

**BUCKS COUNTY TAX
COLLECTION COMMITTEE**

FINANCIAL STATEMENTS

DECEMBER 31, 2011 and 2010

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Independent Auditors' Report

Management Committee
Bucks County Tax Collection Committee
Bucks County, Pennsylvania

We have audited the accompanying statements of net assets of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended, as listed in the table of contents. These financial statements are the responsibility of Bucks County Tax Collection Committee's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation of the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 12 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary 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.

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.

A handwritten signature in cursive script that reads "Bee, Bergvall & Co.".

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

February 24, 2012

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statements of Net Assets

December 31, 2011 and 2010

ASSETS		<u>2011</u>	<u>2010</u>
Current Assets			
Cash and Cash Equivalents		<u>\$ 61,306</u>	<u>\$ 68,378</u>
Total Current Assets		<u>61,306</u>	<u>68,378</u>
 TOTAL ASSETS		 <u>\$ 61,306</u>	 <u>\$ 68,378</u>
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accrued Expenses		<u>\$ 1,885</u>	<u>\$ 1,352</u>
Total Current Liabilities		<u>1,885</u>	<u>1,352</u>
 Net Assets			
Unrestricted		<u>59,421</u>	<u>67,026</u>
Total Net Assets		<u>59,421</u>	<u>67,026</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u>\$ 61,306</u>	 <u>\$ 68,378</u>

See auditors' report and accompanying notes to financial statements

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statements of Activities

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Expenses		
Advertising	\$ 135	\$ 1,036
Auditing	1,750	1,000
Automobile	-	380
Insurance	5,519	3,949
Legal	111	1,536
Lodging	-	379
Office	90	844
Meal Reimbursement	-	358
Tax Collection Agreement	-	3,500
Total Operating Expenses	<u>7,605</u>	<u>12,982</u>
Operating Revenues		
Initial Assessment Fees	-	75,008
Operating Grant - DCED	-	5,000
Total Operating Revenues	<u>-</u>	<u>80,008</u>
Increase (Decrease) in Net Assets	<u>(7,605)</u>	<u>67,026</u>
Net Assets, Beginning of Year	<u>67,026</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 59,421</u>	<u>\$ 67,026</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from municipalities and school districts	\$ -	\$ 75,008
Cash received from DCED	-	5,000
Cash paid for operating expenses	<u>(7,072)</u>	<u>(11,630)</u>
Net cash provided by (used in) operating activities	<u>(7,072)</u>	<u>68,378</u>
Net increase (decrease) in cash and cash equivalents	(7,072)	68,378
Cash and cash equivalents, at beginning of year	<u>68,378</u>	<u>-</u>
Cash and cash equivalents, at end of year	<u>\$ 61,306</u>	<u>\$ 68,378</u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Increase (decrease) in net assets	\$ <u>(7,605)</u>	\$ <u>67,026</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Increase (decrease) in accrued expenses	<u>533</u>	<u>1,352</u>
Total adjustments	<u>533</u>	<u>1,352</u>
Net cash provided by (used in) operating activities	<u>\$ (7,072)</u>	<u>\$ 68,378</u>

See auditors' report and accompanying notes to financial statements

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2011 and 2010

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 assets. Operating revenues and expenses result from providing services in connection with the TCC’s 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, it is the TCC’s policy to use restricted resources first, then unrestricted resources as they are needed.

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2011 and 2010

I. Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets

1. Deposits and Investments

The TCC's 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, 2011 and 2010, 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 TCC's deposits may not be returned to it. At December 31, 2011, the carrying amount of deposits was \$61,306, and the bank balance was \$61,306. The entire bank balance was covered by depository insurance.

2. Accrued Expenses

The TCC's accrued expenses consist of expense amounts related to the 2011 fiscal year which were unpaid at December 31, 2011.

3. Net Assets

The TCC's net assets are the differences 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.

B. Budgetary Information

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

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2011 and 2010

II. Stewardship, Compliance, and Accountability (Continued)

The TCC follows these procedures 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 was funded by one initial assessment payment 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.

B. Donated Services

During 2011 and 2010, the following services were provided at no cost to the TCC by members of the TCC: Bookkeeping, Solicitor, office space and meeting space.

C. Appointment of Tax Collector

On July 29, 2010, the TCC appointed Keystone Collections Group as EIT and local services tax collector for all taxing authorities within the TCD. This new 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 will be required to withhold EIT at the correct rate and remit to Keystone. Keystone will then disburse the tax funds to the proper school district and municipality whether it is within the Bucks County TCD or not.

Keystone will be the official tax collector effective January 1, 2012, however many school districts and communities elected to accelerate to a January 1, 2011 start date.

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 3, 2011 and 2010

III. Other Information (Continued)

D. Subsequent Events

The TCC has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 24, 2012, which is the date the statements were available for release. No subsequent events have been recognized or disclosed.

REQUIRED SUPPLEMENTAL INFORMATION

BUCKS COUNTY TAX COLLECTION COMMITTEE

Budget to Actual Comparison

For the Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance over (under)</u>
Operating Revenues			
Assessment fees	\$ -	\$ -	\$ -
Operating grant - DCED	-	-	-
Interest earnings	-	-	-
Total Operating Revenues	-	-	-
Operating Expenses			
Advertising	5,000	135	(4,865)
Auditing	10,000	1,750	(8,250)
Insurance	5,600	5,519	(81)
Legal	13,000	111	(12,889)
Office and miscellaneous	5,000	90	(4,910)
Total Operating Expenses	38,600	7,605	(30,995)
Operating Income (Loss)	(38,600)	(7,605)	(30,995)
Change in Net Assets	(38,600)	(7,605)	(30,995)
Net Assets, Beginning of Year	68,000	67,026	974
Net Assets, End of Year	<u>\$ 29,400</u>	<u>\$ 59,421</u>	<u>\$ (30,021)</u>

See accountants' report