

CITY AUDITOR'S REPORT

MONDAY, SEPTEMBER 14, 2015

SEPTEMBER-11TH MEMORIAL SERVICE

I, ALONG WITH MANY CITIZENS AND LOCAL OFFICIALS, INCLUDING MAYOR VAUGHN SPENCER, COUNCIL PRESIDENT JEFFREY WALTMAN AND COUNCILWOMEN MARCIA GOODMAN HINNERSHITZ AND DONNA REED, ATTENDED THE SEPTEMBER 11 MEMORIAL SERVICE HELD IN CITY PARK.

SPEAKERS INCLUDED FIRE CHIEF WILLIAM STOUTD JR., IAFF LOCAL 1803 PRESIDENT MICHAEL SHOURLISKY, MAYOR SPENCER, SENATOR JUDY SCHWANK AND MINISTER LIONEL CARTER.

LIQUID FUELS AUDIT 2012-2014

ON 9/3/15, WE RECEIVED OUR AUDIT FROM THE COMMONWEALTH OF PENNSYLVANIA FOR THE CITY'S LIQUID FUELS FUND FOR THE PERIOD OF 1/1/2012-12/31/2014. THE AUDIT WAS CONDUCTED BY MEMBERS OF THE PENNSYLVANIA AUDITOR GENERAL'S (EUGENE DePASQUALE) OFFICE.

THE CITY RECEIVED LIQUID FUELS GRANTS OF \$1,426,955 IN 2012, \$1,402,043 IN 2013 AND \$1,513,088 IN 2014. THESE GRANTS CAN ONLY BE USED BY THE RECIPIENT MUNICIPALITY FOR STREET REPAIRS, PAVING, RESURFACING, MAINTENANCE COSTS, STREET & BRIDGE LIGHTING AND HEAVY EQUIPMENT PURCHASES.

THERE WERE TWO (2) FINDINGS IN THE AUDIT:

- NON-PERMISSIBLE EXPENSES (2012-2014) TOTALLING \$27,572.23.
- LATE RECEIPT OF ALLOCATION (2013).

WE ARE WAITING ON FINAL CONFIRMATION FROM PENNDOT REGARDING THE FIRST FINDING TO TAKE CORRECTIVE ACTIONS AND HAVE ADDRESSED THE SECOND FINDING.

REAL ESTATE TRANSFER TAX – 1/1/2011 TO 08/31/2015

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY AUGUST 24, 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 - 08/2015. IN AUGUST 2015 THERE WERE 180 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 136 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN AUGUST TOTALLED \$337,420.45. THE YEAR TO DATE TOTAL, THROUGH 8/31/15, IS \$2,257,117.04 OR \$357,117.04 MORE THAN BUDGET WITH FOUR (4) MORE MONTHLY RECEIPTS TO FOLLOW. THE 2015 BUDGET LISTS \$1,900,000 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		258,305.78	640,159.72	120,767.46	187,496.67
October		271,499.71	167,947.97	241,408.93	255,432.51
November		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.-AUG.	2,257,117.04	1,453,969.38	1,895,824.95	1,296,428.11	1,293,669.25
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>

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		202-49=153	224-50=174	112-39=73	141-40=101
O		223-71=152	170-56=114	225-53=172	181-52=129

N		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 SEVENTH \$1 MILLION + PROPERTY WAS SOLD IN READING IN AUGUST. 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
total		\$19,828,760	3.5%	\$694,007

- 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.

MUNICIPAL PENSION ISSUES FORUM

TODAY COUNCILWOMAN MARCIA GOODMAN HINNERSHITZ AND I ATTENDED A MEETING SPONSORED BY THE GREATER READING CHAMBER OF COMMERCE AND INDUSTRY REGARDING MUNICIPAL PENSION ISSUES.

THE MAIN SPEAKER WAS PA. AUDITOR GENERAL EUGENE DePASQUALE. THE TOPIC WAS HIS REPORT: **2015 TASK FORCE ON MUNICIPAL PENSIONS** AND SOME OF THE RECOMMENDATIONS IN THE REPORT.

I HAVE INCLUDED A COPY OF THE SUMMARY OF RECOMMENDATIONS IN THIS REPORT.