,218
2015	23,161,218	6,874,401	30,035,619
2016	30,035,619	(483,165)	29,552,454
2017	29,552,454	3,863,943	****33,416,397

***PLEASE NOTE** THAT THE 1/1/05 FUND BALANCE DEFICIT OF (\$7,220,468) INCLUDES (\$5,013,580) OF ACCUMULATED DEFICIT PLUS (\$2,206,888) OF EMS FUND DEFICIT CLOSED INTO THE GENERAL FUND.

** 1/1/08 FUND BALANCE INCLUDES \$2.55 MILLION FOR PRIOR YEAR METER SURCHARGE DUE FROM RAWA.

*** 1/1/10 FUND BALANCE INCLUDES CLOSING CAPITAL RESERVE FUND INTO GENERAL FUND.

**** SEE BELOW CHART REGARDING BREAKDOWN OF 12/31/2017 FUND BALANCE:

CITY GENERAL FUND – BREAKDOWN 2017

	FUND BALANCE 12/31/2017
ASSIGNED	
2018 BUDGET APPROPRIATIONS	1,250,000
OTHER POST-EMPLOYMENT BENEFITS	1,000,000
STREET PAVING	1,500,000
CAPITAL PROJECTS-FIRE STATIONS	4,400,000
CITY HOUSING IMPROVEMENTS	1,000,000
DEMOLITION	1,000,000
PROPERTY ACQUISITION	1,000,000
SUB TOTAL	11,150,000
UNASSIGNED	22,266,397
TOTAL FUND BALANCE	33,416,397

2018 ADMISSION FEE/TAX

WE RECEIVED CHECKS IN THE AMOUNT OF \$4,627.58 FROM THE READING FIGHTIN’ PHILS FOR NOVEMBER’S ADMISSION FEES/TAXES. THE SANTANDER ARENA AND THE PERFORMING ARTS CENTER ADMISSION FEES TOTALLED \$13,830.28 FOR NOVEMBER EVENTS. THOSE EVENTS INCLUDED IN THE RECEIPTS ARE FROM PERFORMANCES BY JEREMY CAMP, “ELF” AND TOBY MAC, JUST TO NAME A FEW. WE HAVE NOT YET RECEIVED FROM READING ROYALS HOCKEY FOR NOVEMBER’S SALES. THE TOTAL RECEIPTS FOR NOVEMBER WERE \$18,457.86. THE 2019 BUDGET LISTS \$500,000 AS EXPECTED REVENUE.

THE FOLLOWING CHARTS LIST ANNUALLY (2014-NOV. 2018) THE ADMISSION FEES BY SPORT/VENUE:

ADMISSION FEE/TAX thru 11/30	2014	2015	2016	2017	NOV. 2018
READING PHILS -1 ST ENERGY STADIUM	\$80,896.62	\$87,789.45	\$88,447.24	\$87,735.91	\$83,614.22
READING ROYALS - SANTANDER ARENA	\$61,837.82	\$62,437.29	\$60,274.85	\$59,131.96	\$7,244.06
OTHER-SANTANDER ARENA	\$59,368.89	\$147,123.25	\$200,974.17	\$250,971.57	\$243,127.90
PERFORMING ARTS CENTER	\$94,654.19	\$108,978.37	\$112,588.91	\$128,412.08	\$147,076.50
YTD THRU 11/30	\$296,757.52	\$406,328.36	\$462,285.17	\$526,251.52	\$481,062.68
TOTAL REV. 12/31	\$336,387.68	\$445,795.62	\$496,138.72	\$577,007.11	
BUDGETED REVENUE	\$425,000.00	\$325,000.00	\$375,000.00	\$425,000.00	\$460,000.00
OVER/UNDER BUDGET	-\$88,612.32	\$120,795.62	\$121,138.72	\$152,007.11	

2018 REAL ESTATE TRANSFER TAX – 1/1/2014 TO 11/30/2018

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY NOVEMBER 26, 2018 REPORT. THIS TAX WAS 1% ('02), 1.5% ('03), 2% ('04-'05), AND 3.5% FOR ('06-'18).

THE FOLLOWING CHART ILLUSTRATES ACTUAL DATA FROM 01/2014 - 11/2018. IN NOVEMBER 2018 THERE WERE 145 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 118 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN NOVEMBER TOTALLED \$267,444.32 AND THE YEAR TO DATE TOTAL IS \$3,713,744.66. THE 2019 BUDGETED REVENUE IS \$3,800,000.

	2018	2017	2016	2015	2014
January	293,105.03	276,076.87	192,536.00	447,472.25	184,364.62
February	204,053.26	210,173.34	170,629.07	136,325.79	79,506.95
March	348,937.95	297,329.36	220,051.13	212,213.45	209,536.33
April	347,097.22	581,143.64	279,084.30	234,429.18	174,960.06
May	322,871.76	313,275.46	777,337.35	279,602.00	229,074.13
June	350,369.72	528,760.06	268,082.88	179,077.99	184,215.78
July	350,708.33	374,898.32	207,575.28	430,575.93	179,401.65
August	514,841.63	264,020.74	426,785.52	337,420.45	212,909.86
September	324,492.29	291,320.27	411,260.51	240,753.37	258,305.78
October	389,823.15	238,576.24	236,985.93	256,548.97	271,499.71
November	267,444.32	309,954.88	210,393.54	181,978.31	272,836.24
December		336,617.89	271,891.35	271,629.17	253,304.41
Jan.-Nov.	3,713,744.66	3,685,529.18	3,400,721.51	2,936,397.69	2,256,611.11
Entire Year		4,022,147.07	3,672,612.86	3,208,026.86	2,509,915.52
Budget	3,350,000.00	2,750,000.00	2,200,000.00	1,900,000.00	1,982,975.00
Over Budget		1,272,147.07	1,472,612.86	1,308,026.86	526,940.52

REAL ESTATE TRANSFER TAX – 1/1/2014 TO 11/30/2018

THE FOLLOWING CHARTS LISTS THE TOTAL NUMBER OF MONTHLY REAL ESTATE TRANSFER TRANSACTION MINUS NON-TAXABLE TRANSACTIONS TO ARRIVE AT TAXABLE TRANSACTIONS. FOR EXAMPLE, IN JANUARY 2018 THERE WERE 162 TRANSACTIONS MINUS 32 NON-TAXABLE TRANSACTIONS, WHICH LEAVES 130 TAXABLE TRANSACTIONS.

	2018	2017	2016	2015	2014
J	162-32=130	152-41=111	153-38=115	120-32=88	152-64=88
F	136-33=103	156-41=115	146-44=102	143-56=87	100-41=59
M	190-27=163	226-46=180	185-43=142	193-48=145	170-39=131
A	207-43=164	179-56=123	176-38=138	174-49=125	157-32=125
M	193-43=150	186-45=141	194-53=141	218-65=153	212-51=161
J	211-42=169	201-40=161	182-46=136	172-56=116	159-50=109
J	196-33=163	206-41=165	154-40=114	175-52=123	149-43=106
A	225-33=192	193-55=138	181-44=137	180-44=136	150-41=109
S	221-41=180	240-41=199	244-39=205	211-48=163	202-49=153
O	220-24=196	173-33=140	157-29=128	201-66=135	223-71=152
N	145-27=118	179-38=141	157-51=106	139-38=101	162-49=113
D		204-31=173	176-34=142	166-43=123	196-68=128
T		2295-508=1787	2105-499=1606	2092-597=1495	2032-598=1434

