

**EARNED INCOME TAX OFFICE
OF WARREN COUNTY
TAX COLLECTION FUND**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

EARNED INCOME TAX OFFICE OF WARREN COUNTY
Tax Collection Fund
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FELIX & GLOEKLER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2306 Peninsula Drive • Erie, Pennsylvania 16506

Independent Auditors' Report

Board of Directors
Warren County School District

We have audited the accompanying statements of assets and liabilities resulting from cash transactions of the Earned Income Tax Office of Warren County - Tax Collection Fund as of June 30, 2010 and 2009, and the related statements of cash receipts and disbursements for the years then ended. These financial statements are the responsibility of the Earned Income Tax Office's management. 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 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 evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Earned Income Tax Office of Warren County - Tax Collection Fund, as of June 30, 2010 and 2009, and its receipts and disbursements during the years then ended, on the basis of accounting described in Note 1.

Felix and Gloekler, P.C.

Felix and Gloekler, P.C.

September 19, 2011
Erie, Pennsylvania

EARNED INCOME TAX OFFICE OF WARREN COUNTY

Tax Collection Fund

Statements of Assets and Liabilities

(Arising From Cash Transactions)

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and Cash Equivalents		
Savings	\$ 12,521	\$ 12,491
Checking	1,195,503	1,026,289
Money Market certificate	<u>50,000</u>	<u>50,000</u>
Total Cash and Cash Equivalents	<u>1,258,024</u>	<u>1,088,780</u>
Total Assets	<u><u>\$ 1,258,024</u></u>	<u><u>\$ 1,088,780</u></u>
LIABILITIES		
Due to taxing districts	<u>\$ 1,258,024</u>	<u>\$ 1,088,780</u>
Total Liabilities	<u><u>\$ 1,258,024</u></u>	<u><u>\$ 1,088,780</u></u>

The accompanying notes are an integral part of these statements.

EARNED INCOME TAX OFFICE OF WARREN COUNTY

Tax Collection Fund

Statements of Cash Receipts and Disbursements

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Beginning cash and cash equivalents	\$ 1,088,780	\$ 1,133,909
Receipts		
Taxes received and/or allocated to taxing districts	9,079,819	9,327,681
Interest	<u>111</u>	<u>6,407</u>
Total Receipts	<u>9,079,930</u>	<u>9,334,088</u>
Total Receipts and Beginning Cash and Cash Equivalents	<u>10,168,710</u>	<u>10,467,997</u>
Disbursements		
Taxes disbursed to taxing districts	8,730,815	9,180,799
Refunds and adjustments	254,999	288,891
Accumulated interest	111	6,407
Net increase in unallocated taxes	<u>(75,239)</u>	<u>(96,880)</u>
Total Disbursements	<u>8,910,686</u>	<u>9,379,217</u>
Ending Cash and Cash Equivalents	<u>\$ 1,258,024</u>	<u>\$ 1,088,780</u>

The accompanying notes are an integral part of these statements.

EARNED INCOME TAX OFFICE OF WARREN COUNTY
Tax Collection Fund
Notes to Financial Statements
June 30, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Earned income Tax office of Warren County - Tax Collection Fund is an Agency Fund of the Warren County School District.

The Earned Income Tax Office of Warren County - Tax Collection Fund's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present results of operations in conformity with generally accepted accounting principles.

NOTE 2 - CASH INFORMATION

The Tax Collector maintains cash balances at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 at June 30, 2010 and 2009. Amounts in excess of federal insurance are collateralized in accordance with the Pennsylvania Deposits of Public Monies Act #72, by U.S. Government securities held by the financial institution, but not in the name of the tax collector.

As of June 30, 2010, the book value of all cash accounts was \$1,258,024 and the bank balance was \$1,991,778. The portion of the bank balance insured by the FDIC was \$250,000 and the remaining \$1,741,778 was collateralized as described above.

As of June 30, 2009, the book value of all cash accounts was \$1,088,780, and the bank balance was \$1,644,046. The portion of the bank balance insured by the FDIC was \$250,000 and the remaining \$1,394,046 was collateralized as described above.

The cash balances reported at June 30, 2010 and 2009 represent earned income taxes received but not yet remitted to the applicable taxing districts.

	<u>2010</u>
Collateralized amount	\$ 1,741,778
Plus: Insured amount	250,000
Less: Outstanding checks	<u>(733,754)</u>
Total cash per financial statements	<u>\$ 1,258,024</u>

NOTE 3 - DUE TO TAXING DISTRICTS

The following is a summary of amounts due to taxing districts by tax category at June 30, 2010 and 2009. Amounts shown in brackets "()" indicate over-advancements to those districts which will be adjusted from future remittances:

	<u>2010</u>	<u>2009</u>
Earned income		
Outside Districts	<u>\$ 602,479</u>	<u>\$ 508,475</u>
	<u>602,479</u>	<u>508,475</u>
Taxes Received, Not Allocated	<u>655,545</u>	<u>580,305</u>
Total Taxes	<u>1,258,024</u>	<u>1,088,780</u>
Accumulated Interest on Banking Accounts	<u>-</u>	<u>-</u>
Total Due to Taxing Districts	<u><u>\$ 1,258,024</u></u>	<u><u>\$ 1,088,780</u></u>

NOTE 4 - OPERATING EXPENSES

Operating expenses of the Fund are paid by the Warren County School District throughout the year. After completion of the audit of the financial statements, the various taxing districts are charged for these operating expenses on a formulated basis, less interest earned on unallocated funds during the year. The accompanying financial statements do not include the liability to the School District for payment of these expenses nor do they include the corresponding receivable from the appropriate taxing districts relative to these expenses.

NOTE 5 - SUBSEQUENT EVENTS

The organization has evaluated subsequent events through September 19, 2011, the date which the financial statements were available to be issued.



FELIX & GLOEKLER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2306 Peninsula Drive • Erie, Pennsylvania 16506

Independent Auditors' Report on Supplemental Information

Board of Directors
Warren County School District

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole of the Earned Income Tax Office of Warren County - Tax Collection Fund as of and for the years ended June 30, 2010 and 2009, which are presented in the preceding section of this report. The supplementary information as detailed on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Felix and Gloekler, P.C.

Felix and Gloekler, P.C.

September 19, 2011
Erie, Pennsylvania

EARNED INCOME TAX OFFICE OF WARREN COUNTY

Tax Collection Fund

Schedules of Receipts for Taxing District

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Taxes received and/or allocated to taxing districts		
Local services tax		
City of Warren	\$ 275,107	\$ 298,620
Warren County School District	103,443	101,100
Conewango	126,984	125,071
	<u>505,534</u>	<u>524,791</u>
Earned income tax		
Warren County School District	2,821,020	3,008,529
Bear Lake Borough	7,843	6,734
Clarendon Borough	28,986	28,500
Sugar Grove Borough	29,670	32,391
Tidioute Borough	32,898	35,046
City of Warren	2,889,942	3,013,956
Youngsville Borough	430,040	468,545
Brokenstraw Township	119,854	136,702
Cherry Grove Township	12,681	21,220
Conewango Township	350,553	374,940
Deerfield Township	22,505	25,062
Eldred Township	34,378	42,971
Elk Township	95,924	73,579
Farmington Township	78,950	81,937
Freehold Township	65,891	68,805
Glade Township	244,506	244,279
Mead Township	112,042	134,371
Pine Grove Township	250,177	246,330
Pittsfield Township	94,538	107,654
Pleasant Township	206,484	229,540
Sheffield Township	146,626	167,390
Sugar Grove Township	101,533	115,445
Triumph Township	17,122	17,657
Outside Districts	380,122	121,307
	<u>8,574,285</u>	<u>8,802,890</u>
	<u>\$ 9,079,819</u>	<u>\$ 9,327,681</u>

EARNED INCOME TAX OFFICE OF WARREN COUNTY

Tax Collection Fund

Schedules of Disbursements to Taxing District

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Taxes received and/or allocated to taxing districts		
Local services tax		
City of Warren	\$ 275,107	\$ 298,620
Warren County School District	88,499	88,964
Conewango	<u>126,984</u>	<u>125,071</u>
	<u>490,590</u>	<u>512,655</u>
Earned income tax		
Warren County School District	2,756,198	2,911,473
Bear Lake Borough	7,513	6,504
Clarendon Borough	27,965	27,653
Sugar Grove Borough	28,414	31,186
Tidioute Borough	31,790	34,132
City of Warren	2,794,988	2,918,310
Youngsville Borough	415,855	451,975
Brokenstraw Township	115,952	132,711
Cherry Grove Township	12,370	20,413
Conewango Township	340,115	364,513
Deerfield Township	21,764	24,286
Eldred Township	33,356	41,771
Elk Township	92,536	71,176
Farmington Township	76,278	79,231
Freehold Township	63,404	66,684
Glade Township	237,327	237,502
Mead Township	108,913	130,304
Pine Grove Township	241,511	238,405
Pittsfield Township	91,222	104,116
Pleasant Township	200,167	222,302
Sheffield Township	142,065	161,487
Sugar Grove Township	97,969	111,641
Triumph Township	16,435	17,053
Outside Districts	<u>286,118</u>	<u>263,316</u>
	<u>8,240,225</u>	<u>8,668,144</u>
	<u>\$ 8,730,815</u>	<u>\$ 9,180,799</u>