

# **CITY AUDITOR'S REPORT**

## **TUESDAY, JUNE 15, 2010**

### **2009 CITY AUDIT UPDATE**

THE 2009 CITY AUDIT, BY HERBEIN & COMPANY, IS NEARING COMPLETION. WE DO NOT YET HAVE A "DRAFT" COPY OF THE AUDIT. AS SOON AS WE RECEIVE AND REVIEW THE "DRAFT" AUDIT AND THE ADMINISTRATION RESPONDS TO FINDINGS AND PREPARES A CORRECTIVE ACTION PLAN, WE'LL MEET WITH COUNCIL TO REVIEW THE AUDIT. ONCE THE AUDIT IS FINALIZED, WE WILL SHARE THE RESULTS WITH THE MAYOR, COUNCIL AND THE GENERAL PUBLIC DURING A REGULARLY SCHEDULED COUNCIL MEETING.

QUOTING FROM SECTION 914 OF READING'S CITY CHARTER, THE ANNUAL CITYWIDE AUDIT IS "...TO BE COMPLETED AND SUBMITTED TO THE MAYOR WITHIN ONE HUNDRED EIGHTY (180) DAYS OF THE CLOSE OF THE FISCAL YEAR." ANOTHER PART STATES "WITHIN THIRTY (30) DAYS OF COMPLETION, THE MAYOR SHALL PRESENT TO THE COUNCIL THE RESULTS OF THE ANNUAL AUDIT".

### **UPCOMING REPORTS**

NEXT MONTH, I WILL HAVE THE FIGURES FOR THE ADMISSION FEES/TAXES AND REAL ESTATE TRANSFER TAXES AS OF THE HALFWAY POINT OF THE YEAR: 06/30/2010.

OTHER FUTURE REPORT TOPICS WILL INCLUDE PROPERTY TAX COLLECTIONS, TAX EXEMPT PROPERTY LISTINGS, CABLE FRANCHISE FEES AND UNEMPLOYMENT COMPENSATION COSTS.

## REAL ESTATE TRANSFER TAX – 1/1/2006 TO 05/31/2010

THIS IS AN UPDATE ON THE REAL ESTATE TRANSFER TAX RECEIPTS SINCE I LAST REPORTED IN MY MAY 24, 2010 REPORT. THIS TAX WAS 1% ('02), 1.5% ('03), 2% ('04-'05), AND 3.5% FOR ('06-'10).

THE FOLLOWING CHART ILLUSTRATES ACTUAL DATA FROM 01/2006 - 05/2010. IN MAY 2010 THERE WERE 208 REAL ESTATE TRANSFER TRANSACTIONS, OF WHICH 135 WERE TAXABLE TRANSACTIONS. THE CITY'S PROCEEDS IN MAY TOTALLED \$384,978.30. THE 2010 BUDGET PROJECTS REVENUE FROM THIS SOURCE AS \$2,500,000.

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
January	159,017.30	148,961.51	652,118.37	571,588.55	565,766.25
February	106,687.67	142,169.66	228,471.03	490,135.40	495,734.21
March	229,645.70	185,351.64	249,460.68	436,044.99	655,032.94
April	393,268.60	258,946.66	546,640.28	535,330.62	650,388.98
May	384,978.30	242,328.73	392,206.10	855,745.40	684,972.83
June	????????	204,198.52	352,496.09	641,669.28	530,414.38
July	????????	182,852.57	267,767.04	663,865.08	578,620.09
August	????????	189,488.42	371,358.83	808,641.08	726,966.54
September	????????	301,455.52	279,643.32	399,709.39	717,483.85
October	????????	273,838.88	236,179.13	484,759.56	690,448.00
November	????????	214,016.65	268,455.35	539,733.18	542,137.78
December	????????	232,908.94	158,499.81	288,401.49	610,938.94
<b>JAN-MAY</b>	<b>1,273,597.57</b>	<b>977,758.20</b>	<b>2,068,896.46</b>	<b>2,888,844.96</b>	<b>3,051,895.21</b>
<b>Entire Year</b>	????????	<b>2,576,517.70</b>	<b>4,003,296.03</b>	<b>6,715,624.02</b>	<b>7,448,904.79</b>
Budget	2,500,000.00	5,000,000.00	7,215,868.00	7,215,868.00	4,760,000.00
Over Budget	????????	<2,423,482.30 >	<3,212,571.97 >	<500,243.98>	2,688,904.79

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 2010 THERE WERE 145 TRANSACTIONS MINUS 54 NON-TAXABLE TRANSACTIONS, WHICH LEAVES 91 TAXABLE TRANSACTIONS.

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
J	145-54=91	123-55=68	213-67=146	318-59=259	397-48=349
F	103-37=66	137-44=93	190-51=139	242-50=192	457-79=378
M	212-67=145	167-47=120	174-47=127	285-56=229	445-78=367
A	193-59=134	163-54=109	282-62=220	340-68=272	367-66=301
M	208-73=135	169-40=129	225-46=179	282-50=232	421-81=340
J		171-60=111	213-56=157	307-52=255	371-66=305
J		161-62=99	201-48=153	273-70=203	318-57=261
A		141-48=93	195-53=142	277-62=215	319-79=240
S		137-39=98	183-50=133	247-45=202	259-59=200
O		219-67=152	184-64=120	268-46=222	336-58=278
N		175-65=110	156-55=101	211-45=166	326-65=261
D		163-44=119	134-39=95	213-51=162	276-55=221
T		1926- 625=1301	2350- 638=1712	3263- 654=2609	4292- 791=3501

## **REAL ESTATE TRANSFER TAX -\$1 MILLION + PROPERTIES 2010**

THE BELOW MENTIONED PROPERTIES WERE SOLD DURING JAN.-MAY. 2010. EACH OF THESE PROPERTIES WAS SOLD FOR IN EXCESS OF \$1,000,000. ALL OF THESE PROPERTIES ARE APARTMENTS/COMMERCIAL/INDUSTRIAL PROPERTIES AS OPPOSED TO RESIDENTIAL PROPERTIES. THESE THREE (3) LISTED PROPERTIES WERE SOLD FOR \$8,750,000 WHICH BROUGHT THE CITY \$306,250 IN REAL ESTATE TRANSFER TAXES.

<b>DATE</b>	<b>PROPERTY ADDRESS</b>	<b>SALE PRICE</b>	<b>RATE 3.5%</b>	<b>TAX AMOUNT</b>
04/01/10	300 S 2 <sup>ND</sup> St.	\$1,100,000	3.5%	\$38,500
04/21/10	777 Court St.	\$3,650,000	3.5%	\$127,750
05/27/10	216 Poplar	\$4,000,000	3.5%	\$140,000
	Sub-total	\$8,750,000	3.5%	<b>\$306,250</b>