

**BUCKS COUNTY TAX  
COLLECTION COMMITTEE**

**TAX OFFICER,  
KEYSTONE COLLECTIONS GROUP**

**FINANCIAL REPORT**

**DECEMBER 31, 2014**

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## **INDEPENDENT AUDITOR'S REPORT**

Committee Members  
Bucks County Tax Collection Committee  
Doylestown, Pennsylvania

### **Report on the Financial Statement**

We have audited the accompanying statement of cash receipts, cash disbursements, and cash balances as of and for the year ended December 31, 2014, and the related notes to the financial statement, which comprises Bucks County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, basic financial statement, as listed in the table of contents.

### **Management's Responsibility for the Financial Statement**

Bucks County TCC's Tax Officer, Keystone Collections Group's management is responsible for the preparation and fair presentation of the financial statement in accordance with the TCC's accounting policies consistently applied and in conformity with the cash basis of accounting and Pennsylvania Act 32 of 2008. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards, generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the above referenced financial statement is free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the statement of cash receipts, cash disbursements and cash balances referred to above presents fairly, in all material respects, the cash receipts and cash disbursements of Bucks County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group for the year ended December 31, 2014, and its cash balance as of December 31, 2014, on the cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw your attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statement that comprises the Bucks County TCC's Tax Officer, Keystone Collections Group's basic financial statement. The accompanying Schedules of Supplementary Information, as required by Pennsylvania Act 32 of 2008, are presented for the purpose of additional analysis and are not a required part of the above referenced financial statement of Bucks County TCC's Tax Officer, Keystone Collections Group.

Such information is the responsibility of Bucks County TCC's Tax Officer, Keystone Collections Group's management and was derived from and relates directly to the underlying accounting and other records used to prepare the above referenced financial statement. The information has been subjected to the auditing procedures applied in the audit of the above referenced financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the above referenced financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2015, on our consideration of Bucks County TCC's Tax Officer, Keystone Collections Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bucks County TCC's Tax Officer, Keystone Collections Group's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Boyer & Ritter". The signature is written in a cursive, flowing style.

Camp Hill, Pennsylvania  
April 2, 2015

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CASH BALANCES**

**Year Ended December 31, 2014**

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**COLLECTIONS AND RECEIPTS**

Resident EIT Received from Employers/Taxpayers within TCD	\$ 95,057,644
Resident EIT Received from Other TCDs	49,166,348
Non-Resident EIT Received for PSD within the TCD	11,226,403
Non-Resident EIT Received for Other TCDs	21,319,463
Delinquent Earned Income Taxes Collected	5,605,321
Open Space Received from within TCD	2,742,734
Open Space Received for Other TCDs	2,028,102
Non-Resident Open Space Received for Other TCDs	1,738,185
Delinquent Open Space Tax Collected	102,086
Costs Recovered by Tax Officer	452,168
Unidentified Collections	71,497

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**TOTAL COLLECTIONS AND RECEIPTS** 189,509,951

**DISTRIBUTIONS AND DISBURSEMENTS**

EIT Distributions to TCD Members	
Centennial School District	5,044,469
Central Bucks School District	22,968,839
Council Rock School District	16,372,598
New Hope-Solebury School District	4,353,619
Palisades School District	2,117,428
Pennridge School District	13,633,315
Quakertown Community School District	9,050,730
Chalfont Borough	723,195
Doylestown Borough	1,756,852
Dublin Borough	252,988
Ivyland Borough	266,994
New Britain Borough	358,700
New Hope Borough	1,736,655
Newtown Borough	1,167,076
Perkasie Borough	1,162,019
Quakertown Borough	928,518
Richlandtown Borough	115,338
Riegelsville Borough	89,797
Sellersville Borough	513,445
Silverdale Borough	113,062
Trumbauersville Borough	117,230

(Continued)

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CASH BALANCES (Continued)  
Year Ended December 31, 2014**

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**DISTRIBUTIONS AND DISBURSEMENTS (Continued)**

EIT Distributions to TCD Members (Continued)

Bedminster Township	1,715,346
Bridgeton Township	158,997
Bristol Township	6,144,745
Buckingham Township	6,046,094
Doylestown Township	3,935,220
Durham Township	169,925
East Rockhill Township	1,242,739
Haycock Township	335,423
Hilltown Township	3,616,788
Lower Southampton Township	4,442,216
Middletown Township	4,008,152
Milford Township	2,248,477
New Britain Township	2,335,707
Newtown Township	7,094,064
Nockamixon Township	664,396
Northampton Township	7,246,579
Plumstead Township	2,726,664
Richland Township	2,038,108
Solebury Township	2,983,119
Springfield Township	1,023,470
Tinicum Township	939,504
Upper Makefield Township	3,671,924
Upper Southampton Township	2,148,482
Warminster Township	4,132,000
Warrington Township	4,188,807
Warwick Township	3,014,961
West Rockhill Township	1,021,975
Wrightstown Township	1,131,029

Total EIT Distributions to TCD Members	163,267,778
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EIT Distributions to Other TCDs (Note 3)	23,057,648
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(Continued)

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CASH BALANCES (Continued)  
Year Ended December 31, 2014**

Taxpayer Refunds - Current	1,077,520
Taxpayer Refunds - Delinquent	875,566
Taxpayer Refunds Open Space	58,889
Tax Officer Commissions	1,368,925
Tax Officer Commissions for Open Space	29,535
Unpaid EIT Invoices	14,870
Costs Retained by Tax Officer	452,168
	<hr/>
<b>TOTAL DISTRIBUTIONS AND DISBURSEMENTS</b>	<b>190,202,899</b>
	<hr/>
Less: Unidentified Collections	71,497
<b>COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS AND UNIDENTIFIED COLLECTIONS</b>	<b>(764,445)</b>
Cash Balance - January 1, 2014	1,459,796
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Cash Balance - December 31, 2014	<b>\$ 695,351</b>
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See Notes to Financial Statement.

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 1. Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities: Bucks County TCC is the Tax Collection Committee representing all taxing jurisdictions within the Bucks County Tax Collection District, as defined by Pennsylvania Act 32 of 2008. The Committee is comprised of representatives from each taxing jurisdiction. All action of the Committee is approved by the representatives using a weighted voting system based on each taxing jurisdiction's percentage of earned income tax revenue and population. The Committee is responsible for overseeing the collection and distribution of earned income and net profit taxes within the Tax Collection District.

Members of the Tax Collection District are comprised of all school districts and municipalities within the geographic boundaries of the TCD. Non-members are entities not included within the geographic boundaries of the TCD.

Bucks County TCC has contracted with Keystone Collections Group to collect and distribute the earned income and net profit taxes within the Bucks County Tax Collection District. Pennsylvania Act 32 of 2008 requires an audit of the receipts and disbursements of these taxes by an independent certified public accountant. This report is intended to meet that requirement.

Summary of Significant Accounting Policies: Bucks County TCC's Tax Officer, Keystone Collections Group, maintains financial records related to the Earned Income Tax transactions on the cash basis of accounting which recognizes collections and other receipts when received and disbursements when paid. The accompanying financial statement is prepared in conformity with the cash basis of accounting. Therefore the statement is not intended to present the financial position or results of operations of Bucks County TCC's Tax Officer, Keystone Collections Group in conformity with accounting principles generally accepted in the United States of America.

Subsequent Events: In preparing this financial statement, the Bucks County TCC's Tax Officer, Keystone Collections Group has evaluated events and transactions for potential recognition and disclosure through April 2, 2015, the date the financial statement was available to be issued.

**Note 2. Cash Balance and Concentration of Credit Risk**

The Tax Officer maintains an interest bearing escrow account that is insured to the maximum by the U.S. Federal Deposit Insurance Corporation ("FDIC"). Amounts over the FDIC insured limit are collateralized dollar for dollar by the bank as required by the Commonwealth of Pennsylvania Act 72 of 1971 to protect public funds.



**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 2. Cash Balance and Concentration of Credit Risk (Continued)**

Deposits of governmental entities in excess of Federal Depository Insurance limits are required to be secured by pledged collateral either on a pooled or separate basis. These may be bonds of the United States, any State or Commonwealth of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania. The Federal Reserve Bank does not consider earned income tax officers such as Keystone Collections Group to be governmental entities; rather it considers the tax officer to be a collection agency. The accounts are held in trust for the TCC political subdivisions under State law, and therefore constitute public funds. These uninsured deposits of \$695,351 are collateralized under Act 72 of 1971, with securities held by the pledging financial institution, or its trust department or agent, in the name of the TCC's designated tax officer.

The cash balance consists of collections held, in escrow, pending receipt of monthly, quarterly or annual reports identifying amounts due to the appropriate member of Bucks County TCC or other Tax Collection Districts. The cash balance at December 31, 2014, for members of the Bucks County TCC, totaled \$695,351. The following are the entities for which money was held at December 31, 2014, and the amount held for each of those entities.

Members of Bucks County TCD	Amount
Centennial School District	\$ 12,199
Central Bucks School District	92,007
Council Rock School District	52,954
New Hope-Solebury School District	6,869
Palisades School District	9,136
Pennridge School District	87,994
Quakertown Community School District	57,476
Chalfont Borough	4,377
Doylestown Borough	943
Dublin Borough	1,134
Ivyland Borough	867
New Britain Borough	1,498
New Hope Borough	3,376
Newtown Borough	10,239
Perkasie Borough	7,367
Quakertown Borough	4,255
Richlandtown Borough	1,069
Riegelsville Borough	398
Sellersville Borough	4,073

(Continued)

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 2. Cash Balance and Concentration of Credit Risk (Continued)**

Members of Bucks County TCD (Continued)	Amount
Silverdale Borough	1,098
Trumbauersville Borough	537
Bedminster Township	8,557
Bridgeton Township	1,155
Bristol Township	13,575
Buckingham Township	22,274
Doylestown Township	13,609
Durham Township	853
East Rockhill Township	8,067
Haycock Township	2,012
Hilltown Township	29,301
Lower Southampton Township	16,105
Middletown Township	15,877
Milford Township	17,399
New Britain Township	22,070
Newtown Township	16,378
Nockamixon Township	2,972
Northampton Township	30,794
Plumstead Township	10,425
Richland Township	16,707
Solebury Township	6,992
Springfield Township	5,279
Tinicum Township	3,027
Upper Makefield Township	6,835
Upper Southampton Township	6,779
Warminster Township	11,067
Warrington Township	21,638
Warwick Township	13,760
West Rockhill Township	7,074
Wrightstown Township	4,904
	\$ 695,351

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 3. Disbursements to Non-Members of Bucks County TCD**

The following details the distributions to non-member TCDs as presented in the Statement of Cash Receipts, Cash Disbursements and Cash Balances:

<u>EIT Distributions to Other TCDs</u>	<u>Amount</u>
Adams	\$ 15,764
Armstrong	2,926
Beaver	9,858
Bedford	5,149
Berks	971,581
Blair	8,086
Bradford	10,774
Butler	22,211
Cambria	10,307
Cameron	25
Carbon	133,927
Centre	12,471
Chester	1,138,561
Clarion	46,262
Clearfield	12,327
Clinton	1,453
Columbia	24,952
Crawford	6,574
Cumberland	96,975
Dauphin	74,399
Delaware	247,044
Elk	1,167
Erie	5,046
Fayette	1,600
Forest	936
Franklin	9,502
Fulton	606
Greene	1,140
Huntingdon	1,401
Indiana	560
Jefferson	3,699

(Continued)

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 3. Disbursements to Non-Members of Bucks County TCD (Continued)**

EIT Distributions to Other TCDs (Continued)	Amount
Juniata	3,544
Lackawanna	51,554
Lancaster	178,987
Lawrence	6,485
Lebanon	28,742
Lehigh	2,476,178
Luzerne	105,222
Lycoming	11,229
Mckean	2,252
Mercer	2,279
Mifflin	4,397
Monroe	104,050
Montgomery	15,277,075
Montour	2,840
Northampton	1,464,045
Northumberland	20,297
Perry	7,059
Philadelphia	54,892
Pike	946
Potter	3,482
Schuylkill	85,047
Snyder	8,388
Somerset	5,815
Sullivan	2,877
Susquehanna	6,657
Tioga	9,888
Union	8,382
Venango	4,955
Warren	287
Washington	26,267
Wayne	1,549
Westmoreland	18,061
Wyoming	6,357

(Continued)

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

**Note 3. Disbursements to Non-Members of Bucks County TCD (Continued)**

EIT Distributions to Other TCDs (Continued)	Amount
York	67,818
Allegheny Central	44,721
Allegheny North	26,659
Allegheny Southeast	13,688
Allegheny Southwest	36,218
Out of State	1,176
	\$ 23,057,648

**Note 4. Source of Earned Income Tax Collections**

The earned income tax imposed is currently 0.50% - 1.75% per year, depending on the municipality of:

- Salaries, wages, commissions and other compensation earned by residents of Bucks County TCC.
- Net profits earned by residents of the Bucks County TCC from self-employment.

Collections are shared among the applicable taxing jurisdictions within the TCC. The following taxing jurisdictions belong to the Bucks County TCC and are serviced by Keystone Collections Group:

School Districts	Municipalities			
	Boroughs		Townships	
Bensalem Township	Bristol	Perkasie	Bedminster	Newtown
Bristol Borough	Chalfont	Quakertown	Bensalem	Nockamixon
Bristol Township	Doylestown	Richlandtown	Bridgeton	Northampton
Centennial	Dublin	Riegelsville	Bristol	Plumstead
Central Bucks	Hulmeville	Sellersville	Buckingham	Richland
Council Rock	Ivyland	Silverdale	Doylestown	Solebury
Morrisville Borough	Langhorne	Trumbauersville	Durham	Springfield
Neshaminy	Langhorne Manor	Tullytown	East Rockhill	Tinicum
New Hope-Solebury	Morrisville	Yardley	Falls	Upper Makefield
Palisades	New Britain		Haycock	Upper Southampton
Pennridge	New Hope		Hilltown	Warminster
Pennsbury	Newtown		Lower Makefield	Warrington
Quakertown Community	Penndel		Lower Southampton	Warwick
			Middletown	West Rockhill
			Milford	Wrightstown
			New Britain	

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 5. Tax Collection Contract**

Bucks County TCC has contracted with Keystone Collections Group for the collection and distribution of earned income and net profit taxes. The contract term began January 1, 2012, and will continue through December 31, 2014. The contract calls for a collection fee of 1.39% of tax collections to be retained by Keystone Collections Group upon collection with the net proceeds being distributed.

Effective January 28, 2014, the Bucks County TCC signed a contract amendment with Keystone Collections Group. The amendment extends the term of the agreement from January 1, 2015 through December 31, 2019. The contract calls for a collection fee of 1.39% of tax collections to be retained by Keystone Collections Group upon collection with the net proceeds being distributed.

## **SUPPLEMENTARY INFORMATION**

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND  
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008  
Year Ended December 31, 2014**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
Beginning Cash Balance	\$ 1,459,796	\$ 1,459,796	\$ -
Plus Collections and Receipts			
Resident EIT Received from Employers/Taxpayers within TCD	95,057,644	95,057,644	-
Resident EIT Received from Other TCDs	49,166,348	49,166,348	-
Non-Resident EIT Received for PSD within the TCD	11,226,403	11,226,403	-
Non-Resident EIT Received for Other TCDs	21,319,463	21,319,463	-
Delinquent Earned Income Taxes Collected	5,605,321	5,605,321	-
Open Space Received from within TCD	2,742,734	2,742,734	-
Open Space Received for Other TCDs	2,028,102	2,028,102	-
Non-Resident Open Space Received for Other TCDs	1,738,185	1,738,185	-
Delinquent Open Space Tax Collected	102,086	102,086	-
Costs Recovered by Tax Officer	452,168	452,168	-
Unidentified Collections	71,497	71,497	-
<b>TOTAL COLLECTIONS AND RECEIPTS</b>	<b>189,509,951</b>	<b>189,509,951</b>	<b>-</b>

(Continued)



**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND  
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008 (Continued)  
Year Ended December 31, 2014**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
<b>Less Distributions and Disbursements</b>			
EIT Distributions to TCD Members	158,466,359	158,466,359	-
Open Space Distributions to TCD Members	4,801,419	4,801,419	-
EIT Distribution to Other TCDs	21,319,463	21,319,463	-
Non-Resident Open Space Received for Other TCDs	1,738,185	1,738,185	-
Taxpayer Refunds	1,953,086	1,953,086	-
Open Space Taxpayer Refunds	58,889	58,889	-
Tax Officer Commissions	1,368,925	1,368,925	-
Tax Officer Commissions - Open Space	29,535	29,535	-
Unpaid EIT Invoices	15,938	14,870	1,068 (1)
Unpaid Open Space Invoices	332	-	332 (1)
Costs Retained by Tax Officer	452,168	452,168	-
	<b>190,204,299</b>	<b>190,202,899</b>	<b>1,400</b>
<b>Less: Unidentified Collections</b>	<b>71,497</b>	<b>71,497</b>	<b>-</b>
<b>Add: EIT Advance on Distributions - Representing Claims and Refunds</b>	<b>1,140</b>	<b>-</b>	<b>1,140 (2)</b>
<b>Add: Duplicated Disbursement Adjustments</b>	<b>1,400</b>	<b>-</b>	<b>1,400 (1)</b>
Ending Cash Balance	<b>\$ 696,491</b>	<b>\$ 695,351</b>	<b>\$ 1,140</b>

Explanation of Variances:

- (1) Reported amount deducted for prior months unpaid invoices (accounted for in Line - EIT Distributions to TCD Members)
- (2) Claims and/or refunds processed at year end

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF BONDING ANALYSIS  
Year Ended December 31, 2014**

	Amount
Resident EIT Received from Employers/Taxpayers within TCD	\$ 95,057,644
Resident EIT Received from Other TCDs	49,166,348
Non-Resident EIT Received for PSD within the TCD	11,226,403
Open Space Received from within TCD	2,742,734
Open Space Received for Other TCDs	2,028,102
Earned Income Tax Collections - Net	<u>\$ 160,221,231</u>
 Bonding Amount as determined by TCC	 \$ 2,570,000
 Actual Bond Amount	 \$ 2,570,000
 Average balance of tax collections in possession of Tax Officer <sup>1</sup>	 \$ 1,349,000

<sup>1</sup> Per Act 32 of 2008 requires Tax Officers to distribute tax collections on a monthly basis. The contract between Bucks County TCC and the Tax Officer, Keystone Collections Group, requires distribution of tax collections on a weekly basis. Keystone Collections Group made 121 distributions to the members of Bucks County TCC; thus the average balance of tax collections in possession of Keystone Collections Group, at any one time, was approximately \$1,349,000, which is below the bonding requirement set forth in the contract.

**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF COLLECTION FEES CHARGED  
Year Ended December 31, 2014**

	Amount
Resident EIT Received from Employers/Taxpayers within TCD	\$ 95,057,644
Resident EIT Received from Other TCDs	49,166,348
Non-Resident EIT Received for PSD within the TCD	11,226,403
Delinquent Earned Income Taxes Collected	5,605,321
Open Space Received from within TCD	2,742,734
Open Space Received for Other TCDs	2,028,102
Delinquent Open Space Tax Collected	102,086
Less: Taxpayer Refunds - Current and Open Space	(1,136,409)
Less: Delinquent Wage	(4,320,621)
Less: Audit	(1,502,545)
Earned Income Tax Collections - Net	<u><u>\$ 158,969,063</u></u>
 Collection Rate per TCC/Tax Officer Contract	 1.39%
 Projected Collection Fees	 <u><u>\$ 2,209,670</u></u>
 Collection Fees - Withheld <sup>2</sup>	 \$ 1,398,460
Collection Fees - Billed <sup>3</sup>	<u>811,152</u>
Collection Fees Charged <sup>4</sup>	<u><u>\$ 2,209,612</u></u>

<sup>2</sup> Certain school districts and municipalities within Bucks County TCD have opted to have commissions withheld from their distributions. Commissions are calculated and netted against the EIT distributions to the respective PSD. The withheld commissions are included in the aggregate report.

<sup>3</sup> Other certain school districts and municipalities within Bucks County TCD have opted to have commissions billed to them by the Tax Officer. Their EIT distributions are gross distributions. The Tax Officer bills the respective PSD for the calculated commissions throughout the year. The billed commissions are not included in the aggregate report. In order to determine total commissions paid to the Tax Officer during the year, billed commissions must be a factor of the calculation.

<sup>4</sup> Keystone Collections Group calculates commissions at the transaction level. Commissions are calculated to three decimals and the IT logic built into the operating system rounds the calculated commissions to two decimals.

**DCED COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Committee Members  
Bucks County Tax Collection Committee  
Doylestown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying statement of cash receipts, cash disbursements, and cash balances of Bucks County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, as of and for the year ended December 31, 2014, and the related notes to the financial statement, which comprises Bucks County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, basic financial statement, and have issued our report thereon dated April 2, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Bucks County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Bucks County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the above referenced financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bucks County TCC's Tax Officer, Keystone Collections Group's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bucks County TCC's Tax Officer, Keystone Collections Group's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bucks County TCC's Tax Officer, Keystone Collections Group's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
April 2, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH PENNSYLVANIA ACT 32 OF 2008**

Committee Members  
Bucks County Tax Collection Committee  
Doylestown, Pennsylvania

**Report on Compliance**

We have audited Bucks County TCC's Tax Officer, Keystone Collections Group's compliance with the provisions described within Pennsylvania Act 32 of 2008 for tax collections and other receipts, investments, reporting, bonding, recordkeeping, distribution of earned income taxes and other disbursements, and administration (hereafter "tax collections and disbursements") that could have a direct and material effect on Bucks County TCC's Tax Officer, Keystone Collections Group for the year ended December 31, 2014.

**Management's Responsibility**

Bucks County TCC's Tax Officer, Keystone Collections Group's management is responsible for compliance with the requirements of laws, regulations, contracts, and agreements applicable under Pennsylvania Act 32 of 2008.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance with Pennsylvania Act 32 of 2008 based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Pennsylvania Act 32 of 2008. Those standards and Pennsylvania Act 32 of 2008 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on tax collections and disbursements occurred. An audit includes examining, on a test basis, evidence about Bucks County TCC's Tax Officer, Keystone Collections Group's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance with Pennsylvania Act 32 of 2008. However, our audit does not provide a legal determination on Bucks County TCC's Tax Officer, Keystone Collections Group's compliance.

**Opinion on Compliance with Pennsylvania Act 32 of 2008**

In our opinion, Bucks County TCC's Tax Officer, Keystone Collections Group complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on tax collections and disbursements for the year ended December 31, 2014.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
April 2, 2015



**BUCKS COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF FINDINGS AND NON-COMPLIANCE  
Year Ended December 31, 2014**

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**Findings - Financial Statement Audit**

None

**Findings of Non-Compliance with Pennsylvania Act 32 of 2008**

None