

# CITY AUDITOR'S REPORT

## MONDAY, JULY 13, 2015

### READING PARKING AUTHORITY AUDIT FROM 12/31/2014

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 12/31/14.

#### 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 \$8,064,729 (2009) TO \$7,821,891 (2014).
- OPERATING EXPENSES INCREASED FROM \$3,955,829 (2009) TO \$5,043,870 (2014).
- OPERATING INCOME DECREASED FROM \$4,108,900 (2009) TO 2,728,021 (2014).
- THE PARKING AUTHORITY CONTRIBUTED \$6,750,000 TO THE CITY IN ACCORD WITH OUR ACT 47 RECOVERY PLAN FROM 2011-2014.
- IN NOV. 2014, THE RPA PASSED A FUNDING RESOLUTION WORTH \$3,068,558 TO THE CITY WITH CONTINGENCIES a) VARIABLE METER RATES FOR ON-STREET PARKING IN CENTRAL BUSINESS DISTRICT & b) CITY TOWING CONTRACT.

	<b>2009</b>	<b>2010</b>	<b>2011</b>
OPERATING REVENUES	8,064,729	8,097,941	8,361,345
OPERATING ADMIN. EXP.	-3,955,829	-4,105,068	-4,317,302
OPERATING INCOME	4,108,900	3,992,873	4,044,043
OTHER REV (EXP)	-3,511,423	3,719,256	-2,297,339
NET INCOME (LOSS)	597,477	7,712,129	1,746,704
NET ASSETS 1/1	11,225,747	11,823,224	19,535,353
NET ASSETS 12/31	11,823,224	19,535,353	21,282,057

	<b>2012</b>	<b>2013</b>	<b>2014</b>
OPERATING REVENUES	8,428,623	8,359,522	7,821,891
OPERATING ADMIN. EXP.	-4,314,753	-5,066,758	-5,043,870
OPERATING INCOME	4,113,870	3,292,764	2,728,021
OTHER REV (EXP)	-2,858,216	-3,717,143	-2,460,692
NET INCOME (LOSS)	1,255,654	-424,379	317,329
NET ASSETS 1/1	21,282,057	22,004,719	21,580,340
NET ASSETS 12/31	<u>22,004,719</u> <i>RESTATED</i>	21,580,340	21,897,669

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

### **REAL ESTATE TRANSFER TAX – 1/1/2011 TO 06/30/2015**

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY JUNE 22, 2015 REPORT. THIS TAX WAS 1% ('02), 1.5% ('03), 2% ('04-'05), AND 3.5% FOR ('06-'15).

THE FOLLOWING CHART ILLUSTRATES ACTUAL DATA FROM 01/2011 - 06/2015. IN JUNE 2015 THERE WERE 172 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 116 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN JUNE TOTALLED \$179,077.99. THE 2015 BUDGET LISTS \$1,900,000 AS EXPECTED REVENUE.

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
January	447,472.25	184,364.62	268,600.36	88,765.23	90,044.35
February	136,325.79	79,506.95	96,300.63	260,520.16	135,391.03
March	212,213.45	209,536.33	190,399.70	151,719.15	214,724.17
April	234,429.18	174,960.06	323,534.14	142,353.83	156,823.78
May	279,602.00	229,074.13	182,633.51	178,896.46	174,829.49
June	179,077.99	184,215.78	235,519.00	191,760.76	221,457.20
July		179,401.65	360,628.81	155,694.65	121,372.42
August		212,909.86	238,208.80	126,717.87	179,026.81
September		258,305.78	640,159.72	120,767.46	187,496.67
October		271,499.71	167,947.97	241,408.93	255,432.51
November		272,836.24	123,391.91	177,323.40	287,145.90
December		253,304.41	151,516.19	137,293.31	208,991.89
JAN.-JUNE	1,489,120.66	1,061,657.87	1,296,987.34	1,014,015.59	993,270.02
<b>Entire Year</b>		<b>2,509,915.52</b>	<b>2,978,840.74</b>	<b>1,973,221.21</b>	<b>2,232,736.22</b>
Budget	1,900,000.00	1,982,975.00	1,900,000.00	2,000,000.00	2,750,000.00
Over Budget		<b>526,940.52</b>	1,078,840.74	<26,778.79>	<517,263.78>

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 2015 THERE WERE 120 TRANSACTIONS MINUS 32 NON-TAXABLE TRANSACTIONS, WHICH LEAVES 88 TAXABLE TRANSACTIONS.

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
J	120-32=88	152-64=88	134-44=90	108-36=72	101-44=57
F	143-56=87	100-41=59	132-55=77	103-36=67	126-49=77
M	193-48=145	170-39=131	183-55=128	179-56=123	144-43=101
A	174-49=125	157-32=125	180-55=125	159-41=118	121-31=90
M	218-65=153	212-51=161	168-53=115	160-35=125	168-52=116
J	172-56=116	159-50=109	150-53=97	150-57=93	175-39=136
J		149-43=106	146-30=116	148-52=96	127-48=79
A		150-41=109	177-71=106	118-39=79	153-39=114
S		202-49=153	224-50=174	112-39=73	141-40=101
O		223-71=152	170-56=114	225-53=172	181-52=129
N		162-49=113	134-35=99	145-42=103	149-31=118
D		196-68=128	138-53=85	138-50=88	172-61=111
T		2032- 598=1434	1936- 610=1326	1745- 536=1209	1758- 529=1229

## **2014 CITY AUDIT UPDATE**

THE 2014 CITY AUDIT, BY HERBEIN & COMPANY, IS NEARING COMPLETION. WE DO NOT YET HAVE A “DRAFT” COPY OF THE AUDIT. AS SOON AS WE RECEIVE AND REVIEW THE “DRAFT” AUDIT AND THE ADMINISTRATION RESPONDS TO FINDINGS, COMPLETES MANAGEMENT’S DISCUSSION AND ANALYSIS (M.D. & A.) AND PREPARES A CORRECTIVE ACTION PLAN, 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 DURING A REGULARLY SCHEDULED COUNCIL MEETING.

QUOTING FROM SECTION 914 OF READING’S CITY CHARTER, THE ANNUAL CITYWIDE AUDIT IS “...TO BE COMPLETED AND SUBMITTED TO THE MAYOR WITHIN ONE HUNDRED EIGHTY (180) DAYS OF THE CLOSE OF THE FISCAL YEAR.” ANOTHER PART STATES “WITHIN THIRTY (30) DAYS OF COMPLETION, THE MAYOR SHALL PRESENT TO THE COUNCIL THE RESULTS OF THE ANNUAL AUDIT”.