

CITY AUDITOR'S REPORT

MONDAY, APRIL 11, 2011

2010 D.C.E.D. REPORT

ON 03/30/11, THE CITY OF READING FILED THE 2010 MUNICIPAL ANNUAL FINANCIAL REPORT (DCED-CLGS-30) WITH THE DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT. THIS REPORT IS A **BASIC SUMMARY** OF FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010. IT USES THE INFORMATION THAT IS CURRENTLY AVAILABLE FROM OUR ACCOUNTING DIVISION. QUOTING FROM THE SECTION – ***ELECTED AUDITOR'S CERTIFIED OPINION***, THIS “AUDIT ...WAS MADE IN ACCORDANCE WITH LAW RATHER THAN GENERALLY ACCEPTED AUDITING STANDARDS. THESE FINANCIAL STATEMENTS **DO NOT** INCLUDE ALL OF THE DISCLOSURES REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.”

THIS **PRELIMINARY REPORT** INDICATES A **\$19,223,441 GENERAL FUND GAIN** FOR THE YEAR ENDING 12/31/2010, WITH **\$87,216,179** IN REVENUE AND **\$67,992,738** IN EXPENSES. THIS **PRELIMINARY REPORT** REVEALS A POSITIVE FUND BALANCE OF **\$12,527,085** AS OF 12/31/10. PLEASE NOTE THAT **\$17,280,000** OF UNFUNDED DEBT BORROWINGS WAS INCLUDED AS REVENUE IN THIS 2010 REPORT.

OUR EXTERNAL AUDIT IS JUST BEGINNING, AND THE GENERAL FUND'S ENDING 2010 FUND BALANCE WILL NOT BE FINALIZED UNTIL SOMETIME LATER THIS SUMMER.

2010 CITY AUDIT

TODAY, MONDAY, APRIL 11, 2011, HERBEIN & COMPANY STARTED WITH THE 2010 CITY AUDIT. WITH THE COOPERATION BETWEEN THE ADMINISTRATIVE SERVICES DEPARTMENT AND OFFICE OF THE CITY AUDITOR, WE ASSIGN RESPONSIBILITIES FOR TIMELY COMPLETION OF HERBEIN AND COMPANY'S REQUESTS. THERE ARE VARIOUS REQUESTS SUCH AS COPIES OF COUNCIL MINUTES, BANK AND INVESTMENT RECONCILIATIONS, BUDGETS, ACCOUNTS RECEIVABLE/PAYABLE ANALYSIS, INCOME STATEMENTS, EXPENSE REPORTS, BALANCE SHEETS, FIXED ASSET REPORTS AND PENSION ACTUARY REPORTS.

PER SECTION 914 OF OUR CITY CHARTER, THERE SHALL BE “...AN ANNUAL INDEPENDENT AUDIT TO BE COMPLETED AND SUBMITTED TO THE MAYOR WITHIN ONE HUNDRED EIGHTY (180) DAYS OF THE CLOSE OF THE FISCAL YEAR.”

AS ALWAYS, I WILL PROVIDE THE ADMINISTRATION AND COUNCIL WITH PERIODIC UPDATES THROUGHOUT THE AUDIT PROCESS.

PROPERTY TAXES 1994 – 2011

THE FOLLOWING IS A COMPARISON ON TOTAL REAL ESTATE TAX ASSESSMENTS, EXEMPTIONS AND ABATEMENTS, TAXABLE ASSESSMENTS AND ACTUAL BILLINGS FOR THE YEARS 1994-2011:

	TOTAL ASSESSMENTS	EXEMPTIONS & ABATEMENTS	TAXABLE ASSESSMENTS	ACTUAL BILLINGS
2011	2,105,279,400	664,309,600	1,440,969,800	20,654,861
2010	2,115,458,800	651,534,600	1,463,924,200	17,486,575
2009	2,115,997,800	651,671,100	1,464,326,700	16,759,219
2008	2,098,790,200	643,136,000	1,455,654,200	15,866,631
2007	2,089,443,900	625,862,200	1,463,581,700	15,953,041
2006	2,076,331,800	628,077,780	1,448,254,020	15,061,842
2005	2,076,474,400	620,934,560	1,455,539,840	14,992,060
2004	2,068,890,300	621,170,140	1,447,720,160	14,911,518
2003	2,077,022,100	622,669,620	1,454,352,480	14,979,831
2002	2,060,666,900	622,986,500	1,437,680,400	14,808,108
2001	2,042,308,600	605,301,621	1,437,006,979	14,801,172
2000	2,050,682,200	573,876,780	1,476,805,420	15,211,096
1999	2,061,594,300	563,855,008	1,497,739,292	15,426,715
1998	2,073,992,000	570,834,996	1,503,157,004	15,482,517
1997	2,068,095,400	543,734,468	1,510,720,132	16,013,633
1996	2,083,243,900	558,882,968	1,524,360,932	16,158,226
1995	2,111,358,900	561,674,002	1,549,684,898	16,426,660
1994	2,144,082,150	520,834,847	1,623,247,303	17,206,421

AS YOU CAN SEE FROM THE ABOVE CHART, SEVERAL TRENDS ARE OCCURRING.

- TOTAL ASSESSMENTS HAVE DECREASED BY \$38,802,750 FROM 1994-2011.
- EXEMPTIONS & ABATEMENTS HAVE INCREASED \$143.5 MILLION FROM 1994-2011.
- EXEMPTIONS AND ABATEMENTS HAVE STEADILY INCREASED PERCENTAGE-WISE FROM 24.3% OF TOTAL ASSESSMENTS IN 1994 TO 31.6% IN 2011.
- TAXABLE ASSESSMENTS HAVE DECREASED BY \$182 MILLION FROM 1994-2011.
- ACTUAL BILLINGS HAVE INCREASED BY \$3.45 MILLION FROM 1994-2011.

NOTE: MILLAGE RATES	1994-1997	10.6 MILLS
	1998-2005	10.3 MILLS
	2006	10.4 MILLS
	2007-2008	10.9 MILLS
	2009	11.445 MILLS
	2010	11.945 MILLS
	2011	14.334 MILLS