

CITY AUDITOR'S REPORT

MONDAY, DECEMBER 21, 2015

REAL ESTATE TRANSFER TAX – 1/1/2011 TO 11/30/2015

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY NOVEMBER 23, 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 - 11/2015. IN NOVEMBER 2015 THERE WERE 139 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 101 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN NOVEMBER TOTALLED \$181,978.31. THE YEAR TO DATE TOTAL, THROUGH 11/30/15, IS \$2,936,397.69 OR MORE THAN \$1 MILLION HIGHER THAN BUDGETED. THE 2016 BUDGET LISTS \$2,200,000 AS EXPECTED REVENUE.

	2015	2014	2013	2012	2011
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	430,575.93	179,401.65	360,628.81	155,694.65	121,372.42
August	337,420.45	212,909.86	238,208.80	126,717.87	179,026.81
September	240,753.37	258,305.78	640,159.72	120,767.46	187,496.67
October	256,548.97	271,499.71	167,947.97	241,408.93	255,432.51
November	181,978.31	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.-NOV.	2,936,397.69	2,256,611.11	2,827,324.55	1,835,927.90	2,023,744.33
Entire Year		2,509,915.52	2,978,840.74	1,973,221.21	2,232,736.22
Budget	1,900,000.00	1,982,975.00	1,900,000.00	2,000,000.00	2,750,000.00
Over Budget		526,940.52	1,078,840.74	<26,778.79>	<517,263.78>

REAL ESTATE TRANSFER TAX – 1/1/2011 TO 11/30/2015 (continued)

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.

	2015	2014	2013	2012	2011
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	175-52=123	149-43=106	146-30=116	148-52=96	127-48=79
A	180-44=136	150-41=109	177-71=106	118-39=79	153-39=114
S	211-48=163	202-49=153	224-50=174	112-39=73	141-40=101
O	201-66=135	223-71=152	170-56=114	225-53=172	181-52=129
N	139-38=101	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

REAL ESTATE TRANSFER TAX -\$1 MILLION + PROPERTIES 2015

THE EIGHTH \$1 MILLION + PROPERTY WAS SOLD IN READING IN OCTOBER. ALL PROPERTIES ARE COMMERCIAL PROPERTIES AS OPPOSED TO A RESIDENTIAL PROPERTIES.

DATE	PROPERTY ADDRESS	SALE PRICE	RATE 3.5%	TAX AMOUNT
01/14/15	825 Morgantown Rd.	\$6,000,000	3.5%	\$210,000
01/16/15	600 Morgantown Rd.	\$2,700,000	3.5%	\$94,500
05/29/15	645 Penn Street	\$1,700,000	3.5%	\$59,500
7/1/15	825 East Wyomissing Blvd.	\$2,500,000	3.5%	\$87,500
7/14/15	100 South 3 rd Street	\$1,175,000	3.5%	\$41,125
7/21/15	600 South 6 th Street	\$2,100,000	3.5%	\$73,500
8/20/15	958 East Wyomissing Blvd.	\$3,653,760	3.5%	\$127,882
10/2/15	443 Penn Street	\$2,067,780	3.5%	\$72,372
total		\$21,896,540	3.5%	\$766,379

- IN 2014, THERE WERE TWO (2) PROPERTIES SOLD IN EXCESS OF \$1 MILLION
- IN 2013, THERE WERE TEN (10) PROPERTIES SOLD IN EXCESS OF \$1 MILLION(w/CNA)
- IN 2012, THERE WERE TWO (2) PROPERTIES SOLD IN EXCESS OF \$1 MILLION
- IN 2011, THERE WERE FIVE (5) PROPERTIES SOLD IN EXCESS OF \$1 MILLION

- IN 2010, THERE WERE SIX (6) PROPERTIES SOLD IN EXCESS OF \$1 MILLION.
- IN 2009, THERE WERE ZERO (0) PROPERTIES SOLD IN EXCESS OF \$1 MILLION.
- IN 2008, THERE WERE FOUR (4) PROPERTIES SOLD IN EXCESS OF \$1 MILLION.
- IN 2007, THERE WERE TWELVE (12) PROPERTIES SOLD IN EXCESS OF \$1 MILLION.

CITY GENERAL FUND BALANCES 1991-2014

THE FOLLOWING CHART ILLUSTRATES BEGINNING FUND BALANCE, NET ANNUAL GAIN/LOSS, AND ENDING FUND BALANCE FROM 1991-2014 FOR THE GENERAL FUND.

AS YOU CAN SEE OVER THE PAST TWENTY FOUR (24) YEARS WE HAVE EXPERIENCED TWELVE (12) YEARS OF GAINS AND TWELVE (12) 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 (PFM) 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, GAINS OF NEARLY \$3 MILLION SET ENDING FUND BALANCE AT \$23,161,218.

ON NOVEMBER 21, 2014, PFM COMPLETED AND FILED AN AMENDED RECOVERY PLAN WITH THE COMMONWEALTH OF PA. FOR THE CITY OF READING COVERING THE CALENDAR YEARS OF 2015-2019.

CITY GENERAL FUND BALANCES 1991-2014 (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

***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.

