

CITY AUDITOR'S REPORT

MONDAY, SEPTEMBER 8, 2014

2014 UNEMPLOYMENT COMPENSATION-2nd QUARTER

THE UNEMPLOYMENT COMPENSATION EXPENSES FOR THE 2nd QUARTER OF 2014 WERE \$15,258.78. THE YEAR TO DATE COSTS ARE \$31,768.89. THE 2014 BUDGET ALLOCATES \$100,000 FOR UNEMPLOYMENT COMPENSATIONS COSTS.

THE FOLLOWING CHART ILLUSTRATES THE UNEMPLOYMENT COSTS OF THE CITY FOR YEARS 1996- 2014-2ND Q.:

YEAR	BUDGET	ACTUAL EXPENSE	VARIANCE
1996	\$44,856.00	\$40,732.38	\$4,123.62
1997	\$55,000.00	\$94,088.09	-\$39,088.09
1998	\$55,000.00	\$25,086.87	\$29,913.13
1999	\$55,000.00	\$26,085.08	\$28,914.92
2000	\$55,000.00	\$123,742.39	-\$68,742.39
2001	\$55,000.00	\$42,710.14	\$12,289.86
2002	\$55,000.00	\$33,494.50	\$21,505.50
2003	\$12,000.00	\$60,765.63	-\$48,765.63
2004	\$100,000.00	\$166,192.84	-\$66,192.84
2005	\$100,000.00	\$72,140.44	\$27,859.56
2006	\$100,000.00	\$52,913.27	\$47,086.73
2007	\$100,000.00	\$62,466.08	\$37,533.92
2008	\$80,000.00	\$58,968.37	\$21,031.63
2009	\$100,000.00	\$133,061.92	-\$33,061.92
2010	\$755,000.00	\$465,816.47	\$289,183.53
2011	\$475,000.00	\$227,164.19	\$247,835.81
2012	\$275,000.00	\$133,050.01	\$141,949.99
2013	\$150,000.00	\$37,836.85	\$112,163.15
2014-2 ND Q.	\$100,000.00	\$31,768.89	

BOLD INDICATES DEFICIT.

Real Estate Taxes Collected 2012-2014 (Through 6/30/2014)

The following charts illustrate City real estate taxes collected in 2012, 2013 and through July 31, 2014 and then through June 30, 2014, 2013 and 2012 and budgeted amounts from 2012-2014.

Several Items of Note:

- Tax Rates- (2011-12) 14.334 mills, (2013-14) 15.689 mills.
- In 2012, **\$238,442 less** was collected than budgeted. In 2013, **\$130,836 more** was collected than budgeted.
- Current taxes collected 2013 were **\$1,524,928 more** than current 2012 taxes
- Prior taxes collected in 2013 were **\$472,229 more** than prior 2012 taxes
- Penalty & Interest in 2013 was **\$205,085 more** than in 2012. (Penalty & Interest includes all Penalty & Interest collected for all taxes at the City of Reading PA.)

Real Estate Taxes

	2014		2013		2012	
	Budget	Actual- 7/31/2014	Budget	Actual	Budget	Actual
Discount	-300,000	-327,965	-300,000	-320,259	-215,000	-296,937
CY	20,037,778	18,486,071	19,960,975	19,417,751	18,126,332	17,892,823
PY	1,300,000	1,238,760	1,000,000	1,413,338	1,000,000	941,109
P&I	300,000	212,651	200,000	480,981	140,000	275,896
Total	21,337,778	19,609,516	20,860,975	20,991,811	19,051,332	18,812,890

Real Estate Taxes Comparison from January 1 to June 30

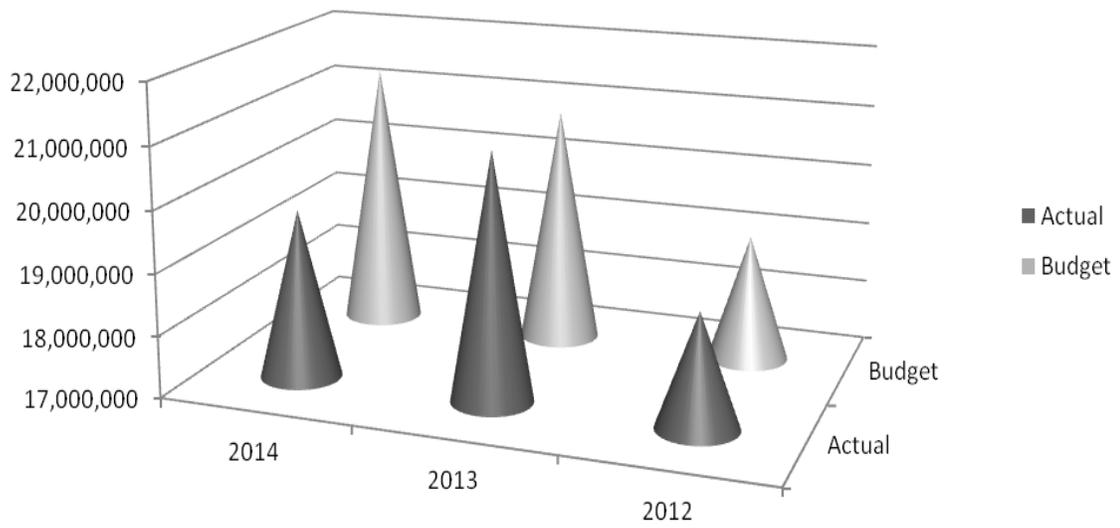
Real Estate Tax	2014		2013		2012	
	Budget	Actual- 6/30	Budget	Actual-6/30	Budget	Actual-6/30
Discount	-300,000	-327,961	-300,000	-320,163	-215,000	-296,279
CY	20,037,778	17,416,090	19,960,975	16,923,205	18,126,332	15,717,385
PY	1,300,000	1,085,157	1,000,000	531,218	1,000,000	592,105
P&I	300,000	168,537	200,000	106,950	140,000	99,137
Total	21,337,778	18,341,823	20,860,975	17,241,211	19,051,332	16,112,348

The above mentioned chart illustrates city real estate taxes collected as of June 30 (2012-2014) and budgeted amounts from 2012-2014.

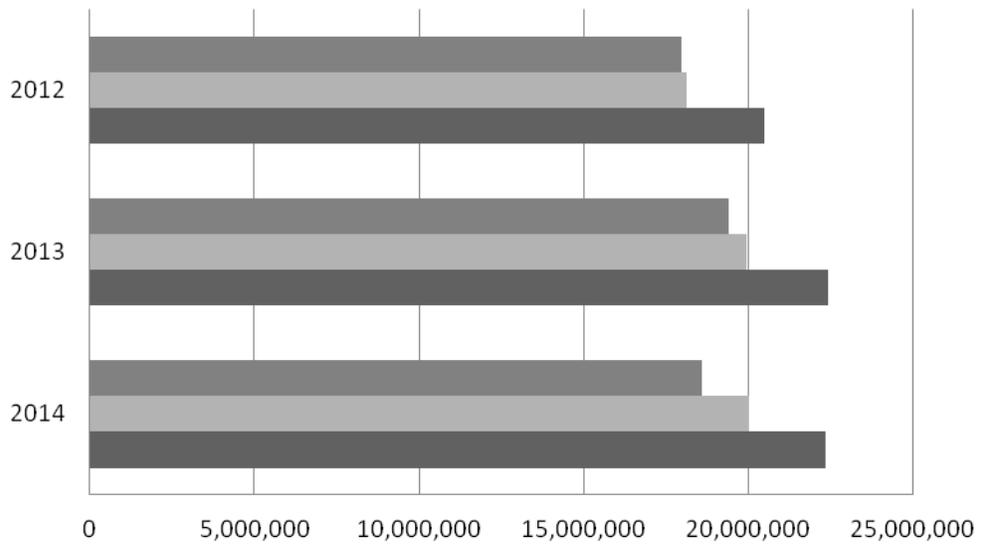
Several Items of Note:

- We are at an **86.9%** Current Budgetary Collection Rate as of 6/30/2014 compared to an **84.8%** rate as of 6/30/2013, and **86.7%** as of 6/30/2012.
- As of 6/30/2014, Current Year collections are **\$492,885 more** than in 2013.
- As of 6/30/2014, Prior Year collections are **\$553,939 more** than in 2013
- As of 6/30/2014, Penalty & Interest is **\$61,587 more** than in 2013.
- As of 6/30/2014, Discounts are **\$7,798 more** than in 2013.
- As of 6/30/2014, Total Collections are **\$1,100,612 more** than in 2013.

Total Real Estate Taxes Actual v. Budget 2012-2014



Real Estate Taxes 2012 - 2014



	2014	2013	2012
Actual- Current Year	18,604,326	19,417,751	17,975,321
Budget- Current Year	20,037,778	19,960,975	18,126,332
Total Taxes Due	22,330,140	22,429,298	20,491,039

Analysis

The budget has increased since 2011 due to a tax increase of 1.355 mills in 2013. The discount period ends April 30; the face period ends June 30; and the penalty period begins July 1.

The first graph titled *Total Real Estate Taxes Actual v. Budget 2012-2014* illustrates a comparison of the City of Reading's total budgeted amount for Real Estate tax to the actual amount received including penalty and interest and discounts. In 2012, the actual amount collected was 99% of the budget. In 2013, that actual amount collected was 101% of the budget. As of August 20, 2014, 93% of the budget for Real Estate Tax has been collected.

The second graph titled *Real Estate Taxes 2012-2014* compares that actual amount of taxes received by the City of Reading to the Budgeted amount, and the total amount of taxes due according to the County of Berks. The County of Berks is the tax collector for Real Estate Taxes. In 2012, the total taxes collected is \$17,975,321 and the total tax due is \$20,491,039 which is a collection rate of 88%. In 2013, the total taxes collected is \$19,417,751 and the total tax due is \$22,429,298, which is a collection rate of 87%. Up to August 20, 2014, the total taxes collected is \$18,604,326, and the total tax due is \$22,330,140. The collection rate for 2014 as of August 20, 2014 is 83%. The total tax collected does not include penalty and interest nor does it include discount.

In order to increase tax collections and to offer convenience to the citizens of Reading, payment plans should be utilized. Ultimately, payment plans will assist individuals in lower income levels and individuals experiencing financial hardship the opportunity to stay current with tax payments, and will increase the total taxes collected.

2013 CITY AUDIT UPDATE

THE 2013 CITYWIDE AUDIT, BY HERBEIN & COMPANY, IS NEARING COMPLETION.

AFTER THE VERY LAST FEW PIECES OF NECESSARY INFORMATION ARE RECEIVED, REVIEWED, COMPILED AND VERIFIED, THE FOLLOWING WILL BE THE PROPOSED TIMELINE FROM THIS POINT FORWARD:

1. 9/15/14 MEETING W/CITY COUNCIL AND AUDIT COMMITTEE
2. 9/22/14 2013 AUDIT PRESENTATION AT REGULAR COUNCIL MEETING

AT THE LAST REGULARLY SCHEDULED COUNCIL MEETING IN SEPTEMBER (9/22), REPRESENTATIVES FROM HERBEIN & COMPANY, OUR EXTERNAL AUDITORS, WILL FORMALLY PRESENT THE RESULTS OF THE AUDIT TO THE MAYOR, COUNCIL AND THE GENERAL PUBLIC.