

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANT'S AUDIT REPORT

For the Year Ended December 31, 2016

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE

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Independent Auditor's Report

To the Delegates of the Board
Of the Northumberland County Tax
Collection Committee

Report on the Financial Statements

We have audited the accompanying statement of net position of Northumberland County Tax Collection Committee (the Committee), as of and for the year ended December 31, 2016, and the related statement of activities for the year then ended, and the related notes to the financial statements which collectively comprise the Committee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Committee's management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Committee, as of December 31, 2016, and the respective changes in financial position-cash basis and, where applicable, cash flows, thereof for the year then ended on the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 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 this matter.

Other Matters

Management has omitted all required supplementary information, such as management's discussion and analysis and budgetary comparison information 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2017 on our consideration of the Committee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 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 the Committee's internal control over financial reporting and compliance.

Klucik & Associates, P.C.

Shamokin, Pennsylvania
June 1, 2017

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE
STATEMENT OF NET POSITION
December 31, 2016

ASSETS

Cash and Cash Equivalents	<u>\$ 5,228</u>
Total Assets	<u><u>\$ 5,228</u></u>

NET POSITION

Unrestricted	<u>\$ 5,228</u>
Total Net Position	<u><u>\$ 5,228</u></u>

The accompanying notes are an integral part of these financial statements

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

OPERATING REVENUES	
Contributions	<u>\$ 1,946</u>
TOTAL OPERATING REVENUES	<u>1,946</u>
 OPERATING EXPENSES	
Accounting Fees	500
Advertising Expense	155
Insurance Expense	100
Lawyer Fees	320
Office Expense	<u>58</u>
TOTAL OPERATING EXPENDITURES	<u>1,133</u>
 OPERATING INCOME	<u>813</u>
 NONOPERATING REVENUES	
Interest Income	<u>51</u>
TOTAL NONOPERATING REVENUES	<u>51</u>
 CHANGE IN NET POSITION	<u>864</u>
 NET POSITION - BEGINNING OF YEAR	<u>4,364</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,228</u></u>

The accompanying notes are an integral part of these financial statements

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Background and Purpose

Background

The Northumberland County Tax Collection Committee (the “Committee”) is a government entity created and organized under Act 32 of 2008, 53 P.S. § 6924.501 et seq., which amended and restated the Local Tax Enabling Act (“LTEA”), 53 P.S. § 6901 et seq. Under Act 32, the Committee 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 Northumberland County Tax Collection District (the “TCD”).

The following school districts and municipalities are within the Tax Collection District. These school districts and municipalities are considered “taxing authorities.”

ANTHONY TOWNSHIP
CENTRALIA BOUROUGH
COAL TOWNSHIP
DELAWARE TOWNSHIP
EAST CAMERON TOWNSHIP
EAST CHILLISQUAQUE TOWNSHIP
GREGG TOWNSHIP
HERNDON BOUROUGH
JACKSON TOWNSHIP
JORDAN TOWNSHIP
KULPMONT BOUROUGH
LEWIS TOWNSHIP
LIMESTONE TOWNSHIP
LINE MOUNTAIN SCHOOL DISTRICT
LITTLE MAHANOEY TOWNSHIP
LOWER AUGUSTA TOWNSHIP
LOWER MAHANOEY TOWNSHIP
MARION HEIGHTS BOUROUGH
MCEWENSVILLE BOUROUGH
MILTON AREA SCHOOL DISTRICT
MILTON BOUROUGH
MOUNT CARMEL AREA SCHOOL
DISTRICT

MT CARMEL BOUROUGH
MT CARMEL TOWNSHIP
NORTHUMBERLAND BOUROUGH
POINT TOWNSHIP
ROCKEFELLER TOWNSHIP
SHAMOKIN AREA SCHOOL DISTRICT
SHAMOKIN CITY, SHAMOKIN TOWNSHIP
SHIKELLAMY SCHOOL DISTRICT
SNYDERTOWN BOUROUGH
SUNBURY CITY
TURBOT TOWNSHIP
TURBOTVILLE BOUROUGH
UPPER AUGUSTA TOWNSHIP
UPPER MAHANOEY TOWNSHIP
WARRIOR RUN SCHOOL DISTRICT
WASHINGTON TOWNSHIP
WATSONTOWN BOUROUGH
WEST CAMERON TOWNSHIP
WEST CHILLISQUAQUE TOWNSHIP
WHITE DEER TOWNSHIP
ZERBE TOWNSHIP

Purpose

The purpose of the Committee is to oversee collection and to appoint a tax collector to collect, within the TSD, earned income tax, local services tax, and other taxes. Act 32 requires the Committee to assume jurisdiction over earned income tax. Act 32 also allows the Committee to assume jurisdiction over other taxes. The Committee shall assume jurisdiction over local services tax levied by those taxing authorities that have signed and provided the documentation required by the Committee. The Committee may also in the future assume jurisdiction over other taxes.

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies

A. Reporting Entity

In evaluating the Committee as a reporting entity, management has addressed all potential component units which may or may not fall within the Committee's financial accountability. The basic but not the only criterion for a component unit is the governing body's ability to significantly influence operation, and accountability for fiscal matters. The other criterion used to evaluate component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Committee is able to exercise oversight responsibilities. Based upon the application of these criteria, the Northumberland County Tax Collection Committee is not a component unit of another reporting entity, nor does it have any component units.

B. Basis of Accounting

The Committee complies with the cash basis of accounting. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Governmental funds are funds through which most functions typically associated with government are financed and presented. The focus of governmental funds is on current financial resources, accounting for acquisition, use, and balances of financial resources and related current liabilities. Financial assets are segregated into governmental fund according to the purposes for which they may be used, and liabilities are segregated into governmental fund according to the purposes for which they may be used, and liabilities are segregated into the governmental fund from which they are to be paid, with the difference between the assets and liabilities being the fund balance.

The general fund is the Committee's primary operating fund and its major governmental fund. It accounts for all financial resources.

The governmental fund financial statement is presented using the cash basis of accounting. This basis recognizes assets, liabilities, revenues and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. As a result of the cash basis of accounting, certain assets and their related revenues, such as accounts receivable, and certain liabilities and their related expenditures, such as accounts payable, are not recorded in these financial statements.

C. Basis of Presentation

The statement of net position and the statement of activities display information about the Committee as a whole.

The financial statements are prepared using the cash basis of accounting. Revenues are recognized when they are received, and expenses are recognized when they are disbursed.

The Committee adheres to the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," and GASB Statement No. 38, "Certain Financial Statement Note Disclosures." Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net position

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE

Notes to the Financial Statements For the Year Ended December 31, 2016

and a statement of activities. It requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net Investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. It is comprised of assets, net of related liabilities that are required to be set aside by revenue bond covenants for operations, maintenance and renewal and replacements.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted." Administrative expenses are paid with the use of unrestricted resources.

D. Budgets

Budgets are adopted on a basis consistent with the cash basis of accounting. The proposed annual budget of the Committee for the next fiscal year shall be prepared by the Chairperson and distributed to delegates at least 10 days prior to the Board meeting at which the budget is expected to be presented for adoption. A special meeting may be called for advance discussion of the proposed budget. The budget will generally be presented for adoption at a regular Board meeting held in June. However, the budget may be presented for adoption at an earlier or later meeting. As set forth in Article I, Section 8, Board approval of the budget shall require the affirmative vote of a majority of all delegate votes present.

E. Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the Committee's principal ongoing operations. The principal operating revenues of the Committee are committee member allocations.

Operating expenses include mostly administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

F. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Committee's policy is to apply restricted net position first.

G. Use of Estimates in the Preparation of Financial Statements

Currently, there are no estimates used in the financial statements.

NORTHUMBERLAND COUNTY TAX COLLECTION COMMITTEE

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 – Deposits

The Committee considers cash and investments with a maturity of three months or less to be cash equivalents.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2016, the carrying amount of the Committee's deposits was \$5,228, and the bank balance was \$5,228. All of the bank balance was covered by federal depository insurance.

Note 4 – Subsequent Events

The Committee has evaluated all subsequent events through June 1, 2017 the date the financial statements were available to be issued.

**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***

Independent Auditor's Report

To the Delegates of the Board of
Northumberland County Tax Collection Committee

We have audited, 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, the financial statements of the Northumberland County Tax Collection Committee (the Committee) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Committee's basic financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Committee'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Committee'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 entity's financial statements 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the Committee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Klaciak & Associates, P.C.

Shamokin, Pennsylvania
June 1, 2017