

# CITY AUDITOR'S REPORT

## MONDAY, JULY 11, 2016

### REAL ESTATE TRANSFER TAX 2002-2015

THE CHART BELOW ILLUSTRATES THE NUMBER OF TAXABLE AND NON-TAXABLE TRANSACTIONS, THE TRANSFER TAX REVENUES, THE TAX RATES AND THEIR RELATED PROPERTY VALUES FROM 2002-2015.

AS SHOWN BY THE CHART, FROM 2002-2006 WE HAD AN ANNUAL INCREASE IN THE NUMBER OF PROPERTIES SOLD FROM 2,853 (2002) TO 4,292 (2006). THE TAX REVENUE INCREASED DRAMATICALLY FROM \$756,624.49 (1% IN 2002) TO \$7,448,904.79 (3.5% IN 2006).

BEGINNING IN 2007, WE SAW A RAPID DECLINE IN VOLUME FROM 3,263 SOLD PROPERTIES TO 1,745 IN 2012. TAXABLE TRANSACTIONS ALSO DECREASED FROM 2,609 IN 2007 TO 1,209 IN 2012. THE TRANSFER TAX REVENUE DECREASED AS WELL GOING FROM \$6,715,624.02 IN 2007 TO \$1,973,221.21 IN 2012.

OVER THE PAST THREE YEARS (2013-2015), WE HAVE EXPERIENCED AN INCREASE IN THE NUMBER OF TOTAL TRANSACTIONS (1936-2032-2092), TAXABLE TRANSACTIONS (1326-1434-1495), AND THE TRASFER TAX REVENUE (\$2.978 MILLION-\$2.509 MILLION-\$3.208 MILLION).

<b>YEAR</b>	<b>TRANSACTIONS</b>	<b>TRANSFER TAX REVENUE</b>	<b>% RATE</b>	<b>PROPERTY VALUE</b>
2015	2092-597=1495	\$3,208,026.86	3.5%	\$91,657,911
2014	2032-598=1434	\$2,509,915.52	3.5%	\$71,711,872
2013	1936-610=1326	\$2,978,840.74	3.5%	\$85,109,736
2012	1745-536=1209	\$1,973,221.21	3.5%	\$56,377,749
2011	1758-529=1229	\$2,232,736.22	3.5%	\$63,792,463
2010	1944-621=1323	\$2,813,198.43	3.5%	\$80,377,098
2009	1926-625=1301	\$2,576,517.70	3.5%	\$73,614,791
2008	2350-638=1712	\$4,003,296.03	3.5%	\$114,379,886
2007	3263-654=2609	\$6,715,624.02	3.5%	\$191,874,972
2006	4292-791=3501	\$7,448,904.79	3.5%	\$212,825,851
2005	4040-928=3112	\$4,057,080.76	2.0%	\$202,854,038
2004	3777-1032=2745	\$2,619,484.33	2.0%	\$130,974,216
2003	3002-862=2140	\$1,276,860.44	1.5%	\$85,124,029

2002	2853-816=2037	\$756,624.49	1.0%	\$75.662,449
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## **READING PARKING AUTHORITY AUDIT FROM 12/31/2015**

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 12/31/15.

### **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 SLIGHTLY FROM \$8,097,941 (2010) TO \$7,595,267 (2015).
- OPERATING EXPENSES INCREASED FROM \$4,105,068 (2010) TO \$5,041,293 (2015).
- OPERATING INCOME DECREASED FROM \$3,992,873 (2010) TO 2,553,974 (2015).
- 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.**

	<b>2010</b>	<b>2011</b>	<b>2012</b>
OPERATING REVENUES	8,097,941	8,361,345	8,428,623
OPERATING ADMIN. EXP.	-4,105,068	-4,317,302	-4,314,753
OPERATING INCOME	3,992,873	4,044,043	4,113,870
OTHER REV (EXP)	3,719,256	-2,297,339	-2,858,216
NET INCOME (LOSS)	7,712,129	1,746,704	1,255,654
NET ASSETS 1/1	11,823,224	19,535,353	21,282,057
NET ASSETS 12/31	19,535,353	21,282,057	<u>22,004,719</u> <i>RESTATED</i>
	<b>2013</b>	<b>2014</b>	<b>2015</b>
OPERATING REVENUES	8,359,522	7,821,891	7,595,267
OPERATING ADMIN. EXP.	-5,066,758	-5,043,870	-5,041,293
OPERATING INCOME	3,292,764	2,728,021	2,553,974
OTHER REV (EXP)	-3,717,143	-2,460,692	-5,604,003
NET INCOME (LOSS)	-424,379	317,329	-3,050,029
NET ASSETS 1/1	22,004,719	21,580,340	21,897,669
NET ASSETS 12/31	21,580,340	21,897,669	18,847,640

ON BEHALF OF THE CITY OF READING, I WOULD LIKE TO THANK THE READING PARKING AUTHORITY EXECUTIVE DIRECTOR, BOARD MEMBERS AND THE EMPLOYEES FOR THEIR HARD WORK, DEDICATION AND CONTINUING IMPROVEMENTS IN READING.