SCHUYLKILL COUNTY TAX COLLECTION COMMISSION

ORWIGSBURG, PENNSYLVANIA

FOR THE YEAR ENDED DECEMBER 31, 2013

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JONES & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM L. JONES III, M.B.A.,C.P.A.
RICHARD W. PITCAVAGE, C.P.A.
EDWIN H. EBLING, C.P.A.
JOHN W. PAULSHOCK, C.P.A.

110 North Second Street
Pottsville, Penna. 17901
Telephone (570) 622-5010
Fax (570) 622-3283
Email: jonescpa@comcast.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Schuylkill County Tax
Collection Commission
Orwigsburg, Pennsylvania

We have audited the accompanying financial statements of Schuylkill County Tax Collection Commission, which comprise the statement of assets, liabilities, and retained earnings as of December 31, 2013 and the related statement of revenues, expenses, and changes in retained earnings for the year then ended, and the related statement of cash flows and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions as described in Note 1. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Schuylkill County Tax Collection Commission, as of December 31, 2013 and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provisions as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the prescribed basis of accounting that demonstrate compliance with the regulatory basis of accounting and budget laws of Pennsylvania, 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.

Restriction on Use

This report is intended solely for the information and use of the audit committee, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Jones & Co. P.C

April 29, 2014
Pottsville, Pennsylvania

SCHUYLKILL COUNTY TAX COLLECTION COMMISSION

STATEMENT OF ASSETS, LIABILITIES, AND RETAINED EARNINGS

DECEMBER 31, 2013

ASSETS

CURRENT ASSETS		
Cash	$ 11,550	
TOTAL ASSETS		$ 11,550

LIABILITIES AND RETAINED EARNINGS

TOTAL CURRENT LIABILITIES		$ 0
RETAINED EARNINGS		
Unrestricted	$ 11,550	
TOTAL RETAINED EARNINGS		11,550
TOTAL LIABAILITIES AND RETAINED EARNINGS		$ 11,550

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL COUNTY TAX COLLECTION COMMISSION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES		
Assessment Revenue	$ 10,024	
Interest Income	20	
TOTAL REVENUES		10,044
EXPENSES		
Insurance	2,670	
Advertising	64	
Legal Fees	4,031	
Office Expense	434	
TOTAL EXPENSES		7,199
NET INCOME		2,845
RETAINED EARNINGS - BEGINNING OF YEAR		8,705
RETAINED EARNINGS - END OF YEAR		$ 11,550

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL COUNTY TAX COLLECTION COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$	2,845
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Increase (Decrease) in:		
Accounts Payable		(1,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		0
CASH FLOWS FROM INVESTING ACTIVITIES		0
NET INCREASE IN CASH		1,345
CASH - JANUARY 1, 2013		10,205
CASH - DECEMBER 31, 2013	$	11,550

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL COUNTY TAX COLLECTION COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schuylkill County Tax Collection Committee ("TCC") is a government entity created and organized under Act 32, which amended and restated the Local Tax Enabling Act ("LTEA"). Under Act 32, the TCC is required to appoint a tax collector to collect earned income and possibly other taxes on a county-wide basis, and to oversee tax collection within the Schuylkill County Tax Collection District (TCD").

The Commission is governed by a "Board of Delegates". Taxing authorities that impose an income tax each appoint a primary voting delegate, a first alternate voting delegate, and a second alternate voting delegate. Each delegate is appointed for a one year term by their school district at its annual organization meeting.

REPORTING ENTITY

The Governmental Accounting Standards Boards (GASB), established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the Commission's financial reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Commission reviews the applicability of the following criteria.

The Commission is financially accountable for:

1. Organizations that make up the legal Commission entity.

2. Legally separate organizations if Commission officials appoint a voting majority of the organizations' governing body and the Commission is able to impose its will on organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

REPORTING ENTITY - continued

a. **Impose Its Will** - If the Commission can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

b. **Financial Benefit or Burden** - Exits if the Commission (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the Commission. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Commission.

   The Commission has determined that it has no potential component units to be evaluated.

FUND ACCOUNTING

The Commission uses fund accounting to report on its financial position and the results of its operations. The Commission is operated as a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

MEASUREMENT FOCUS

The proprietary fund is accounted for on a cost of services measurement focus. All assets and liabilities (current and non-current) associated with the activity of the fund are included on its balance sheet. The proprietary fund operating statement presents increases and decreases in total net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The Commission utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when received except for revenues subject to accrual which are recorded as receivable when measurable. Expenses are recognized in the accounting period in which the liability is incurred.

APPLYING GASB PRONOUNCEMENTS

In applying the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds, the Commission applies all GASB pronouncements and all Financial Accounting Standards Board pronouncements, Accounting Principle Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

CASH

The Authority considers checking accounts as cash.

NOTE 2 - SUBSEQUENT EVENTS:

The Company has evaluated events and transactions occurring subsequent to the balance sheet date December 31, 2013 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through April 29, 2014, the date these financial statements were available to be issued.

SETTLEMENT OF BOND CLAIM

During 2013 the Commission filed a claim in the amount of $150,882.92 against the Central Tax Bureau's bond (Travelers) for the difference in commission rates and solicitors fees related to the termination of the Central Tax Bureau due to their collapse in performing their duties as the Earned Income Tax Collector for Schuylkill County. In April 2014 the Committee and Travelers agreed to settle the claim for $140,000., which was paid to the committee. The committee has not decided as to the final disposition of the funds received. Preliminary discussions have been to retain $40,000 to cover legal fees and to fund future expenses and to refund $100,000 to the municipalities on a pro-rata basis.