

CITY AUDITOR'S REPORT

MONDAY, AUGUST 22, 2016

2016 ADMISSION FEE/TAX

WE RECEIVED CHECKS IN THE AMOUNT OF \$8,358.11 FROM THE READING FIGHTIN' PHILS FOR JULY'S ADMISSION FEES/TAXES. THE SANTANDER ARENA AND THE PERFORMING ARTS CENTER ADMISSION FEES TOTALLED \$21,622.01 FOR JULY EVENTS. THOSE EVENTS INCLUDED IN THE RECEIPTS ARE FROM PERFORMANCES BY JIM GAFFIGAN, LINDSEY STIRLING, PAT BENATAR, MELISSA ETHERIDGE AND PREMIER BOXING CHAMPIONSHIPS, JUST TO NAME A FEW. ALSO THIS MONTH, WE RECEIVED \$3,071.44 FROM READING ROYALS HOCKEY FOR JULY'S SALES. THE 2016 BUDGET LIST \$375,000 AS EXPECTED REVENUE.

THE FOLLOWING CHARTS LIST ANNUALLY (2012-JULY 2016) THE ADMISSION FEES BY SPORT/VENUE:

| ADMISSION FEE/TAX | 2012 | 2013 | 2014 | 2015 | JULY 2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| READING PHILS -1 ST ENERGY STADIUM | \$96,043.94 | \$93,720.02 | \$83,965.24 | \$90,207.37 | \$49,661.30 |
| READING ROYALS - SANTANDER ARENA | \$58,030.32 | \$79,569.86 | \$68,419.39 | \$70,252.03 | \$43,450.88 |
| OTHER- SANTANDER ARENA | \$175,637.30 | \$163,778.03 | \$78,803.12 | \$154,506.05 | \$137,892.73 |
| PERFORMING ARTS CENTER | \$95,120.89 | \$102,545.31 | \$105,199.93 | \$130,830.17 | \$91,794.68 |
| TOTAL REVENUE | \$424,832.45 | \$439,613.22 | \$336,387.68 | \$445,795.62 | \$322,799.59 |
| BUDGETED REVENUE | \$504,000.00 | \$510,000.00 | \$425,000.00 | \$325,000.00 | \$375,000.00 |
| OVER/UNDER BUDGET | -\$79,167.55 | -\$70,386.78 | -\$88,612.32 | \$120,795.62 | |

REAL ESTATE TRANSFER TAX – 1/1/2012 TO 7/31/2016

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY JULY 25, 2016 REPORT. THIS TAX WAS 1% ('02), 1.5% ('03), 2% ('04-'05), AND 3.5% FOR ('06-'16).

THE FOLLOWING CHART ILLUSTRATES ACTUAL DATA FROM 01/2012 - 07/2016. IN JULY 2016 THERE WERE 154 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 114 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN JULY TOTALLED \$207,575.28. THE 2016 BUDGET LISTS \$2,200,000 AS EXPECTED REVENUE.

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------|--------------|---------------------|---------------------|---------------------|---------------------|
| January | 192,536.00 | 447,472.25 | 184,364.62 | 268,600.36 | 88,765.23 |
| February | 170,629.07 | 136,325.79 | 79,506.95 | 96,300.63 | 260,520.16 |
| March | 220,051.13 | 212,213.45 | 209,536.33 | 190,399.70 | 151,719.15 |
| April | 279,084.30 | 234,429.18 | 174,960.06 | 323,534.14 | 142,353.83 |
| May | 777,337.35 | 279,602.00 | 229,074.13 | 182,633.51 | 178,896.46 |
| June | 268,082.88 | 179,077.99 | 184,215.78 | 235,519.00 | 191,760.76 |
| July | 207,575.28 | 430,575.93 | 179,401.65 | 360,628.81 | 155,694.65 |
| August | | 337,420.45 | 212,909.86 | 238,208.80 | 126,717.87 |
| September | | 240,753.37 | 258,305.78 | 640,159.72 | 120,767.46 |
| October | | 256,548.97 | 271,499.71 | 167,947.97 | 241,408.93 |
| November | | 181,978.31 | 272,836.24 | 123,391.91 | 177,323.40 |
| December | | 271,629.17 | 253,304.41 | 151,516.19 | 137,293.31 |
| JAN-JULY | 2,115,296.01 | 1,919,696.59 | 1,241,059.52 | 1,657,616.15 | 1,169,710.24 |
| Entire Year | | 3,208,026.86 | 2,509,915.52 | 2,978,840.74 | 1,973,221.21 |
| Budget | 2,200,000.00 | 1,900,000.00 | 1,982,975.00 | 1,900,000.00 | 2,000,000.00 |
| Over Budget | | 1,308,026.86 | 526,940.52 | 1,078,840.74 | <26,778.79> |

REAL ESTATE TRANSFER TAX – 1/1/2012 TO 7/31/2016

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 2016 THERE WERE 153 TRANSACTIONS MINUS 38 NON-TAXABLE TRANSACTIONS, WHICH LEAVES 115 TAXABLE TRANSACTIONS.

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-------------|---------------|---------------|---------------|---------------|
| J | 153-38=115 | 120-32=88 | 152-64=88 | 134-44=90 | 108-36=72 |
| F | 146-44=102 | 143-56=87 | 100-41=59 | 132-55=77 | 103-36=67 |
| M | 185-43=142 | 193-48=145 | 170-39=131 | 183-55=128 | 179-56=123 |
| A | 176-38=138 | 174-49=125 | 157-32=125 | 180-55=125 | 159-41=118 |
| M | 194-53=141 | 218-65=153 | 212-51=161 | 168-53=115 | 160-35=125 |
| J | 182-46=136 | 172-56=116 | 159-50=109 | 150-53=97 | 150-57=93 |
| J | 154-40=114 | 175-52=123 | 149-43=106 | 146-30=116 | 148-52=96 |
| A | | 180-44=136 | 150-41=109 | 177-71=106 | 118-39=79 |
| S | | 211-48=163 | 202-49=153 | 224-50=174 | 112-39=73 |
| O | | 201-66=135 | 223-71=152 | 170-56=114 | 225-53=172 |
| N | | 139-38=101 | 162-49=113 | 134-35=99 | 145-42=103 |
| D | | 166-43=123 | 196-68=128 | 138-53=85 | 138-50=88 |
| T | | 2092-597=1495 | 2032-598=1434 | 1936-610=1326 | 1745-536=1209 |

EMPLOYEE DEPARTURES

ON FRIDAY AUGUST 12TH, MARIA RODRIGUEZ LEFT THE CITY OF READING AS IT'S ACCOUNTING/TREASURY MANAGER TO JOIN THE READING OLIVET'S BOYS & GIRLS CLUB AS THEIR DIRECTOR OF FINANCE AND ADMINISTRATION.

ON FRIDAY AUGUST 19TH, BETH ZIMMERMAN LEFT THE CITY OF READING AS IT'S CITIZEN'S SERVICE CENTER ASSISTANT MANAGER TO BECOME AN INTERNAL AUDITOR FOR THE STATE TREASURY DEPARTMENT IN ANNAPOLIS, MARYLAND.

I HAD THE PRIVILEGE OF HIRING AND WORKING WITH BOTH INDIVIDUALS FOR A LONG TIME, BOTH IN THE AUDITOR'S OFFICE AND OTHER ADMINISTRATIVE POSITIONS FOR THE CITY. I WISH THEM BOTH BEST WISHES & GOOD LUCK AS THEY GROW IN THEIR PROFESSIONAL CAREERS.

2015 CITY AUDIT UPDATE-REVISED

THE MANAGING DIRECTOR, CITY CONTROLLER, TWO (2) REPRESENTATIVES FROM HERBEIN & COMPANY AND I MET THIS MORNING TO DISCUSS AN **UPDATED TIMELINE** FOR THE 2015 AUDIT.

AFTER THE REMAINING LAST PIECES OF NECESSARY INFORMATION ARE RECEIVED, REVIEWED, COMPILED AND VERIFIED, THE FOLLOWING IS THE **NEWLY REVISED** TIMELINE FROM THIS POINT FORWARD:

- | | |
|-------------------|--|
| 1. 10/03/16 | MD&A +CORRECTIVE ACTION PLAN TO HERBEIN & CO. |
| 2. 10/7/16 | "DRAFT" AUDITS TO ADMINISTRATION & CITY COUNCIL |
| 3. 10/12 OR 10/13 | MEETING WITH AUDIT COMMITTEE |
| 4. 10/17/16 | MEETING W/CITY COUNCIL AND AUDIT COMMITTEE |
| 5. 10/24/16 | 2015 FINAL AUDIT PRESENTATION AT COUNCIL MEETING |

AT THE LAST REGULARLY SCHEDULED COUNCIL MEETING IN OCTOBER (10/24), REPRESENTATIVES FROM HERBEIN & COMPANY, OUR EXTERNAL AUDITORS, WILL FORMALLY PRESENT THE RESULTS OF THE 2015 AUDIT TO THE MAYOR, COUNCIL AND THE GENERAL PUBLIC.