

**BUCKS COUNTY TAX
COLLECTION COMMITTEE**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

DECEMBER 31, 2016 and 2015

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936 Easton Rd., PO Box 754 Warrington, PA 18976 | 163 S. Broad St., Lansdale, PA 19446
252 W. Swamp Rd. Unit 9, Doylestown, PA 18901 | 130 Almshouse Rd. Suite 201A, Richboro, PA 18954
24 Arnett Ave. Suite 111, Lambertville, NJ 08530
215-343-2727 | www.bbco-cpa.com

Independent Auditors' Report

Management Committee
Bucks County Tax Collection Committee
Bucks County, Pennsylvania

Report on the Financial Statements

We have audited the accompanying statements of net position of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Bucks County Tax Collection Committee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Bucks County Tax Collection Committee, Pennsylvania has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bucks County Tax Collection Committee's basic financial statements. The supplemental budgetary comparison information on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the supplemental budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bee, Bergvall & Co
Bee, Bergvall & Company, P.C.
Certified Public Accountants

Warrington, PA
February 21, 2017

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statements of Net Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 45,194	\$ 46,665
Prepaid Insurance	<u>3,576</u>	<u>-</u>
Total Current Assets	<u>48,770</u>	<u>46,665</u>
TOTAL ASSETS	<u>\$ 48,770</u>	<u>\$ 46,665</u>
 LIABILITIES AND NET POSITION		
Current Liabilities		
Accrued Expenses	\$ 2,000	\$ 2,400
Net Position		
Unrestricted	<u>46,770</u>	<u>44,265</u>
Total Net Position	<u>46,770</u>	<u>44,265</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 48,770</u>	<u>\$ 46,665</u>

See auditors' report and accompanying notes to financial statements

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statements of Activities

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Expenses		
Advertising	\$ 674	\$ 988
Auditing	2,000	2,400
Insurance	4,764	5,357
Miscellaneous	<u>57</u>	<u>893</u>
Total Operating Expenses	<u>7,495</u>	<u>9,638</u>
Operating Revenues		
Assessments	<u>10,000</u>	<u>15,000</u>
Total Operating Revenues	<u>10,000</u>	<u>15,000</u>
Increase (Decrease) in Net Position	2,505	5,362
Net Position, Beginning of Year	<u>44,265</u>	<u>38,903</u>
Net Position, End of Year	<u>\$ 46,770</u>	<u>\$ 44,265</u>

See auditors' report and accompanying notes to financial statements

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from assessments	\$ 10,000	\$ 15,000
Cash paid for operating expenses	<u>(11,471)</u>	<u>(8,963)</u>
Net cash provided by (used in) operating activities	<u>(1,471)</u>	<u>6,037</u>
Net increase (decrease) in cash and cash equivalents	(1,471)	6,037
Cash and cash equivalents, at beginning of year	<u>46,665</u>	<u>40,628</u>
Cash and cash equivalents, at end of year	<u>\$ 45,194</u>	<u>\$ 46,665</u>

Reconciliation of Increase (Decrease) in Net Position to Net Cash
Provided by (Used In) Operating Activities

Increase (decrease) in net position	<u>\$ 2,505</u>	<u>\$ 5,362</u>
Adjustments to reconcile increase (decrease) in net position to net cash provided by (used in) operating activities:		
(Increase) decrease in prepaid insurance	(3,576)	625
Increase (decrease) in accrued expenses	<u>(400)</u>	<u>50</u>
Total adjustments	<u>(3,976)</u>	<u>675</u>
Net cash provided by (used in) operating activities	<u>\$ (1,471)</u>	<u>\$ 6,037</u>

See auditors' report and accompanying notes to financial statements

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2016 and 2015

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Bucks County Tax Collection Committee (the “TCC”) is a government entity created and organized under Act 32 of 2008, which amended and restated the Local Tax Enabling Act. Under Act 32, the TCC is required to appoint a tax collector to collect earned income taxes (“EIT”) on a county-wide basis and to oversee tax collection within the Bucks County Tax Collection District (the “TCD”). The TCD includes over 40 boroughs and townships and 7 school districts in Bucks County.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses are distinguished from non-operating items in the statement of revenues, expenses and changes in net position. Operating revenues and expenses result from providing services in connection with principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, the policy is to use restricted resources first, then unrestricted resources as they are needed.

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2016 and 2015

I. Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Position

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. At December 31, 2016 and 2015, the TCC held no investments.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. At December 31, 2016, the carrying amount of deposits for the TCC was \$45,194, and the bank balance was \$45,194. The entire bank balance was covered by depository insurance.

2. Accrued Expenses

Accrued expenses consist of expense amounts related to the 2016 fiscal year which were unpaid at December 31, 2016.

3. Net Position

Net position is the difference between the entity's assets and liabilities.

II. Stewardship, Compliance, and Accountability

A. Governing Body

The governing body of the TCC is a Board of Delegates that consists of voting delegates appointed by the school districts and municipalities within the TCD. All actions taken by the Board shall be by majority of the weighted votes of those delegates present if a quorum is present. The Department of Economic Development (the "DCED") has determined the weight of each delegate's vote using a formula that considers the proportional population and income tax collected by each taxing authority as a percentage of the respective totals.

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2016 and 2015

II. Stewardship, Compliance, and Accountability (Continued)

B. Budgetary Information

Annual budgets are adopted on the accrual basis of accounting, which is consistent with Generally Accepted Accounting Principles (GAAP).

The following procedures are used in establishing the budgetary data reflected in the supplemental information:

1. The Management Committee of the Board of Delegates assists the Treasurer in preparation of the preliminary budget.
2. The proposed budget is distributed to the delegates and taxing authorities at least 60 days prior to the meeting scheduled for adoption of the budget.
3. The budget for the forthcoming fiscal year is adopted before the end of the current fiscal year.
4. All budget revisions require the approval of the Board.
5. The budget may be amended at any Board meeting.
6. Budgetary control is maintained at the account level.

III. Other Information

A. Funding and Allocation of Costs

The TCC is funded by annual assessment payments made by each taxing authority and the net expenses of the TCC are allocated among the taxing authorities. The amounts are calculated using the proportional EIT revenue percentage for each school district and municipality as provided by the DCED as shown in the Act 32 weighted vote calculation spreadsheet for the TCD.

In November, 2015, by resolution, the TCC directed the Tax Collector to withhold from distribution for each member of the TCD, its proportionate share of the 2016 assessment of \$10,000.

In November, 2016, by resolution, the TCC directed the Tax Collector to withhold from distribution for each member of the TCD in 2017, its proportionate share of the 2017 assessment of \$10,000.

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2016 and 2015

III. Other Information (Continued)

B. Donated Services

During 2016 and 2015, the following services were provided at no cost by members of the TCC: Bookkeeping, Solicitor, office space and meeting space.

C. Appointment of Tax Collector

On July 29, 2012, the TCC appointed Keystone Collections Group as EIT and local services tax collector for all taxing authorities within the TCD effective January 1, 2012. This change was brought about by Act 32 of 2008 which requires all municipal governments and school districts in Pennsylvania counties, excluding Philadelphia, to select a single tax collector. Bucks County TCD employers are required to withhold EIT at the correct rate and remit to Keystone. Keystone then disburses the tax funds to the proper school district and municipality whether it is within the Bucks County TCD or not.

In January 2014, Keystone Collections Group's tax collection agreement was extended to December 31, 2019.

D. Commitments and Contingencies

The Tax Appeals Board of the TCC issues decisions on petitions for EIT appeals in accordance with Act 32 and other applicable Pennsylvania laws and regulations. In the opinion of the Management Committee, the outcome of such matters will not have a material adverse effect on the TCC's financial position.

E. Subsequent Events

The TCC has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release.

SUPPLEMENTAL INFORMATION

BUCKS COUNTY TAX COLLECTION COMMITTEE

Budget to Actual Comparison

For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance over (under)</u>
Operating Revenues - Assessments	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Operating Expenses			
Advertising	1,000	674	(326)
Auditing	3,000	2,000	(1,000)
Insurance	6,500	4,764	(1,736)
Legal	10,000	-	(10,000)
Office and miscellaneous	<u>2,500</u>	<u>57</u>	<u>(2,443)</u>
Total Operating Expenses	<u>23,000</u>	<u>7,495</u>	<u>(15,505)</u>
Operating Income (Loss)	<u>(13,000)</u>	<u>2,505</u>	<u>15,505</u>
Change in Net Position	(13,000)	2,505	15,505
Net Position, Beginning of Year	<u>45,000</u>	<u>44,265</u>	<u>(735)</u>
Net Position, End of Year	<u>\$ 32,000</u>	<u>\$ 46,770</u>	<u>\$ 14,770</u>

See auditors' report and accompanying notes to financial statements