

**BUCKS COUNTY TAX  
COLLECTION COMMITTEE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012 and 2011**

February 28, 2013

To the Management Committee  
Bucks County Tax Collection Committee  
Bucks County, Pennsylvania

We have audited the financial statements of the governmental activities of the Bucks County Tax Collection Committee (the "TCC") for the year ended December 31, 2012. Professional standards require that we provide information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 10, 2013. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bucks County Tax Collection Committee are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Any misstatements detected as a result of audit procedures and corrected by management were immaterial, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 28, 2013.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### *Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Management Committee of the Bucks County Tax Collection Committee and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Bee, Bergvall & Co., P.C.



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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 position of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2012 and 2011, 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 auditor's 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***

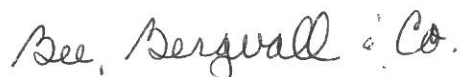
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2012 and 2011, and the changes in its financial position and 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 Supplementary Information***

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.



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

February 28, 2013

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statements of Net Position

December 31, 2012 and 2011

<b>ASSETS</b>		
	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 20,827	\$ 61,306
Total Current Assets	<u>20,827</u>	<u>61,306</u>
 TOTAL ASSETS	 <u>\$ 20,827</u>	 <u>\$ 61,306</u>
 <b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accrued Expenses	\$ 2,000	\$ 1,885
Total Current Liabilities	<u>2,000</u>	<u>1,885</u>
 Net Position		
Unrestricted	<u>18,827</u>	<u>59,421</u>
Total Net Position	<u>18,827</u>	<u>59,421</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 20,827</u>	 <u>\$ 61,306</u>

See auditors' report and accompanying notes to financial statements



BUCKS COUNTY TAX COLLECTION COMMITTEE

Statements of Activities

For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Expenses		
Advertising	\$ 516	\$ 135
Auditing	2,000	1,750
Coalition Assessments	21,250	-
Insurance	5,841	5,519
Legal	2,141	111
Miscellaneous	105	90
Tax Collector Audit	<u>8,741</u>	<u>-</u>
Total Operating Expenses	<u>40,594</u>	<u>7,605</u>
 Increase (Decrease) in Net Position	 <u>(40,594)</u>	 <u>(7,605)</u>
 Net Position, Beginning of Year	 <u>59,421</u>	 <u>67,026</u>
 Net Position, End of Year	 <u>\$ 18,827</u>	 <u>\$ 59,421</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash paid for operating expenses	\$ (40,479)	\$ (7,072)
Net cash provided by (used in) operating activities	<u>(40,479)</u>	<u>(7,072)</u>
Net increase (decrease) in cash and cash equivalents	(40,479)	(7,072)
Cash and cash equivalents, at beginning of year	<u>61,306</u>	<u>68,378</u>
Cash and cash equivalents, at end of year	<u>\$ 20,827</u>	<u>\$ 61,306</u>

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

Increase (decrease) in net position	\$ (40,594)	\$ (7,605)
Adjustments to reconcile increase (decrease) in net position to net cash provided by (used in) operating activities:		
Increase (decrease) in accrued expenses	<u>115</u>	<u>533</u>
Total adjustments	<u>115</u>	<u>533</u>
Net cash provided by (used in) operating activities	<u>\$ (40,479)</u>	<u>\$ (7,072)</u>

See auditors' report and accompanying notes to financial statements

# BUCKS COUNTY TAX COLLECTION COMMITTEE

## Notes to Financial Statements

December 31, 2012 and 2011

### **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, 2012 and 2011

### **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, 2012 and 2011, 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, 2012, the carrying amount of deposits for the TCC was \$61,306, and the bank balance was \$61,306. The entire bank balance was covered by depository insurance.

##### ***2. Accrued Expenses***

Accrued expenses consist of expense amounts related to the 2012 fiscal year which were unpaid at December 31, 2012.

##### ***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.

#### ***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, 2012 and 2011

### **II. Stewardship, Compliance, and Accountability (Continued)**

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 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 2012 and 2011, 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, 2011, 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.

# BUCKS COUNTY TAX COLLECTION COMMITTEE

## Notes to Financial Statements

December 3, 2012 and 2011

### **III. Other Information (Continued)**

#### ***D. Commitments***

In March, 2012, the TCC became a member of the TCC Tax Credit Coalition (the "Coalition"), which was formed for the purpose of cooperating in obtaining legal services to assist the TCC and the Coalition's other four members in resolving any disputes involving the legality of the apportionment method as used in determining the tax credit for taxpayers who reside in the members' tax collection districts and who earn income which is also subject to the Philadelphia local earned income tax established by the Sterling Act. The Coalition was formed to institute legal action in relation to this specific issue that is expected to resolve itself over a short period of time, after which the Coalition will dissolve.

The initial assessment and any future assessments for additional expenses are allocated to the members of the Coalition. The TCC's commitment for future expenses incurred by the Coalition is equal to 25%.

#### ***E. Subsequent Events***

The TCC has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 28, 2013, 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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance over (under)</u>
Operating Revenues	\$ -	\$ -	\$ -
Operating Expenses			
Advertising	1,000	516	(484)
Auditing	10,000	2,000	(8,000)
Coalition assessments	-	21,250	-
Insurance	6,000	5,841	(159)
Legal	5,000	2,141	(2,859)
Tax Collector audit	-	8,741	-
Office and miscellaneous	4,000	105	(3,895)
Total Operating Expenses	<u>26,000</u>	<u>40,594</u>	<u>(15,397)</u>
Operating Income (Loss)	<u>(26,000)</u>	<u>(40,594)</u>	<u>14,594</u>
Change in Net Position	(26,000)	(40,594)	14,594
Net Position, Beginning of Year	<u>60,000</u>	<u>59,421</u>	<u>579</u>
Net Position, End of Year	<u>\$ 34,000</u>	<u>\$ 18,827</u>	<u>\$ 15,173</u>

See accountants' report