

Committee Members
Bucks County Tax Collection Committee
Doylestown, Pennsylvania

We are pleased to present this report related to our audit of the financial statement of Bucks County Tax Collection Committee (“TCC”) for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Bucks County Tax Collection Committee’s financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated January 4, 2018.

Our audit of the financial statement of the Bucks County Tax Collection Committee for the year ended December 31, 2017, was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions of Pennsylvania Act 32 of 2008. Those standards and Act require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statement. We believe our audit accomplished that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls over internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts and agreements that contribute to the evidence supporting our opinion on the financial statement. However, they do not provide a basis for opining on the Tax Officer’s internal control over financial reporting or on compliance and other matters.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

In accordance with the TCC's accounting policies consistently applied and in conformity with the cash basis accounting and Pennsylvania Act 32 of 2008, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

The Committee Members, Tax Officer and Tax Officer's management have the ultimate responsibility for the appropriateness of the accounting policies and procedures used by the TCC. During the year ended December 31, 2017, the TCC did not adopt any significant accounting policies or procedures.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. There were no accounting estimates significant to the financial statement as this statement is prepared in accordance with cash basis accounting.

Audit Adjustments

There were no audit adjustments made during the course of this audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements.

Financial Statement Disclosures

The disclosures in the financial statement are neutral, consistent and clear.

The Tax Officer and its management have informed us they used all the relevant facts available to them at the time to make the best judgments about the disclosures and we considered this information in the scope of our audit. We evaluated the key factors and assumptions used to develop the above disclosures in determining that they are neutral, consistent and clear in relation to the financial statement taken as a whole.

Disagreements with Management

We encountered no disagreements with the Tax Officer and its management over the application of significant accounting principles, the basis for the Tax Officer and its management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statement.

Consultation with Other Accountants

We are not aware of any consultations the Tax Officer or its management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with the Tax Officer or its management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with the Tax Officer or its management during the audit.

Written Communications Between Management and Our Firm

We have requested certain representations from the Tax Officer that are included in the representation letter dated April 18, 2018.

Closing

This report is intended solely for the information and use of the Bucks County Tax Collection Committee Members and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Bucks County Tax Collection Committee.

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

Camp Hill, Pennsylvania
April 18, 2018

**BUCKS COUNTY TAX
COLLECTION COMMITTEE**

**TAX OFFICER,
KEYSTONE COLLECTIONS GROUP**

FINANCIAL REPORT

DECEMBER 31, 2017

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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 financial statement of Bucks County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, which comprise the statement of cash receipts, cash disbursements, and cash balances as of December 31, 2017, and the related notes to the financial statement for the year then ended.

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, 2017, and its cash balance as of December 31, 2017, 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.

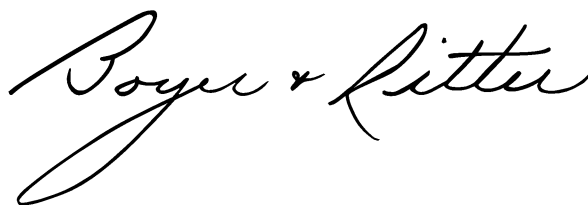
Supplementary Information

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 18, 2018, 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.



Camp Hill, Pennsylvania
April 18, 2018

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

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

Year Ended December 31, 2017

COLLECTIONS AND RECEIPTS	
Resident EIT Received from Employers/Taxpayers within TCD	\$ 114,468,911
Resident EIT Received from Other TCDs	57,005,572
Non-Resident EIT Received for PSD within the TCD	15,444,465
Non-Resident EIT Received for Other TCDs	24,068,362
Delinquent Earned Income Taxes Collected	7,052,318
Open Space Received from within TCD	2,262,554
Open Space Received for Other TCDs	1,587,144
Non-Resident Open Space Received for Other TCDs	1,543,300
Delinquent Open Space Tax Collected	139,776
Costs Recovered by Tax Officer	819,487
Unidentified Collections	529
TOTAL COLLECTIONS AND RECEIPTS	224,392,418

DISTRIBUTIONS AND DISBURSEMENTS

EIT Distributions to TCD Members	
Centennial School District	5,424,174
Central Bucks School District	25,057,551
Council Rock School District	17,891,546
New Hope-Solebury School District	3,840,553
Palisades School District	2,314,191
Pennridge School District	15,415,969
Quakertown Community School District	9,843,756
Chalfont Borough	773,374
Doylestown Borough	1,822,771
Dublin Borough	254,892
Ivyland Borough	237,391
New Britain Borough	378,613
New Hope Borough	1,255,936
Newtown Borough	951,672
Perkasie Borough	1,228,110
Quakertown Borough	994,119
Richlandtown Borough	134,527
Riegelsville Borough	106,521
Sellersville Borough	571,479
Silverdale Borough	119,485
Trumbauersville Borough	123,118

(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, 2017**

DISTRIBUTIONS AND DISBURSEMENTS (Continued)

EIT Distributions to TCD Members (Continued)

Bedminster Township	1,942,252
Bensalem Township	15,654,531
Bridgeton Township	162,203
Bristol Township	6,450,062
Buckingham Township	6,648,799
Doylestown Township	4,155,638
Durham Township	194,310
East Rockhill Township	1,412,329
Haycock Township	356,587
Hilltown Township	2,827,979
Lower Southampton Township	5,017,454
Middletown Township	8,345,881
Milford Township	2,437,555
New Britain Township	2,424,759
Newtown Township	7,036,221
Nockamixon Township	727,257
Northampton Township	7,786,844
Plumstead Township	3,171,896
Richland Township	2,236,343
Solebury Township	3,063,875
Springfield Township	1,152,861
Tinicum Township	968,867
Upper Makefield Township	4,159,663
Upper Southampton Township	2,205,055
Warminster Township	4,340,508
Warrington Township	4,576,667
Warwick Township	3,134,157
West Rockhill Township	1,107,938
Wrightstown Township	1,199,693
Total EIT Distributions to TCD Members	<u>193,637,932</u>

EIT Distributions to Other TCDs (Note 3) 25,611,662

(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, 2017**

Taxpayer Refunds - Current	2,597,632
Taxpayer Refunds - Delinquent	6,025
Taxpayer Refunds Open Space	45,905
Tax Officer Commissions	1,752,417
Tax Officer Commissions for Open Space	32,334
Costs Retained by Tax Officer	819,487
TCD Operational Fees	<u>10,000</u>
 TOTAL DISTRIBUTIONS AND DISBURSEMENTS	 <u>224,513,394</u>
 Less: Unidentified Collections	 529
 COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS AND UNIDENTIFIED COLLECTIONS	 (121,505)
 Cash Balance - January 1, 2017	 <u>1,534,771</u>
Cash Balance - December 31, 2017	<u><u>\$ 1,413,266</u></u>

See Notes to Financial Statement.

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

NOTES TO FINANCIAL STATEMENT

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 18, 2018, 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

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 \$1,413,266 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, 2017, for members of the Bucks County TCC, totaled \$1,413,266. The following are the entities for which money was held at December 31, 2017, and the amount held for each of those entities.

Members of Bucks County TCD	Amount
Centennial School District	\$ 41,035
Central Bucks School District	190,117
Council Rock School District	137,584
New Hope-Solebury School District	40,736
Palisades School District	14,335
Penridge School District	131,567
Quakertown Community School District	88,628
Chalfont Borough	6,797
Doylestown Borough	13,687
Dublin Borough	2,386
Ivyland Borough	1,243
New Britain Borough	2,723
New Hope Borough	4,616
Newtown Borough	4,209
Perkasie Borough	11,940
Quakertown Borough	7,937
Richlandtown Borough	1,853
Riegelsville Borough	767
Sellersville Borough	5,786

(Continued)

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

NOTES TO FINANCIAL STATEMENT

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

Members of Bucks County TCD (Continued)	Amount
Silverdale Borough	1,397
Trumbauersville Borough	1,145
Bedminster Township	14,075
Bensalem Township	71,007
Bridgeton Township	1,226
Bristol Township	22,515
Buckingham Township	50,065
Doylestown Township	29,630
Durham Township	1,503
East Rockhill Township	11,651
Haycock Township	2,811
Hilltown Township	28,438
Lower Southampton Township	27,127
Middletown Township	30,226
Milford Township	29,703
New Britain Township	23,924
Newtown Township	41,123
Nockamixon Township	5,125
Northampton Township	65,093
Plumstead Township	18,907
Richland Township	22,738
Solebury Township	37,842
Springfield Township	9,343
Tinicum Township	5,514
Upper Makefield Township	27,693
Upper Southampton Township	13,863
Warminster Township	32,979
Warrington Township	36,703
Warwick Township	24,270
West Rockhill Township	10,855
Wrightstown Township	6,829
	<u>\$ 1,413,266</u>

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

NOTES TO FINANCIAL STATEMENT

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	\$ 15,959
Armstrong	1,663
Beaver	9,424
Bedford	5,505
Berks	1,066,826
Blair	7,099
Bradford	11,078
Butler	12,201
Cambria	15,882
Cameron	45
Carbon	177,207
Centre	17,646
Chester	1,328,281
Clarion	5,424
Clearfield	8,183
Clinton	2,618
Columbia	21,072
Crawford	2,886
Cumberland	87,060
Dauphin	69,166
Delaware	341,832
Elk	565
Erie	8,548
Fayette	31,777
Forest	10
Franklin	5,350
Fulton	1,749
Greene	3,043
Huntingdon	5,134
Indiana	2,104
Jefferson	817

(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
Juniata	4,143
Lackawanna	74,486
Lancaster	196,196
Lawrence	5,923
Lebanon	40,838
Lehigh	2,807,587
Luzerne	137,856
Lycoming	16,148
Mckean	1,050
Mercer	4,904
Mifflin	4,885
Monroe	146,190
Montgomery	16,690,365
Montour	4,537
Northampton	1,757,627
Northumberland	23,170
Perry	6,518
Philadelphia	(5,408)
Pike	1,923
Potter	1,871
Schuylkill	105,618
Snyder	5,888
Somerset	2,793
Sullivan	952
Susquehanna	10,081
Tioga	14,091
Union	6,674
Venango	1,654
Warren	1,040
Washington	19,457
Wayne	2,416
Westmoreland	22,409
Wyoming	5,382

(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	88,055
Allegheny Central	47,093
Allegheny North	32,772
Allegheny Southeast	16,151
Allegheny Southwest	42,173
	\$ 25,611,662

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

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

NOTES TO FINANCIAL STATEMENT

Note 5. Tax Collection Contract

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, 2017**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
Beginning Cash Balance	\$ 1,534,771	\$ 1,534,771	\$ -
Plus Collections and Receipts			
Resident EIT Received from Employers/Taxpayers within TCD	114,468,911	114,468,911	-
Resident EIT Received from Other TCDs	57,005,572	57,005,572	-
Non-Resident EIT Received for PSD within the TCD	15,444,465	15,444,465	-
Non-Resident EIT Received for Other TCDs	24,068,362	24,068,362	-
Delinquent Earned Income Taxes Collected	7,052,318	7,052,318	-
Open Space Received from within TCD	2,262,554	2,262,554	-
Open Space Received for Other TCDs	1,587,144	1,587,144	-
Non-Resident Open Space Received for Other TCDs	1,543,300	1,543,300	-
Delinquent Open Space Tax Collected	139,776	139,776	-
Costs Recovered by Tax Officer	819,487	819,487	-
Unidentified Collections	529	529	-
TOTAL COLLECTIONS AND RECEIPTS	224,392,418	224,392,418	-

(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, 2017**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
<hr/>			
Less Distributions and Disbursements			
EIT Distributions to TCD Members	189,718,610	189,718,610	-
Open Space Distributions to TCD Members	3,919,322	3,919,322	-
EIT Distribution to Other TCDs	25,611,662	25,611,662	-
Taxpayer Refunds	2,603,657	2,603,657	-
Open Space Taxpayer Refunds	45,905	45,905	-
Tax Officer Commissions	1,752,417	1,752,417	-
Tax Officer Commissions - Open Space	32,334	32,334	-
Costs Retained by Tax Officer	819,487	819,487	-
TCD Operational Fees	10,000	10,000	-
	<hr/>		
TOTAL DISTRIBUTIONS AND DISBURSEMENTS	224,513,394	224,513,394	-
Less: Unidentified Collections	529	529	-
	<hr/>		
Ending Cash Balance	\$ 1,413,266	\$ 1,413,266	\$ -
	<hr/>		

Explanation of Variances:

No Variances noted for the year ended December 31, 2017

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

**SCHEDULE OF BONDING ANALYSIS
Year Ended December 31, 2017**

	Amount
Resident EIT Received from Employers/Taxpayers within TCD	\$ 114,468,911
Resident EIT Received from Other TCDs	57,005,572
Non-Resident EIT Received for PSD within the TCD	15,444,465
Open Space Received from within TCD	2,262,554
Open Space Received for Other TCDs	1,587,144
Earned Income Tax Collections - Net	<u>\$ 190,768,646</u>
 Bonding Amount as determined by TCC	 <u>\$ 2,570,000</u>
 Actual Bond Amount	 <u>\$ 2,570,000</u>
 Average balance of tax collections in possession of Tax Officer ¹	 <u>\$ 2,979,045</u>

¹ 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 65 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 \$2,979,045. The Tax Officer maintained the appropriate bond coverage, as required by the TCC.

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

**SCHEDULE OF COLLECTION FEES CHARGED
Year Ended December 31, 2017**

	Amount
Resident EIT Received from Employers/Taxpayers within TCD	\$ 114,468,911
Resident EIT Received from Other TCDs	57,005,572
Non-Resident EIT Received for PSD within the TCD	15,444,465
Open Space Received from within TCD	2,262,554
Open Space Received for Other TCDs	1,587,144
Less: Taxpayer Refunds - Current and Open Space	(2,643,537)
Less: Delinquent Non-Resident Tax	(360,607)
Earned Income Tax Collections - Net	<u>\$ 187,764,502</u>
Collection Rate per TCC/Tax Officer Contract	1.39%
Projected Collection Fees	<u>\$ 2,609,927</u>
Collection Fees - Withheld ²	\$ 1,784,751
Collection Fees - Billed ³	<u>826,864</u>
Collection Fees Charged ⁴	2,611,615
Less: December 2017 Commission Adjustment ⁵	(1,796)
Total Collection Fees Charged - Adjusted	<u>\$ 2,609,819</u>

² 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.

³ 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.

⁴ 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.

⁵ Keystone Collections Group updated its report format in 2017, to improve clarity on out-of-county claims processing. A routine internal audit in December 2017, revealed that the new reporting format discovered a discrepancy in the prior commission calculations; which was accordingly adjusted as shown above.

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, 2017, 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 18, 2018.

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. Accordingly, we do not express 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.

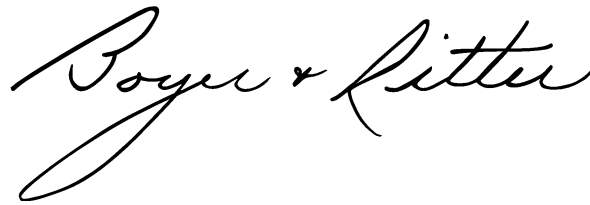
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not 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 18, 2018

**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, 2017.

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.

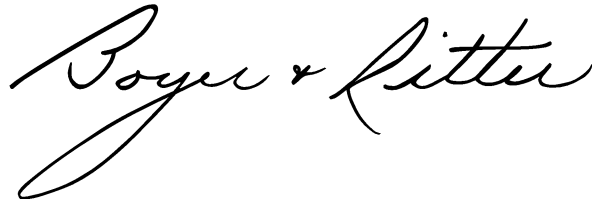
Auditor's Responsibility

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, 2017.

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 18, 2018

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

**SCHEDULE OF FINDINGS AND NON-COMPLIANCE
Year Ended December 31, 2017**

Findings - Financial Statement Audit

None

Findings of Non-Compliance with Pennsylvania Act 32 of 2008

None



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CONTINUATION CERTIFICATE

To be attached to and form a part of surety bond number LSF017291 (the "Bond"), cross reference bond number 5091891, for Tax Collector
dated the 1st day of January, 2015, in the penal sum of \$ 2,570,000.00 issued by West American Insurance Company as surety (the "Surety"), on behalf of Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group as principal (the "Principal"), in favor of Bucks County Collection Committee, as obligee (the "Obligee").

The Surety hereby certifies that this Bond is continued in full force and effect until the 1st day of January, 2019, subject to all covenants and conditions of said Bond.

Said Bond has been continued in force upon the express condition that the full extent of the Surety's liability under said Bond, and this and all continuations thereof, for any loss or series of losses occurring during the entire time the Surety remains on said Bond, shall in no event, either individually or in the aggregate, exceed the penal sum of the Bond.

IN WITNESS WHEREOF, the Surety has set its hand and seal this 3rd day of October, 2017

West American Insurance Company

(Surety)
By: [Signature]

Attorney in Fact

