

**Nancy E. Heffner, Tax Collector  
for the Borough of Tipton**

**Financial Statement and  
Supplementary Information**

**December 31, 2016**



**Nancy E. Heffner, Tax Collector for the Borough of Tipton**

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## **Independent Auditor's Report**

To the Honorable Mayor and Members of Council  
Borough of Tipton  
Tipton, Pennsylvania

### **Report on the Financial Statement**

We have audited the accompanying statement of cash receipts and disbursements of Nancy E. Heffner, Tax Collector for the Borough of Tipton, for the year ended December 31, 2016, and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting as described in Note 2. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

## **Opinion**

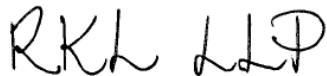
In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts and disbursements of Nancy E. Heffner, Tax Collector for the Borough of Tipton for the year ended December 31, 2016 in accordance with the cash basis of accounting described in Note 2.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statement for the year ended December 31, 2016. The supplementary information presented in the table of contents under the heading Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement, or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement on the basis of accounting described in Note 2.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statement which describes the basis of accounting. The financial statement is 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.

Handwritten signature in black ink that reads "RKL LLP". The letters are cursive and somewhat stylized.

July 18, 2017  
Wyomissing, Pennsylvania

**Nancy E. Heffner, Tax Collector for the Borough of Topton**

Statement of Cash Receipts and Disbursements

Year Ended December 31, 2016

	<u>Real Estate Taxes</u>	<u>Per Capita Taxes</u>	<u>Total</u>
<b>Undistributed Receipts, Beginning</b>	<u>\$ 2,955</u>	<u>\$ 165</u>	<u>\$ 3,120</u>
<b>Receipts</b>			
2015 levy	-	150	150
2016 levy	439,576	4,929	444,505
Penalties	750	43	793
	<u>440,326</u>	<u>5,122</u>	<u>445,448</u>
<b>Total Available</b>	<u>443,281</u>	<u>5,287</u>	<u>448,568</u>
<b>Disbursements</b>			
2015 levy	2,686	300	2,986
2016 levy	437,764	4,729	442,493
Penalties	838	38	876
	<u>441,288</u>	<u>5,067</u>	<u>446,355</u>
<b>Undistributed Receipts, Ending</b>	<u>\$ 1,993</u>	<u>\$ 220</u>	<u>\$ 2,213</u>

## **Nancy E. Heffner, Tax Collector for the Borough of Topton**

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Notes to Financial Statement

December 31, 2016

### **Note 1 - Nature of Activity**

Nancy E. Heffner, Tax Collector for the Borough of Topton (the Tax Collector) collects all taxes levied by the Borough of Topton (the Borough) in accordance with the provisions of the Local Tax Collection Law, Act of 1945, P. L. 1050, No. 394, as amended.

### **Note 2 - Summary of Significant Accounting Policies**

The accompanying financial statement conforms to the cash basis method of accounting. The following is a summary of the more significant accounting policies used by the Tax Collector.

#### **The Financial Reporting Entity**

Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statement from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statement incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. There are no agencies or entities which should be presented with the Tax Collector.

County and school district taxes are not a part of this financial statement. The financial statement includes only the receipts and disbursements for real estate taxes, interims, and changes, and per capita taxes and changes levied by the Borough.

#### **Description of Fund Accounting and Funds**

The ongoing activities of the Tax Collector utilize the Agency Fund, which is a fiduciary fund type. Agency funds are used to account for assets held on behalf of outside parties, including other governments.

#### **Basis of Accounting**

The Tax Collector's accounts are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, tax receivables and payables, which may be material in amount, are not reflected in the accompanying financial statement, which is not intended to present the financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America.

## **Nancy E. Heffner, Tax Collector for the Borough of Topton**

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Notes to Financial Statement

December 31, 2016

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Cash Receipts and Disbursements Policy Disclosures**

##### **Real Estate Taxes**

Real estate taxes are recognized on the cash basis. Real estate taxes attach an enforceable lien on property when levied on March 1. A discount of two percent is applied to payments made prior to April 30. A penalty of ten percent is added to the face amount of taxes paid after June 30. The County of Berks Tax Claim Bureau collects delinquent real estate taxes on behalf of itself and other taxing authorities. Return of unpaid real estate taxes to the County of Berks Tax Claim Bureau is made by January 15 of the subsequent year.

Interim tax duplicates are issued on a quarterly basis. Tax changes are billed on a monthly basis. The taxpayer is given two months from the date the duplicate is issued to pay the discount amount. The face period expires within the next two months, after which time the item must be paid at the penalty amount. For 2016, all unpaid interims and unpaid tax changes will be delinquent on September 30, 2017.

##### **Per Capita Taxes**

Per capita taxes are recognized on the cash basis.

##### **Tax Distributions**

All tax distributions are recognized when paid.

### **Note 3 - Subsequent Events**

The Tax Collector has evaluated subsequent events through July 18, 2017. This date is the date the financial statement was available to be issued. No material events subsequent to December 31, 2016 were noted.

**Nancy E. Heffner, Tax Collector for the Borough of Topton**

2016 Real Estate Tax Collections at Levied Amount

Year Ended December 31, 2016

	<u>Duplicate</u>	<u>Interims</u>	<u>Total</u>
<b>Real Estate Taxes Levied</b>			
Duplicate	\$ 458,133	\$ -	\$ 458,133
Interims	-	-	-
Increases/additions	-	-	-
Reductions/exonerations	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Due</b>	<b>458,133</b>	<b>-</b>	<b>458,133</b>
	<hr/>	<hr/>	<hr/>
<b>Real Estate Taxes Collected at Levied Amount</b>			
Face, net of discounts and penalties	440,326	-	440,326
Discounts	8,258	-	8,258
Penalties	(750)	-	(750)
	<hr/>	<hr/>	<hr/>
<b>Total Collected at Levied Amount</b>	<b>447,834</b>	<b>-</b>	<b>447,834</b>
	<hr/>	<hr/>	<hr/>
<b>Balance Not Collected</b>	<b>\$ 10,299</b>	<b>\$ -</b>	<b>\$ 10,299</b>
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**Nancy E. Heffner, Tax Collector for the Borough of Tipton**

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2016 Per Capita Tax Collections at Levied Amount

Year Ended December 31, 2016

**Per Capita Taxes Levied**

Duplicate	\$	6,270
Increases/additions		-
Reductions/exonerations		<u>(255)</u>

**Total Due** 6,015

**Per Capita Taxes Collected at Levied Amount**

Face, net of discounts and penalties		4,957
Discounts		81
Penalties		<u>(28)</u>

**Total Collected at Levied Amount** 5,010

**Balance Not Collected** \$ 1,005