

BERWICK AREA SCHOOL DISTRICT

LOCAL TAX COLLECTORS' SETTLEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016
&
INDEPENDENT AUDITOR'S REPORT

BREWER & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS
BLOOMSBURG, PENNSYLVANIA 17815

TABLE OF CONTENTS

| | |
|----------------------------------|----|
| INDEPENDENT AUDITOR'S REPORT | 2 |
| SCHEDULES OF SETTLEMENT: | |
| BERWICK BOROUGH | 4 |
| BRIAR CREEK BOROUGH | 5 |
| BRIAR CREEK TOWNSHIP | 6 |
| HOLLENBACK TOWNSHIP | 7 |
| NESCOPECK BOROUGH | 8 |
| NESCOPECK TOWNSHIP | 9 |
| SALEM TOWNSHIP | 10 |
| NOTES TO SCHEDULES OF SETTLEMENT | 11 |

BREWER & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

420 WEST 5TH STREET • BLOOMSBURG, PA 17815

TELEPHONE (570) 784-1111
FACSIMILE (570) 784-1114

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Berwick Area School District
Berwick, Pennsylvania

We have audited the accompanying Schedule of Settlement of Real Estate Taxes levied in the year ended December 31, 2016 for each of the local tax collectors of Berwick Area School District as listed in the accompanying table of contents as of January 15, 2017, and the related notes.

Management's Responsibility for the Schedules of Settlement

Management is responsible for the preparation and fair presentation of these schedules in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania's Local Tax Collection Law (P.L. 1050, No. 394); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of these schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules of Settlement 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 schedules are free from material misstatement.

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

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 schedules referred to above present fairly, in all material respects, the Schedules of Settlement of Real Estate Taxes levied in the year ended December 31, 2016 for each of the local tax collectors of Berwick Area School District listed in the accompanying table of contents as of January 15, 2017, in accordance with the financial reporting provisions of the statute referred to above.

Basis of Accounting

We draw attention to Note 1 to the schedules, which describes the basis of accounting. The Schedules of Settlement are prepared on the basis of the financial reporting provisions of the Commonwealth of Pennsylvania's Local Tax Collection Law (P.L. 1050, No. 394), 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.

Restriction on Use

This report is intended solely for the information and use of the Members of the Board and management of Berwick Area School District and their local tax collectors and is not intended to be and should not be used by anyone other than these specified parties.

Brewer & Company, LLC

Bloomsburg, Pennsylvania
October 27, 2017

BERWICK AREA SCHOOL DISTRICT

SCHEDULE OF SETTLEMENT OF REAL ESTATE TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016
AS OF JANUARY 15, 2017

MUNICIPALITY: BERWICK BOROUGH
TAX COLLECTOR: CONNIE GINGHER

| | <u>TAXES LEVIED JULY 1, 2016</u> | <u>INTERIM REAL ESTATE</u> | <u>TOTAL</u> |
|---|--------------------------------------|--------------------------------|---------------------|
| | <u>REAL ESTATE</u> | <u>REAL ESTATE</u> | <u>TOTAL</u> |
| RECONCILIATION OF DUPLICATES: | | | |
| Face amount of taxes on tax duplicates delivered to tax collector | \$ 5,108,802 | \$ 17,479 | \$ 5,126,281 |
| Changes to duplicates: | | | |
| Additions | - | - | - |
| Exonerations / Changes | <u>(820)</u> | <u>-</u> | <u>(820)</u> |
| Tax for tax collector to collect | 5,107,982 | 17,479 | 5,125,461 |
| Taxes collected and unaccounted for | 10 | - | 10 |
| Face amount of taxes collected | <u>4,671,833</u> | <u>17,069</u> | <u>4,688,902</u> |
| Face amount to delinquent collection | <u>\$ 436,139</u> | <u>\$ 410</u> | <u>\$ 436,549</u> |
| RECONCILIATION TO CASH REMITTED TO SCHOOL DISTRICT: | | | |
| Face amount of taxes collected | \$ 4,671,833 | \$ 17,069 | \$ 4,688,902 |
| Less discounts taken | (79,397) | (250) | (79,647) |
| Add penalties assessed | <u>19,912</u> | <u>25</u> | <u>19,937</u> |
| Cash remitted to School District | <u>\$ 4,612,348</u> | <u>\$ 16,844</u> | <u>\$ 4,629,192</u> |

The accompanying notes are an integral part of these schedules.

BERWICK AREA SCHOOL DISTRICT

SCHEDULE OF SETTLEMENT OF REAL ESTATE TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016
AS OF JANUARY 15, 2017

MUNICIPALITY: BRIAR CREEK BOROUGH
TAX COLLECTOR: JOAN ROTHERY

| | <u>TAXES LEVIED JULY 1, 2016</u> | <u>INTERIM REAL ESTATE</u> | <u>TOTAL</u> |
|---|--------------------------------------|--------------------------------|-------------------|
| | <u>REAL ESTATE</u> | <u>REAL ESTATE</u> | <u>TOTAL</u> |
| RECONCILIATION OF DUPLICATES: | | | |
| Face amount of taxes on tax duplicates delivered to tax collector | \$ 975,778 | \$ - | \$ 975,778 |
| Changes to duplicates: | | | |
| Additions | - | - | - |
| Exonerations / Changes | - | - | - |
| Tax for tax collector to collect | 975,778 | - | 975,778 |
| Face amount of taxes collected | <u>945,049</u> | <u>-</u> | <u>945,049</u> |
| Face amount to delinquent collection | <u>\$ 30,729</u> | <u>\$ -</u> | <u>\$ 30,729</u> |
| RECONCILIATION TO CASH REMITTED TO SCHOOL DISTRICT: | | | |
| Face amount of taxes collected | \$ 945,049 | \$ - | \$ 945,049 |
| Less discounts taken | (17,706) | - | (17,706) |
| Add penalties assessed | <u>1,183</u> | <u>-</u> | <u>1,183</u> |
| Cash remitted to School District | <u>\$ 928,526</u> | <u>\$ -</u> | <u>\$ 928,526</u> |

The accompanying notes are an integral part of these schedules.

BERWICK AREA SCHOOL DISTRICT

SCHEDULE OF SETTLEMENT OF REAL ESTATE TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016
AS OF JANUARY 15, 2017

MUNICIPALITY: BRIAR CREEK TOWNSHIP
TAX COLLECTOR: JOAN ROTHERY

| | <u>TAXES LEVIED JULY 1, 2016</u> | <u>INTERIM REAL ESTATE</u> | <u>TOTAL</u> |
|---|--------------------------------------|--------------------------------|---------------------|
| | <u>REAL ESTATE</u> | <u>REAL ESTATE</u> | <u>TOTAL</u> |
| RECONCILIATION OF DUPLICATES: | | | |
| Face amount of taxes on tax duplicates delivered to tax collector | \$ 2,154,059 | \$ 3,294 | \$ 2,157,353 |
| Changes to duplicates: | | | |
| Additions | - | - | - |
| Exonerations / Changes | <u>(1,758)</u> | <u>-</u> | <u>(1,758)</u> |
| Tax for tax collector to collect | 2,152,301 | 3,294 | 2,155,595 |
| Face amount of taxes collected | <u>2,039,315</u> | <u>3,247</u> | <u>2,042,562</u> |
| Face amount to delinquent collection | <u>\$ 112,986</u> | <u>\$ 47</u> | <u>\$ 113,033</u> |
| RECONCILIATION TO CASH REMITTED TO SCHOOL DISTRICT: | | | |
| Face amount of taxes collected | \$ 2,039,315 | \$ 3,247 | \$ 2,042,562 |
| Less discounts taken | (33,398) | (34) | (33,432) |
| Add penalties assessed | <u>8,180</u> | <u>-</u> | <u>8,180</u> |
| Cash remitted to School District | <u>\$ 2,014,097</u> | <u>\$ 3,213</u> | <u>\$ 2,017,310</u> |

The accompanying notes are an integral part of these schedules.

BERWICK AREA SCHOOL DISTRICT

SCHEDULE OF SETTLEMENT OF REAL ESTATE TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016
AS OF JANUARY 15, 2017

MUNICIPALITY: HOLLENBACK TOWNSHIP
TAX COLLECTOR: JULIE HART

| | <u>TAXES LEVIED JULY 1, 2016</u> | <u>INTERIM REAL ESTATE</u> | <u>TOTAL</u> |
|---|--------------------------------------|--------------------------------|-------------------|
| | <u>REAL ESTATE</u> | <u>REAL ESTATE</u> | <u>TOTAL</u> |
| RECONCILIATION OF DUPLICATES: | | | |
| Face amount of taxes on tax duplicates delivered to tax collector | \$ 768,016 | \$ 1,178 | \$ 769,194 |
| Changes to duplicates: | | | |
| Additions | - | - | - |
| Exonerations / Changes | <u>(1,255)</u> | <u>-</u> | <u>(1,255)</u> |
| Tax for tax collector to collect | 766,761 | 1,178 | 767,939 |
| Face amount of taxes collected | <u>727,443</u> | <u>1,178</u> | <u>728,621</u> |
| Face amount to delinquent collection | <u>\$ 39,318</u> | <u>\$ -</u> | <u>\$ 39,318</u> |
| RECONCILIATION TO CASH REMITTED TO SCHOOL DISTRICT: | | | |
| Face amount of taxes collected | \$ 727,443 | \$ 1,178 | \$ 728,621 |
| Less discounts taken | (12,113) | - | (12,113) |
| Add penalties assessed | <u>2,848</u> | <u>118</u> | <u>2,966</u> |
| Cash remitted to School District | <u>\$ 718,178</u> | <u>\$ 1,296</u> | <u>\$ 719,474</u> |

The accompanying notes are an integral part of these schedules.

BERWICK AREA SCHOOL DISTRICT

SCHEDULE OF SETTLEMENT OF REAL ESTATE TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016
AS OF JANUARY 15, 2017

MUNICIPALITY: NESCOPECK BOROUGH
TAX COLLECTOR: DONNA SHOEMAKER

| | <u>TAXES LEVIED JULY 1, 2016</u> | <u>INTERIM REAL ESTATE</u> | <u>TOTAL</u> |
|---|--------------------------------------|--------------------------------|-------------------|
| | <u>REAL ESTATE</u> | <u>REAL ESTATE</u> | <u>TOTAL</u> |
| RECONCILIATION OF DUPLICATES: | | | |
| Face amount of taxes on tax duplicates delivered to tax collector | \$ 620,876 | \$ 187 | \$ 621,063 |
| Changes to duplicates: | | | |
| Additions | - | - | - |
| Exonerations / Changes | - | - | - |
| Tax for tax collector to collect | 620,876 | 187 | 621,063 |
| Face amount of taxes collected | <u>575,912</u> | <u>187</u> | <u>576,099</u> |
| Face amount to delinquent collection | <u>\$ 44,964</u> | <u>\$ -</u> | <u>\$ 44,964</u> |
| RECONCILIATION TO CASH REMITTED TO SCHOOL DISTRICT: | | | |
| Face amount of taxes collected | \$ 575,912 | \$ 187 | \$ 576,099 |
| Less discounts taken | (9,202) | (4) | (9,206) |
| Add penalties assessed | <u>3,446</u> | <u>-</u> | <u>3,446</u> |
| Cash remitted to School District | <u>\$ 570,156</u> | <u>\$ 183</u> | <u>\$ 570,339</u> |

The accompanying notes are an integral part of these schedules.

BERWICK AREA SCHOOL DISTRICT

SCHEDULE OF SETTLEMENT OF REAL ESTATE TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016
AS OF JANUARY 15, 2017

MUNICIPALITY: NESCOPECK TOWNSHIP
TAX COLLECTOR: LORRAINE KISHBAUGH

| | <u>TAXES LEVIED JULY 1, 2016</u> | <u>INTERIM REAL ESTATE</u> | <u>TOTAL</u> |
|---|--------------------------------------|--------------------------------|-------------------|
| | <u>REAL ESTATE</u> | <u>REAL ESTATE</u> | |
| RECONCILIATION OF DUPLICATES: | | | |
| Face amount of taxes on tax duplicates delivered to tax collector | \$ 841,474 | \$ 3,810 | \$ 845,284 |
| Changes to duplicates: | | | |
| Additions | - | - | - |
| Exonerations / Changes | - | - | - |
| Tax for tax collector to collect | 841,474 | 3,810 | 845,284 |
| Face amount of taxes collected | <u>776,853</u> | <u>3,636</u> | <u>780,489</u> |
| Face amount to delinquent collection | <u>\$ 64,621</u> | <u>\$ 174</u> | <u>\$ 64,795</u> |
| RECONCILIATION TO CASH REMITTED TO SCHOOL DISTRICT: | | | |
| Face amount of taxes collected | \$ 776,853 | \$ 3,636 | \$ 780,489 |
| Less discounts taken | (11,822) | (24) | (11,846) |
| Add penalties assessed | <u>2,935</u> | <u>-</u> | <u>2,935</u> |
| Cash remitted to School District | <u>\$ 767,966</u> | <u>\$ 3,612</u> | <u>\$ 771,578</u> |

The accompanying notes are an integral part of these schedules.

BERWICK AREA SCHOOL DISTRICT

SCHEDULE OF SETTLEMENT OF REAL ESTATE TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016
AS OF JANUARY 15, 2017

MUNICIPALITY: SALEM TOWNSHIP
TAX COLLECTOR: TINA GRAY

| | <u>TAXES LEVIED JULY 1, 2016</u> | <u>INTERIM REAL ESTATE</u> | <u>TOTAL</u> |
|---|--------------------------------------|--------------------------------|---------------------|
| | <u>REAL ESTATE</u> | <u>REAL ESTATE</u> | <u>TOTAL</u> |
| RECONCILIATION OF DUPLICATES: | | | |
| Face amount of taxes on tax duplicates delivered to tax collector | \$ 5,699,461 | \$ 16,854 | \$ 5,716,315 |
| Changes to duplicates: | | | |
| Additions | - | - | - |
| Exonerations / Changes | <u>(11,260)</u> | <u>-</u> | <u>(11,260)</u> |
| Tax for tax collector to collect | 5,688,201 | 16,854 | 5,705,055 |
| Face amount of taxes collected | <u>5,495,771</u> | <u>11,581</u> | <u>5,507,352</u> |
| Face amount to delinquent collection | <u>\$ 192,430</u> | <u>\$ 5,273</u> | <u>\$ 197,703</u> |
| RECONCILIATION TO CASH REMITTED TO SCHOOL DISTRICT: | | | |
| Face amount of taxes collected | \$ 5,495,771 | \$ 11,581 | \$ 5,507,352 |
| Less discounts taken | (100,072) | (182) | (100,254) |
| Add penalties assessed | <u>16,972</u> | <u>-</u> | <u>16,972</u> |
| Cash remitted to School District | <u>\$ 5,412,671</u> | <u>\$ 11,399</u> | <u>\$ 5,424,070</u> |

The accompanying notes are an integral part of these schedules.

BERWICK AREA SCHOOL DISTRICT

NOTES TO SCHEDULES OF SETTLEMENT OF REAL ESTATE TAXES

1. SUMMARY OF TAX COLLECTION PROCESS AND SIGNIFICANT ACCOUNTING POLICIES

TAX COLLECTION PROCESS

Each of the elected local tax collectors of Berwick Area School District (the "School District") collects Real Estate taxes levied by the School District based upon valuations provided by Columbia County or Luzerne County, as applicable. The calendar for taxes levied is as follows:

| | |
|-----------------------------|--------------------|
| July 1 | Original Levy Date |
| July 1 – August 31 | 2% Discount |
| September 1 – October 31 | Face Period |
| November 1 – December 31 | 10% Penalty |
| January 1 (subsequent year) | Lien Date |

Tax duplicates and copies of the tax bills are delivered to each of the School District's elected local tax collectors. A third-party printing company is responsible for mailing the original tax bills to taxpayers. The tax collectors are responsible for collection of the July 1 levy from July 1 through December 31.

On at least a monthly basis, each of the tax collectors remits taxes collected to the School District and reconciles such collections to the duplicates remaining uncollected. The School District business office reviews each of the elected local tax collectors' reports and reconciles each report to the cash remitted to the School District.

The elected local tax collectors "settle" with the School District by January 15 of the subsequent year. Taxes not collected by the elected local tax collectors are turned over to the School District's delinquent tax collectors, thereby ending the elected local tax collectors' responsibility for collection.

INTERIM REAL ESTATE TAXES

Columbia County provides the School District assessed valuations for new properties and improvements that occurred subsequent to July 1 of the tax year. The School District issues "interim" real estate tax bills usually in March on such properties based upon the portion of the School District's tax year (July 1 to June 30) that the new property or improvement was occupied.

Luzerne County provides the School District with notices of assessed valuation changes for new or existing properties that occurred subsequent to July 1 of the tax year. Twice a year, usually in September and May, Luzerne County will issue the "interim" real estate tax bills on such properties based upon the portion of the School District's tax year (July 1 to June 30) that the assessment change was in effect.

The "interim" real estate taxes are subject to a 2% discount if paid within two months of the original levy date. The taxes are subject to a 10% penalty if paid four months after the original levy date up until December 31.

BERWICK AREA SCHOOL DISTRICT
NOTES TO SCHEDULES OF SETTLEMENT

The tax collectors remit the interim real estate taxes on a monthly basis and turn the uncollected interim taxes over to the School District's delinquent tax collector consistent with the process used on the annual taxes.

REPORT CONTENTS

The accompanying schedules of settlement of real estate taxes represent the reconciliation of the tax duplicates delivered to each of the School District's elected tax collectors for collection on behalf of the School District to the amounts remitted to and recorded as current revenue by the School District and taxes turned over to the School District's delinquent tax collectors. Such settlements represent the final accounts for each of the elected tax collectors as of January 15, 2017 for the settlement of taxes for the calendar year 2016 as required by the Pennsylvania Local Tax Collection Law (P.L. 1050, No. 394).

The Pennsylvania Local Tax Collection Law (P.L. 1050, No. 394) requires, in part, each local tax collector to remit taxes collected monthly and to reconcile such amounts to the amount of taxes remaining to be collected. Additionally, by January fifteenth each local tax collector is required to make a complete settlement with the School District of all taxes for the prior calendar year. The law also requires that each tax collector's final accounts and records as well as monthly returns and payments be audited annually.

BASIS OF ACCOUNTING

Tax collections remitted to the School District on the accompanying schedules are recognized at the time received by the School District.