

**DAUPHIN COUNTY TAX  
COLLECTION COMMITTEE**

**TAX OFFICER,  
KEYSTONE COLLECTIONS GROUP**

**FINANCIAL REPORT**

**DECEMBER 31, 2019**

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## **INDEPENDENT AUDITOR'S REPORT**

Committee Members  
Dauphin County Tax Collection Committee  
Harrisburg, Pennsylvania

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

We have audited the accompanying financial statement of Dauphin County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, which comprise the statement of cash receipts, cash disbursements and cash balances as of December 31, 2019, and for the year then ended, and the related notes to the financial statement.

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

Dauphin County TCC's Tax Officer, Keystone Collections Group's management is responsible for the preparation and fair presentation of the financial statement in accordance with the TCC's accounting policies consistently applied and in conformity with the cash basis of accounting and Pennsylvania Act 32 of 2008. This includes 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 this financial statement 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 above referenced financial statement is free of 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the statement of cash receipts, cash disbursements and cash balances referred to above presents fairly, in all material respects, the cash receipts and cash disbursements of Dauphin County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group for the year ended December 31, 2019, and its cash balance as of December 31, 2019, on the cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw your attention to Note 1 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 that matter.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statement that comprises the Dauphin County TCC's Tax Officer, Keystone Collections Group's basic financial statement. The accompanying Schedules of Supplementary Information, as required by Pennsylvania Act 32 of 2008, are presented for the purpose of additional analysis and are not a required part of the above referenced financial statement of Dauphin County TCC's Tax Officer, Keystone Collections Group.

Such information is the responsibility of Dauphin County TCC's Tax Officer, Keystone Collections Group's management and was derived from and relates directly to the underlying accounting and other records used to prepare the above referenced financial statement. The information has been subjected to the auditing procedures applied in the audit of the above referenced financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the above referenced 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, such information is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, on our consideration of Dauphin County TCC's Tax Officer, Keystone Collections Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the 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 Dauphin County TCC's Tax Officer, Keystone Collections Group's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is positioned in the lower right quadrant of the page.

Camp Hill, Pennsylvania  
June 24, 2020

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CASH BALANCES  
Year Ended December 31, 2019**

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**COLLECTIONS AND RECEIPTS**

Resident EIT Received from Employers/Taxpayers within TCD	\$ 82,570,667
Resident EIT Received from Other TCDs	30,580,700
Non-Resident EIT Received for PSD within the TCD	1,810,912
Non-Resident EIT Received for Other TCDs	70,918,981
Delinquent Earned Income Taxes	1,818,063
Costs Recovered by the Tax Officer	323,830
Unidentified Collections	77

<b>TOTAL COLLECTIONS AND RECEIPTS</b>	<u>188,023,230</u>
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**DISTRIBUTIONS AND DISBURSEMENTS**

EIT Distributions to TCD Members	
Central Dauphin School District	41,052,755
Derry Township School District	5,051,406
Halifax Area School District	915,558
Harrisburg City School District	4,104,824
Lower Dauphin School District	4,227,992
Middletown Area School District	5,403,411
Millersburg Area School District	718,897
Steelton-Highspire School District	732,992
Susquehanna Township School District	3,784,955
Upper Dauphin Area School District	934,205
Williams Valley School District	684,007
Berrysburg Borough	37,374
Dauphin Borough	107,499
Elizabethville Borough	135,591
Gratz Borough	71,841
Halifax Borough	71,721
Highspire Borough	255,295
Hummelstown Borough	649,649
Lykens Borough	158,333
Middletown Borough	872,386
Millersburg Borough	240,110

(Continued)

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CASH BALANCES (Continued)  
Year Ended December 31, 2019**

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**DISTRIBUTIONS AND DISBURSEMENTS (Continued)**

EIT Distributions to TCD Members (Continued)	
Paxtang Borough	206,379
Penbrook Borough	292,148
Pillow Borough	31,695
Royalton Borough	137,402
Steelton Borough	486,065
Tower City Borough	127,623
Williamstown Borough	104,865
Conewago Township	545,920
Derry Township	5,620,445
East Hanover Township	912,398
Halifax Township	409,912
Harrisburg City	12,755,076
Jackson Township	242,241
Jefferson Township	39,675
Londonderry Township	658,921
Lower Paxton Township	7,843,371
Lower Swatara Township	1,298,622
Lykens Township	148,897
Middle Paxton Township	769,583
Mifflin Township	90,132
Porter Township	224,954
Rush Township	30,663
South Hanover Township	1,501,351
Susquehanna Township	3,946,754
Swatara Township	3,126,309
Upper Paxton Township	476,529
Washington Township	236,009
Wayne Township	192,063
West Hanover Township	1,675,710
Wiconisco Township	96,287
Williams Township	100,066
Total EIT Distributions to TCD Members	<u>114,538,866</u>

(Continued)

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CASH BALANCES (Continued)  
Year Ended December 31, 2019**

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**DISTRIBUTIONS AND DISBURSEMENTS (Continued)**

EIT Distributions to Other TCDs (Note 3)	70,918,981
Taxpayer Refunds - Current	1,248,076
Taxpayer Refunds - Delinquent	17,027
Tax Officer Commissions	1,569,050
Costs Retained by Tax Officer	323,830
TCD Operational Fees	
Postage	<u>50,076</u>
<b>TOTAL DISTRIBUTIONS AND DISBURSEMENTS</b>	<b><u>188,665,906</u></b>
Less: Unidentified Collections	77
<b>COLLECTIONS AND RECEIPTS OVER DISTRIBUTIONS AND DISBURSEMENTS AND UNIDENTIFIED COLLECTIONS</b>	<b>(642,753)</b>
Cash Balance - January 1, 2019	<u>1,298,558</u>
Cash Balance - December 31, 2019	<u><u>\$ 655,805</u></u>

See Notes to Financial Statement.

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 1. Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities: Dauphin County TCC is the Tax Collection Committee representing all taxing jurisdictions within the Dauphin County Tax Collection District, as defined by Pennsylvania Act 32 of 2008. The Committee is comprised of representatives from each taxing jurisdiction. Except for the appointment of a tax officer, all actions by the Committee shall be by majority vote of those delegates present, provided a quorum is present at the time of the voting. In counting delegate votes, each delegate shall have one equally weighted vote for each taxing authority the delegate represents. The Committee is responsible for overseeing the collection and distribution of earned income and net profit taxes within the Tax Collection District.

Members of the Tax Collection District are comprised of all school districts and municipalities within the geographic boundaries of the TCD. Non-members are entities not included within the geographic boundaries of the TCD.

Dauphin County TCC has contracted with Keystone Collections Group to collect and distribute the earned income and net profit taxes within the Dauphin County Tax Collection District. Pennsylvania Act 32 of 2008 requires an audit of the receipts and disbursements of these taxes by an independent certified public accountant. This report is intended to meet that requirement.

Summary of Significant Accounting Policies: Dauphin County TCC's Tax Officer, Keystone Collections Group, maintains financial records related to the Earned Income Tax transactions on the cash basis of accounting which recognizes collections and other receipts when received and disbursements when paid. The accompanying financial statement is prepared in conformity with the cash basis of accounting. Therefore, the statement is not intended to present the financial position or results of operations of Dauphin County TCC's Tax Officer, Keystone Collections Group in conformity with accounting principles generally accepted in the United States of America.

Subsequent Events: In preparing this financial statement, the Dauphin County TCC's Tax Officer, Keystone Collections Group has evaluated events and transactions for potential recognition and disclosure through June 24, 2020, the date the financial statement was available to be issued. See Note 6.

**Note 2. Cash Balance and Concentration of Credit Risk**

The Tax Officer maintains an interest-bearing escrow account that is insured to the maximum by the U.S. Federal Deposit Insurance Corporation ("FDIC"). Amounts over the FDIC insured limit are collateralized dollar for dollar by the bank as required by the Commonwealth of Pennsylvania Act 72 of 1971 to protect public funds.



**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 2. Cash Balance and Concentration of Credit Risk (Continued)**

Deposits of governmental entities in excess of Federal Depository Insurance limits are required to be secured by pledged collateral either on a pooled or separate basis. These may be bonds of the United States, any State or Commonwealth of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania. The Federal Reserve Bank does not consider earned income tax officers such as Keystone Collections Group to be governmental entities; rather it considers the tax officer to be a collection agency. The accounts are held in trust for the TCC political subdivisions under State law, and therefore constitute public funds. These uninsured deposits of \$655,805 are collateralized under Act 72 of 1971, with securities held by the pledging financial institution, or its trust department or agent, in the name of the TCC's designated Tax Officer.

The cash balance consists of collections held, in escrow, pending receipt of monthly, quarterly or annual reports identifying amounts due to the appropriate member of Dauphin County TCC or other Tax Collection Districts. The cash balance at December 31, 2019, for members of the Dauphin County TCC, totaled \$655,805. The following are the entities for which money was held at December 31, 2019, and the amount held for each of those entities.

Members of Dauphin County TCD	Amount
Central Dauphin School District	\$ 213,575
Derry Township School District	27,970
Halifax Area School District	5,705
Harrisburg City School District	27,823
Lower Dauphin School District	25,038
Middletown Area School District	31,310
Millersburg Area School District	4,234
Steelton-Highspire School District	5,207
Susquehanna Township School District	20,815
Upper Dauphin Area School District	6,849
Williams Valley School District	5,210
Berrysburg Borough	632
Dauphin Borough	1,151
Elizabethville Borough	1,233
Gratz Borough	1,012
Halifax Borough	638
Highspire Borough	2,005
Hummelstown Borough	4,639
Lykens Borough	1,277
Middletown Borough	6,558

(Continued)

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 2. Cash Balance and Concentration of Credit Risk (Continued)**

Members of Dauphin County TCD (Continued)	Amount
Millersburg Borough	2,093
Paxtang Borough	1,901
Penbrook Borough	2,120
Pillow Borough	380
Royalton Borough	1,452
Steelton Borough	3,618
Tower City Borough	1,475
Williamstown Borough	768
Conewago Township	4,276
Derry Township	28,775
East Hanover Township	4,768
Halifax Township	2,216
Harrisburg City	81,793
Jackson Township	1,971
Jefferson Township	340
Londonderry Township	4,856
Lower Paxton Township	40,520
Lower Swatara Township	6,715
Lykens Township	1,247
Middle Paxton Township	4,226
Mifflin Township	818
Porter Township	2,151
Rush Township	481
South Hanover Township	8,832
Susquehanna Township	21,056
Swatara Township	17,466
Upper Paxton Township	2,714
Washington Township	1,813
Wayne Township	1,684
West Hanover Township	8,561
Wiconisco Township	839
Williams Township	999
	\$ 655,805

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 3. Disbursements to Non-Members of Dauphin County TCD**

The following details the distributions to non-member TCDs as presented in the Statement of Cash Receipts, Cash Disbursements and Cash Balances:

<u>EIT Distributions to Other TCDs</u>	<u>Amount</u>
Adams	\$ 1,071,863
Armstrong	15,160
Beaver	31,053
Bedford	91,640
Berks	1,047,158
Blair	82,557
Bradford	108,925
Bucks	167,547
Butler	65,499
Cambria	60,615
Cameron	171
Carbon	107,358
Centre	253,393
Chester	444,928
Clarion	6,162
Clearfield	72,085
Clinton	97,271
Columbia	337,164
Crawford	14,551
Cumberland	31,362,943
Delaware	26,243
Elk	3,635
Erie	31,291
Fayette	10,459
Forest	2,053
Franklin	627,123
Fulton	38,451
Greene	3,733
Huntingdon	97,657
Indiana	23,788
Jefferson	18,782
Juniata	689,159
Lackawanna	278,822

(Continued)

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 3. Disbursements to Non-Members of Dauphin County TCD (Continued)**

EIT Distributions to Other TCDs (Continued)	Amount
Lancaster	7,018,625
Lawrence	11,895
Lebanon	8,899,985
Lehigh	450,402
Luzerne	745,474
Lycoming	428,148
McKean	8,711
Mercer	12,599
Mifflin	307,213
Monroe	199,376
Montgomery	442,071
Montour	128,002
Northampton	489,322
Northumberland	906,433
Perry	5,080,893
Philadelphia	151
Pike	1,960
Potter	26,417
Schuylkill	1,244,730
Snyder	739,636
Somerset	25,701
Sullivan	8,163
Susquehanna	52,571
Tioga	100,663
Union	173,645
Venango	10,257
Warren	7,759
Washington	32,450
Wayne	5,110
Westmoreland	80,124
Wyoming	55,078
York	5,596,202
Allegheny Central	102,066
Allegheny North	88,266
Allegheny Southeast	43,128
Allegheny Southwest	106,516
	\$ 70,918,981

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 4. Source of Earned Income Tax Collections**

The earned income tax imposed is currently 1.00% - 2.00% per year, depending on the municipality of:

- Salaries, wages, commissions and other compensation earned by residents of Dauphin County TCC.
- Net profits earned by residents of the Dauphin County TCC from self-employment.

Collections are shared among the applicable taxing jurisdictions within the TCC.

The following taxing jurisdictions belong to the Dauphin County TCC and are serviced by Keystone Collections Group:

School Districts	Municipalities			
	Boroughs		Townships	
Central Dauphin	Berrysburg	Millersburg	Conewago	Mifflin
Derry Township	Dauphin	Paxtang	Derry	Porter
Halifax Area	Elizabethville	Penbrook	East Hanover	Rush
Harrisburg City	Gratz	Pillow	Halifax	South Hanover
Lower Dauphin	Halifax	Royalton	Harrisburg	Susquehanna
Middletown Area	Highspire	Steelton	Jackson	Swatara
Millersburg Area	Hummelstown	Tower City	Jefferson	Upper Paxton
Steelton-Highspire	Lykens	Williamstown	Londonderry	Washington
Susquehanna Township	Middletown		Lower Paxton	Wayne
Upper Dauphin Area			Lower Swatara	West Hanover
Williams Valley			Lykens	Wiconisco
			Middle Paxton	Williams

**Note 5. Tax Collection Contract**

Effective March 19, 2014, the Dauphin County TCC signed a contract amendment with Keystone Collections Group. This amendment extended the contract term from January 1, 2015 through December 31, 2019. The contract calls for a collection fee of 1.45% of tax collections to be retained by Keystone Collections Group upon collection with the net proceeds being distributed. In June 2018, the Dauphin County TCC signed a contract extension through December 31, 2024. The new agreement calls for a collection fee of 1.38% of tax collections, effective July 1, 2018.

The Dauphin County TCC reviewed the independent auditors' Schedule of Bonding Analysis for the year ended December 31, 2017 and accordingly revised the bond amount for calendar year 2019 to the penal sum of \$2,500,000. The Dauphin County TCC reserves the right to further revise the bond amount in accordance with the advice of the independent auditor and the recommendation of the Dauphin County TCC Audit Subcommittee.

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**NOTES TO FINANCIAL STATEMENT**

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**Note 6. Subsequent Event**

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have disrupted operations of companies in many industries. Facility closings, labor and personnel layoffs, curtailments of supply lines and increased materials costs, contracted production, dislocations of product-delivery methods, and reduced markets, impact a companies' ability to maintain employment levels. If fewer individuals are employed, overall employee earnings will be reduced and earned income taxes will be reduced as a direct result. Presently, the ultimate, effects of this crisis on earned income tax collections and subsequent distributions at the individual PSD level within the TCC are indeterminable because the duration of the crisis is also indeterminable.

**SUPPLEMENTARY INFORMATION**

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND  
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008  
Year Ended December 31, 2019**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
Beginning Cash Balance	\$ 1,298,558	\$ 1,298,558	\$ -
Plus Collections and Receipts			
Resident EIT Received from Employers/Taxpayers within TCD	82,570,667	82,570,667	-
Resident EIT Received from Other TCDs	30,580,700	30,580,700	-
Non-Resident EIT Received for PSD within the TCD	1,810,912	1,810,912	-
Non-Resident EIT Received for Other TCDs	70,918,981	70,918,981	-
Delinquent Earned Income Taxes	1,818,063	1,818,063	-
Costs Recovered by the Tax Officer	323,830	323,830	-
Unidentified Collections	77	77	-
<b>TOTAL COLLECTIONS AND RECEIPTS</b>	<b>188,023,230</b>	<b>188,023,230</b>	<b>-</b>

(Continued)



**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND  
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008 (Continued)  
Year Ended December 31, 2019**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
Less Distributions and Disbursements			
EIT Distributions to TCD Members	114,538,866	114,538,866	-
EIT Distribution to Other TCDs	70,918,981	70,918,981	-
Taxpayer Refunds	1,265,103	1,265,103	-
Tax Officer Commissions	1,569,050	1,569,050	-
Costs Retained by Tax Officer	323,830	323,830	-
Postage	50,076	50,076	-
<b>TOTAL DISTRIBUTIONS AND DISBURSEMENTS</b>	<b>188,665,906</b>	<b>188,665,906</b>	<b>-</b>
Less: Unidentified Collections	77	77	-
Ending Cash Balance	<b>\$ 655,805</b>	<b>\$ 655,805</b>	<b>\$ -</b>

Explanation of Variances:

No variances noted for the year ended December 31, 2019.

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF BONDING ANALYSIS  
Year Ended December 31, 2019**

Resident EIT Received from Employers/Taxpayers within TCD	\$ 82,570,667
Resident EIT Received from Other TCDs	30,580,700
Non-Resident EIT Received for PSD within the TCD	<u>1,810,912</u>
Earned Income Tax Collections - Net	<u><u>\$ 114,962,279</u></u>
Bonding Amount as determined by TCC	<u><u>\$ 2,500,000</u></u>
Actual Bond Amount	<u><u>\$ 2,500,000</u></u>
Average balance of tax collections in possession of Tax Officer <sup>1</sup>	<u><u>\$ 1,684,395</u></u>

<sup>1</sup> Per Act 32 of 2008 requires Tax Officers to distribute tax collections on a monthly basis. The contract between Dauphin County TCC and the Tax Officer, Keystone Collections Group, requires distribution of tax collections to taxing authorities within the Dauphin County TCC on a weekly basis. On a mutually agreeable day and time all tax related amounts held at the end of the prior period and identified as legally due to each taxing authority within the TCD, minus the compensation and reimbursable costs due the Collector, will be distributed. Keystone Collections Group made 68 distributions to the members of the Dauphin County TCC; thus, the average balance of tax collections in possession of Keystone Collections Group, at any one time, was approximately \$1,680,000. The Tax Officer maintained the appropriate bond coverage, as required by the TCC.

**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF COLLECTION FEES CHARGED  
Year Ended December 31, 2019**

Resident EIT Received from Employers/Taxpayers within TCD	\$ 82,570,667
Resident EIT Received from Other TCDs	30,580,700
Non-Resident EIT Received for PSD within the TCD	1,810,912
Less: Taxpayer Refunds - Current	(1,248,076)
Less: Delinquent Non-Resident Tax	(7,392)
	<u>\$ 113,706,811</u>
Collection Rate per TCC/Tax Officer Contract	1.38%
Projected Collection Fees	<u>\$ 1,569,154</u>
Collection Fees Charged <sup>2</sup>	<u>\$ 1,569,050</u>

<sup>2</sup> Keystone Collections Group calculates commissions at the transaction level. Commissions are calculated to three decimals and the IT logic built into the operating system rounds the calculated commissions to two decimals.

**DCED COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE WITH OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Committee Members  
Dauphin County Tax Collection Committee  
Harrisburg, Pennsylvania

We have audited, in accordance with the 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 accompanying statement of cash receipts, cash disbursements and cash balances of Dauphin County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, as of and for the year ended December 31, 2019, and the related notes to the financial statement, which comprises Dauphin County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, basic financial statement, and have issued our report thereon dated June 24, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Dauphin County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Dauphin County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group's internal control. Accordingly, we do not express an opinion on the effectiveness of Dauphin County Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group'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 above referenced financial statement 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.

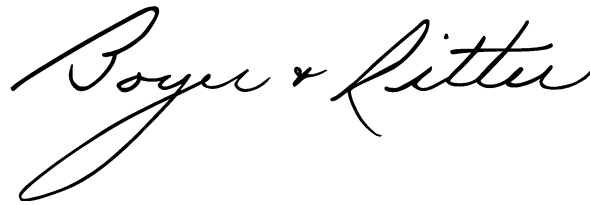
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control 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 Dauphin County TCC's Tax Officer, Keystone Collections Group's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 Dauphin County TCC's Tax Officer, Keystone Collections Group'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 Dauphin County TCC's Tax Officer, Keystone Collections Group's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Camp Hill, Pennsylvania  
June 24, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
PENNSYLVANIA ACT 32 OF 2008**

Committee Members  
Dauphin County Tax Collection Committee  
Harrisburg, Pennsylvania

**Report on Compliance**

We have audited Dauphin County TCC's Tax Officer, Keystone Collections Group's compliance with the provisions described within Pennsylvania Act 32 of 2008 for tax collections and other receipts, investments, reporting, bonding, recordkeeping, distribution of earned income taxes and other disbursements, and administration (hereafter "tax collections and disbursements") that could have a direct and material effect on Dauphin County TCC's Tax Officer, Keystone Collections Group for the year ended December 31, 2019.

**Management's Responsibility**

Dauphin County TCC's Tax Officer, Keystone Collections Group's management is responsible for compliance with the requirements of laws, regulations, contracts, and agreements applicable under Pennsylvania Act 32 of 2008.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance with Pennsylvania Act 32 of 2008 based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Pennsylvania Act 32 of 2008. Those standards and Pennsylvania Act 32 of 2008 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on tax collections and disbursements occurred. An audit includes examining, on a test basis, evidence about Dauphin County TCC's Tax Officer, Keystone Collections Group's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance with Pennsylvania Act 32 of 2008. However, our audit does not provide a legal determination on Dauphin County TCC's Tax Officer, Keystone Collections Group's compliance.

**Opinion on Compliance with Pennsylvania Act 32 of 2008**

In our opinion, Dauphin County TCC's Tax Officer, Keystone Collections Group complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on tax collections and disbursements for the year ended December 31, 2019.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
June 24, 2020



**DAUPHIN COUNTY TAX COLLECTION COMMITTEE  
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF FINDINGS AND NON-COMPLIANCE  
Year Ended December 31, 2019**

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**Findings - Financial Statement Audit**

None

**Findings of Non-Compliance with Pennsylvania Act 32 of 2008**

None