

CITY AUDITOR'S REPORT

MONDAY, DECEMBER 22 2014

CITY GENERAL FUND BALANCES 1991-2013

THE FOLLOWING CHART ILLUSTRATES BEGINNING FUND BALANCE, NET ANNUAL GAIN/ LOSS, AND ENDING FUND BALANCE FROM 1991-2013 FOR THE GENERAL FUND.

AS YOU CAN SEE OVER THE PAST TWENTY THREE (23) YEARS WE HAVE EXPERIENCED ELEVEN (11) 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 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.

CITY GENERAL FUND BALANCES 1991-2013 (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

***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.

2014 ADMISSION FEE/TAX

WE RECEIVED CHECKS IN THE AMOUNT OF \$3,419.78 FROM THE READING PHILLIES FOR NOVEMBER'S ADMISSION FEES/TAXES. THE SANTANDER ARENA AND THE PERFORMING ARTS CENTER ADMISSION FEES TOTALLED \$11,398.41 FOR NOVEMBER EVENTS. THOSE EVENTS INCLUDED IN THE RECEIPTS ARE FROM PERFORMANCES BY DISNEY PLAYHOUSE, ROYAL HORSES, PAT METHENY AND THE READING SYMPHONY ORCHESTRA, JUST TO NAME A FEW. ALSO THIS MONTH, WE RECEIVED \$6,157.83 FROM READING ROYALS HOCKEY FOR NOVEMBER'S SALES.

THE 2015 BUDGET LIST \$325,000 AS EXPECTED REVENUE.

THE FOLLOWING CHARTS LIST ANNUALLY (2010-NOVEMBER 2014) THE ADMISSION FEES BY SPORT/VENUE:

ADMISSION FEE/TAX	2010	2011	2012	2013	NOV. 2014
READING PHILS -1 ST ENERGY STADIUM	\$98,219.57	\$104,498.69	\$96,043.94	\$93,720.02	\$80,896.62
READING ROYALS - SANTANDER ARENA	\$61,494.30	\$60,719.57	\$58,030.32	\$79,569.86	\$61,837.82
OTHER- SANTANDER ARENA	\$252,268.74	\$117,376.12	\$175,637.30	\$163,778.03	\$59,368.89
PERFORMING ARTS CENTER	\$100,701.62	\$140,860.56	\$95,120.89	\$102,545.31	\$94,654.19
TOTAL REVENUE	\$512,684.23	\$423,454.94	\$424,832.45	\$439,613.22	\$296,757.52
BUDGETED REVENUE	\$450,000.00	\$480,000.00	\$504,000.00	\$510,000.00	\$425,000.00
OVER/UNDER BUDGET	\$62,684.23	-\$56,545.06	-\$79,167.55	-\$70,386.78	

REAL ESTATE TRANSFER TAX – 1/1/2010 TO 11/30/2014

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY NOVEMBER 24, 2014 REPORT. THIS TAX WAS 1% ('02), 1.5% ('03), 2% ('04-'05), AND 3.5% FOR ('06-'14).

THE FOLLOWING CHART ILLUSTRATES ACTUAL DATA FROM 01/2010 - 11/2014. IN NOVEMBER 2014 THERE WERE 162 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 113 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN NOVEMBER TOTALLED \$272,836.24. THE 2015 BUDGET LISTS \$1,900,000 AS EXPECTED REVENUE.

	2014	2013	2012	2011	2010
January	184,364.62	268,600.36	88,765.23	90,044.35	159,017.30
February	79,506.95	96,300.63	260,520.16	135,391.03	106,687.67
March	209,536.33	190,399.70	151,719.15	214,724.17	229,645.70
April	174,960.06	323,534.14	142,353.83	156,823.78	393,268.60
May	229,074.13	182,633.51	178,896.46	174,829.49	384,978.30
June	184,215.78	235,519.00	191,760.76	221,457.20	349,449.25
July	179,401.65	360,628.81	155,694.65	121,372.42	222,286.60
August	212,909.86	238,208.80	126,717.87	179,026.81	185,037.44
September	258,305.78	640,159.72	120,767.46	187,496.67	128,921.23
October	271,499.71	167,947.97	241,408.93	255,432.51	204,050.03
November	272,836.24	123,391.91	177,323.40	287,145.90	240,401.03
December		151,516.19	137,293.31	208,991.89	209,455.28
Jan.-Nov.	2,256,611.11	2,827,324.55	1,835,927.90	2,023,744.33	2,503,743.15
Entire Year		2,978,840.74	1,973,221.21	2,232,736.22	2,813,198.43
Budget	1,982,975.00	1,900,000.00	2,000,000.00	2,750,000.00	2,500,000.00
Over Budget		1,078,840.74	<26,778.79>	<517,263.78>	313,198.43

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 2014 THERE WERE 152 TRANSACTIONS MINUS 64 NON-TAXABLE TRANSACTIONS, WHICH LEAVES 88 TAXABLE TRANSACTIONS.

	2014	2013	2012	2011	2010
J	152-64=88	134-44=90	108-36=72	101-44=57	145-54=91
F	100-41=59	132-55=77	103-36=67	126-49=77	103-37=66
M	170-39=131	183-55=128	179-56=123	144-43=101	212-67=145
A	157-32=125	180-55=125	159-41=118	121-31=90	193-59=134
M	212-51=161	168-53=115	160-35=125	168-52=116	208-73=135
J	159-50=109	150-53=97	150-57=93	175-39=136	185-51=134
J	149-43=106	146-30=116	148-52=96	127-48=79	149-44=105
A	150-41=109	177-71=106	118-39=79	153-39=114	161-55=106
S	202-49=153	224-50=174	112-39=73	141-40=101	114-31=83
O	223-71=152	170-56=114	225-53=172	181-52=129	201-72=129
N	162-49=113	134-35=99	145-42=103	149-31=118	120-33=87
D		138-53=85	138-50=88	172-61=111	153-45=108
T		1936-610=1326	1745-536=1209	1758-529=1229	1944-621=1323

REAL ESTATE TRANSFER TAX -\$1 MILLION + PROPERTIES 2014

THE FIRST ONE (1) \$1 MILLION + PROPERTY SOLD IN READING DURING 2014 HAPPENED IN SEPTEMBER, THE SECOND OCCURRED IN NOVEMBER. BOTH ARE COMMERCIAL PROPERTIES AS OPPOSED TO A RESIDENTIAL PROPERTIES.

DATE	PROPERTY ADDRESS	SALE PRICE	RATE 3.5%	TAX AMOUNT
09/12/14	801 Penn Street	\$1,055,762	3.5%	\$36,952
11/14/14	100 N 5 th Street	\$2,258,566	3.5%	\$79,050
total		\$3,314,328	3.5%	\$116,002

- 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.