

CITY AUDITOR'S REPORT

MONDAY, NOVEMBER 13, 2017

2017 CABLE FRANCHISE FEES-3rd QUARTER

ON 10/25/17, THE CITY POSTED \$224,527.59 FROM COMCAST CABLE FOR THE FRANCHISE FEES FOR THE 3rd QUARTER OF 2017. THE YEAR TO DATE TOTAL IS \$690,644.73. THE PROPOSED 2018 BUDGET LISTS \$930,000 AS ANNUAL CABLE FRANCHISE FEES REVENUE.

THE FOLLOWING CHART LISTS CABLE FRANCHISE FEES FROM 1997 – 2017-3rd Q.:

YEAR	BUDGET	ACTUAL	VARIANCE
1997	\$564,000	\$586,350.73	\$22,350.73
1998	\$615,000	\$772,978.02	\$157,978.02
1999	\$645,000	\$670,813.60	\$25,813.60
2000	\$680,000	\$701,370.94	\$21,370.94
2001	\$700,000	\$667,645.58	<\$32,354.42>
2002	\$700,000	\$724,969.36	\$24,969.36
2003	\$720,000	\$739,601.21	\$19,601.21
2004	\$750,000	\$732,936.04	<\$17,063.96>
2005	\$750,000	\$659,329.68	<\$90,670.32>
2006	\$770,000	\$684,295.97	<\$85,704.03>
2007	\$700,000	\$673,827.84	<\$26,172.16>
2008	\$700,000	\$670,281.50	<\$29,718.50>
2009	\$700,000	\$716,971.61	\$16,971.61
2010	\$700,000	\$704,278.99	\$4,278.99
2011	\$705,000	\$704,540.44	<\$459.56>
2012	\$705,000	\$720,253.68	\$15,253.68
2013	\$725,000	\$745,544.47	\$20,544.47
2014	\$725,000	\$795,878.58	\$70,878.58
2015	\$750,000	\$838,790.48	\$88,790.48
2016	\$825,000	\$881,826.61	\$56,826.61
2017-3rd Q.	\$875,000	\$690,644.73	

NOTE: 1998 INCLUDES FIVE (5) QUARTERS OF REVENUE FROM AUDITOR'S ADJUSTMENT

READING PARKING AUTHORITY AUDIT FROM 12/31/2016

THE AUDITOR'S OFFICE RECENTLY RECEIVED A COPY OF AN AUDIT FROM THE READING PARKING AUTHORITY. THIS AUDIT, PREPARED BY HERBEIN & COMPANY, PRESENTS THE FINANCIALS OF THE PARKING AUTHORITY AS OF 12/31/16.

SOME BRIEF COMMENTARY AND OBSERVATIONS ARE AS FOLLOWS:

- THE CITY LENT THE PARKING AUTHORITY \$2,055,000 FROM 1999-2001 TOWARDS BOND DEBT REPAYMENTS.
- THE PARKING AUTHORITY HAS NOT NEEDED ANY CITY SUBSIDIES SINCE 2001.
- BY 2009, THE PARKING AUTHORITY HAD REPAID IN FULL ALL AMOUNTS DUE TO THE CITY PLUS TRANSFERRED AN ADDITIONAL \$1.279 MILLION TO THE CITY.
- OPERATING REVENUES DECREASED FROM \$8,361,345 (2011) TO \$7,535,942 (2016).
- OPERATING EXPENSES INCREASED FROM \$4,317,302 (2011) TO \$5,335,836 (2016).
- OPERATING INCOME DECREASED FROM \$4,044,043 (2011) TO 2,200,106 (2016).
- THE PARKING AUTHORITY CONTRIBUTED \$6,750,000 TO THE CITY IN ACCORD WITH OUR ACT 47 RECOVERY PLAN FROM 2011-2014.
- **IN 2015, THE RPA GAVE AN ADDITIONAL ONE-TIME ONLY CONTRIBUTION OF \$3,068,558 FOR THE CITY'S BUDGET, WHICH RESULTED IN THE NET LOSS OF \$3,050,029 FOR THE RPA.**
- **THERE WERE TWO (2) MATERIAL WEAKNESSES & TWO (2) SIGNIFICANT DEFICIENCIES NOTED IN THE 2016 AUDIT.**

	2011	2012	2013
OPERATING REVENUES	8,361,345	8,428,623	8,359,522
OPERATING ADMIN. EXP.	-4,317,302	-4,314,753	-5,066,758
OPERATING INCOME	4,044,043	4,113,870	3,292,764
OTHER REV (EXP)	-2,297,339	-2,858,216	-3,717,143
NET INCOME (LOSS)	1,746,704	1,255,654	-424,379
NET ASSETS 1/1	19,535,353	21,282,057	22,004,719
NET ASSETS 12/31	21,282,057	<u>22,004,719</u> <u>RESTATED</u>	21,580,340
	2014	2015	2016
OPERATING REVENUES	7,821,891	7,595,267	7,535,942
OPERATING ADMIN. EXP.	-5,043,870	-5,041,293	-5,335,836
OPERATING INCOME	2,728,021	2,553,974	2,200,106
OTHER REV (EXP)	-2,460,692	-5,604,003	-2,206,689
NET INCOME (LOSS)	317,329	-3,050,029	-6,583
NET ASSETS 1/1	21,580,340	21,897,669	18,847,640
NET ASSETS 12/31	21,897,669	18,847,640	18,841,057

PUBLIC UTILITY REALTY TAX 1997-2017

ON 10/13/17, WE RECEIVED \$54,703.61 FOR THE STATE PUBLIC UTILITY REALTY TAX FROM THE COMMONWEALTH OF PA. STARTING IN 1999, THERE WAS A CHANGE IN THE FORMULA TO CALCULATE THE AMOUNTS PAYABLE TO MUNICIPALITIES FOR THE STATE PUBLIC UTILITY REALTY TAX. AS THE FOLLOWING CHART REVEALS, WE HAVE EXPERIENCED A MAJOR REDUCTION IN THIS REVENUE SOURCE SINCE 1999. THE ESTIMATED REVENUE FROM THIS SOURCE IN 2018 IS EXPECTED TO BE \$55,000.

PUBLIC UTILITY TAX	BUDGET	ACTUAL
1997	291,000	277,867
1998	291,000	267,198
1999	290,000	205,284
2000	170,000	80,921
2001	60,000	41,693
2002	80,000	35,924
2003	42,000	39,294
2004	36,000	29,027
2005	40,000	42,151
2006	40,000	51,455
2007	51,000	48,885
2008	51,000	45,976
2009	46,000	43,342
2010	46,000	40,781
2011	45,000	45,721
2012	45,000	49,068
2013	49,000	50,473
2014	49,000	58,179
2015	49,000	54,079
2016	55,000	55,953
2017	55,000	54,704

2017 UNEMPLOYMENT COMPENSATION-3rd QUARTER

THE UNEMPLOYMENT COMPENSATION EXPENSES FOR THE 3rd QUARTER OF 2017 WERE \$15,725.01. THE YEAR TO DATE UNEMPLOYMENT TOTAL IS \$46,191.02. THE PROPOSED 2018 BUDGET ALLOCATES \$100,000 FOR UNEMPLOYMENT COMPENSATIONS COSTS.

THE FOLLOWING CHART ILLUSTRATES THE UNEMPLOYMENT COSTS OF THE CITY FOR YEARS 2000- 2017 -3rd Q.:

YEAR	BUDGET	ACTUAL EXPENSE	VARIANCE
2000	\$55,000.00	\$123,742.39	-\$68,742.39
2001	\$55,000.00	\$42,710.14	\$12,289.86
2002	\$55,000.00	\$33,494.50	\$21,505.50
2003	\$12,000.00	\$60,765.63	-\$48,765.63
2004	\$100,000.00	\$166,192.84	-\$66,192.84
2005	\$100,000.00	\$72,140.44	\$27,859.56
2006	\$100,000.00	\$52,913.27	\$47,086.73
2007	\$100,000.00	\$62,466.08	\$37,533.92
2008	\$80,000.00	\$58,968.37	\$21,031.63
2009	\$100,000.00	\$133,061.92	-\$33,061.92
2010	\$755,000.00	\$465,816.47	\$289,183.53
2011	\$475,000.00	\$227,164.19	\$247,835.81
2012	\$275,000.00	\$133,050.01	\$141,949.99
2013	\$150,000.00	\$37,836.85	\$112,163.15
2014	\$100,000.00	\$55,150.86	\$44,849.14
2015	\$100,000.00	\$75,408.74	\$24,591.26
2016	\$100,000.00	\$116,761.38	-\$16,761.18
2017-3 rd Q	\$100,000.00	\$46,191.02	

BOLD INDICATES DEFICIT.