

CITY AUDITOR'S REPORT

MONDAY, JANUARY 23, 2012

2011 ADMISSION FEE/TAX

WE RECEIVED CHECKS IN THE AMOUNT OF \$3,686.77 FROM THE READING PHILLIES FOR DECEMBER'S ADMISSION FEES/TAXES. THE SOVEREIGN CENTER & PERFORMING ARTS CENTER EVENT FEES TOTALLED \$42,805.75 FOR DECEMBER SALES. EVENTS INCLUDED IN THESE RECEIPTS ARE FROM PERFORMANCES BY PHINEAS & FERB, JEFF DUNHAM, THE HARLEM GLOBETROTTERS, MAMMA MIA, THE NUTCRACKER AND THE READING SYMPHONY ORCHESTRA, JUST TO NAME A FEW. ALSO THIS MONTH, WE RECEIVED \$4,403.98 FROM READING ROYALS HOCKEY FOR DECEMBER'S SALES.

THE 2011 BUDGET LISTED \$480,000 AS EXPECTED REVENUE AND WE RECEIVED \$423,454.94 OR \$56,545.06 UNDER BUDGET. THE CURRENT 2012 BUDGET LIST \$504,000 AS EXPECTED REVENUE AND MAYOR SPENCER'S REVISED BUDGET REQUEST SHOWS \$600,000 AS ANTICIPATED 2012 REVENUE.

THE FOLLOWING CHARTS LIST ANNUALLY (2007-2011) THE ADMISSION FEES BY SPORT/VENUE:

| ADMISSION FEE/TAX | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------------------|---------------------|----------------------|---------------------|---------------------|
| READING PHILS -1 ST ENERGY STADIUM | \$97,078.39 | \$85,828.62 | \$94,788.30 | \$98,219.57 | \$104,498.69 |
| READING ROYALS - SOVEREIGN CENTER | \$91,274.98 | \$100,129.25 | \$55,054.89 | \$61,494.30 | \$60,719.57 |
| OTHER- SOVEREIGN CENTER | \$213,868.85 | \$236,337.38 | \$232,589.23 | \$252,268.74 | \$117,376.12 |
| PERFORMING ARTS CENTER | \$133,717.69 | \$132,528.70 | \$99,602.64 | \$100,701.62 | \$140,860.56 |
| TOTAL REVENUE | \$535,939.91 | \$554,823.95 | \$482,035.06 | \$512,684.23 | \$423,454.94 |
| BUDGETED REVENUE | \$600,000.00 | \$550,000.00 | \$600,000.00 | \$450,000.00 | \$480,000.00 |
| OVER/UNDER BUDGET | -\$64,060.09 | \$4,823.95 | -\$117,964.94 | \$62,684.23 | -\$56,545.06 |

REAL ESTATE TRANSFER TAX – 1/1/2007 TO 12/30/2011

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY DECEMBER 12, 2011 REPORT. THIS TAX WAS 1% ('02), 1.5% ('03), 2% ('04-'05), AND 3.5% FOR ('06-'11).

THE FOLLOWING CHART ILLUSTRATES ACTUAL DATA FROM 01/2007 - 12/2011. IN DECEMBER 2011 THERE WERE 172 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 111 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN DECEMBER TOTALLED \$208,991.89. THE 2011 BUDGET PROJECTED REVENUE FROM THIS SOURCE AS \$2,750,000 AND THE CURRENT 2012 BUDGET LIST \$2,000,000 AS EXPECTED REVENUE.

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| January | 90,044.35 | 159,017.30 | 148,961.51 | 652,118.37 | 571,588.55 |
| February | 135,391.03 | 106,687.67 | 142,169.66 | 228,471.03 | 490,135.40 |
| March | 214,724.17 | 229,645.70 | 185,351.64 | 249,460.68 | 436,044.99 |
| April | 156,823.78 | 393,268.60 | 258,946.66 | 546,640.28 | 535,330.62 |
| May | 174,829.49 | 384,978.30 | 242,328.73 | 392,206.10 | 855,745.40 |
| June | 221,457.20 | 349,449.25 | 204,198.52 | 352,496.09 | 641,669.28 |
| July | 121,372.42 | 222,286.60 | 182,852.57 | 267,767.04 | 663,865.08 |
| August | 179,026.81 | 185,037.44 | 189,488.42 | 371,358.83 | 808,641.08 |
| September | 187,496.67 | 128,921.23 | 301,455.52 | 279,643.32 | 399,709.39 |
| October | 255,432.51 | 204,050.03 | 273,838.88 | 236,179.13 | 484,759.56 |
| November | 287,145.90 | 240,401.03 | 214,016.65 | 268,455.35 | 539,733.18 |
| December | 208,991.89 | 209,455.28 | 232,908.94 | 158,499.81 | 288,401.49 |
| Entire Year | 2,232,736.22 | 2,813,198.43 | 2,576,517.70 | 4,003,296.03 | 6,715,624.02 |
| Budget | 2,750,000.00 | 2,500,000.00 | 5,000,000.00 | 7,215,868.00 | 7,215,868.00 |
| Over Budget | <517,263.78> | 313,198.43 | <2,423,482.30> | <3,212,571.97> | <500,243.98> |

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 2011 THERE WERE 101 TRANSACTIONS MINUS 44 NON-TAXABLE TRANSACTIONS, WHICH LEAVES 57 TAXABLE TRANSACTIONS.

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---------------|---------------|---------------|---------------|---------------|
| J | 101-44=57 | 145-54=91 | 123-55=68 | 213-67=146 | 318-59=259 |
| F | 126-49=77 | 103-37=66 | 137-44=93 | 190-51=139 | 242-50=192 |
| M | 144-43=101 | 212-67=145 | 167-47=120 | 174-47=127 | 285-56=229 |
| A | 121-31=90 | 193-59=134 | 163-54=109 | 282-62=220 | 340-68=272 |
| M | 168-52=116 | 208-73=135 | 169-40=129 | 225-46=179 | 282-50=232 |
| J | 175-39=136 | 185-51=134 | 171-60=111 | 213-56=157 | 307-52=255 |
| J | 127-48=79 | 149-44=105 | 161-62=99 | 201-48=153 | 273-70=203 |
| A | 153-39=114 | 161-55=106 | 141-48=93 | 195-53=142 | 277-62=215 |
| S | 141-40=101 | 114-31=83 | 137-39=98 | 183-50=133 | 247-45=202 |
| O | 181-52=129 | 201-72=129 | 219-67=152 | 184-64=120 | 268-46=222 |
| N | 149-31=118 | 120-33=87 | 175-65=110 | 156-55=101 | 211-45=166 |
| D | 172-61=111 | 153-45=108 | 163-44=119 | 134-39=95 | 213-51=162 |
| T | 1758-529=1229 | 1944-621=1323 | 1926-625=1301 | 2350-638=1712 | 3263-654=2609 |

REAL ESTATE TRANSFER TAX -\$1 MILLION + PROPERTIES 2011

IN DECEMBER 2011, ANOTHER PROPERTY WAS SOLD IN READING IN EXCESS OF \$1,000,000. THE TOTAL NUMBER OF \$1 MILLION + PROPERTIES SOLD IN 2011 WAS FIVE (5). ALL OF THOSE ARE COMMERCIAL PROPERTIES AS OPPOSED TO RESIDENTIAL PROPERTIES. IN 2010, SIX (6) PROPERTIES WERE SOLD FOR MORE THAN \$1 MILLION EACH, WITH THEIR TOTAL SALES PRICE OF \$15,220,260 WHICH BROUGHT THE CITY \$532,709 IN REAL ESTATE TRANSFER TAXES. IN 2011, THE FIVE (5) PROPERTIES TOTAL SALES PRICE WAS \$7,125,000, THUS RETURNING \$249,375 IN REAL ESTATE TRANSFER TAXES.

| DATE | PROPERTY ADDRESS | SALE PRICE | RATE 3.5% | TAX AMOUNT |
|-------------|--------------------------------|-------------------|----------------------|-------------------|
| 03/28/11 | 413-425 Lancaster Ave. | \$1,775,000 | 3.5% | \$62,125 |
| 10/13/11 | 229 Lancaster Ave. | \$1,100,000 | 3.5% | \$38,500 |
| 10/28/11 | 801-847 N. 9 TH St. | \$1,000,000 | 3.5% | \$35,000 |
| 11/02/11 | 1801 N 12 TH St. | \$2,200,000 | 3.5% | \$77,000 |
| 12/02/11 | 755 Hiester's Lane | \$1,050,000 | 3.5% | \$36,750 |
| subtotal | | \$7,125,000 | 3.5% | \$249,375 |

- 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.

MAYOR'S 2012 BUDGET PROPOSALS

I WAS ABLE TO ATTEND TWO (2) OF THE THREE (3) MAYOR'S PUBLIC MEETINGS REGARDING THE RE-OPENING OF THE 2012 BUDGET. THE MAYOR'S FIRST MEETING ON 1/17/12 AT RACC WAS HELD AT THE SAME TIME AS OUR REGULARLY SCHEDULED MONTHLY FINANCE SUBCOMMITTEE MEETING AT CITY HALL WHERE I WAS A PRESENTER. THE OTHER MEETINGS WERE FAIRLY ATTENDED AT NATIVITY LUTHERAN CHURCH ON 1/18/12 AND AT THE BERKS COUNTY HISTORICAL SOCIETY ON 1/19/12.

I, ALONG WITH CITY COUNCIL, LOOK FORWARD TO HAVING THE MAYOR'S FINAL PROPOSED BUDGET DOCUMENT, ALONG WITH THE APPROPRIATE SUPPORTING INFORMATION, SO THAT TOGETHER, WE CAN REVIEW, MEET, DISCUSS, VOTE AND FINALIZE THE 2012 BUDGET.