

**Westmoreland County
Tax Collection Committee**

**Tax Officer - Berkheimer Tax
Administrator**

Financial Statement and
Supplementary Information

Year Ended December 31, 2012
with Independent Auditor's Reports

MaherDuessel
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**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER- BERKHEIMER TAX ADMINISTRATOR**

YEAR ENDED DECEMBER 31, 2012

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Independent Auditor's Report

Committee Members
Westmoreland County Tax Collection Committee

Report on the Financial Statement

We have audited the accompanying statement of cash receipts, cash disbursements, and change in cash balance of the Westmoreland County Tax Collection Committee's Tax Officer, Berkheimer Tax Administrator (Berkheimer), for the year ended December 31, 2012, 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 a 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 the 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 on Cash Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and cash disbursements of Berkheimer for the year ended December 31, 2012, and its cash balance as of December 31, 2012, in conformity with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a comprehensive 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises Berkheimer's financial statement as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement.

The supplementary 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2013 on our consideration of Berkheimer'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 Berkheimer's internal control over financial reporting and compliance.

Mahe Duessel

Pittsburgh, Pennsylvania
August 30, 2013

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER - BERKHEIMER TAX ADMINISTRATOR**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH BALANCE

YEAR ENDED DECEMBER 31, 2012

Cash Receipts

Collections and receipts:	
Resident earned income tax receipts:	
Employers and taxpayers within Westmoreland County	\$ 23,186,583
Other tax collection districts	30,251,327
Non-resident earned income tax receipts:	
Political subdivisions within Westmoreland County	190,112
Other tax collection districts	10,608,904
Delinquent collections (pre-Act 32)	2,901,104
Delinquent collections (pre-Act 32) due to other collectors	307,865
Net change in unidentified collections	3,299,948
Costs recovered by the Tax Officer	108,812
Other:	
Court fees reimbursed	41
Total Cash Receipts	70,854,696

Cash Disbursements

Distributions and disbursements:	
Earned income tax distributions to Westmoreland County tax collection district members, net of commissions and refunds	55,706,083
Earned income tax (pre-Act 32) distributions to other tax collectors	361,546
Earned income tax distributions to other tax collection districts	8,502,325
Taxpayer refunds	167,888
Tax Officer commissions	631,024
Other disbursements:	
Postage fees reimbursed to Tax Officer	24,171
Cost retained by Tax Officer	108,812
Total Cash Disbursements	65,501,849

Change in Cash Balance	5,352,847
Cash Balance - January 1, 2012	207,739
Cash Balance - December 31, 2012	\$ 5,560,586

See accompanying notes to financial statement.

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

1. NATURE OF ACTIVITIES

Westmoreland County Tax Collection Committee (Committee) is the Tax Collection Committee representing all taxing jurisdictions within Westmoreland County, Pennsylvania, as defined by Pennsylvania Act 32 of 2008 (Act 32). The Committee is comprised of representatives from each taxing jurisdiction. All action of the Committee is approved by the representatives, using a weighted voting system based on each taxing jurisdiction's percentage of earned income tax revenue and population. The Committee is responsible for overseeing the collection and distribution of earned income and net profit taxes within the Westmoreland County Tax Collection District (TCD).

Members of the TCD 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.

The earned income tax is imposed on 1) salaries, wages, commissions, and other compensation earned by residents of the TCD and 2) net profits from self-employment earned by residents of the TCD.

The Committee has contracted with Berkheimer Tax Administrator (Berkheimer) to collect and distribute earned income and net profit taxes within the TCD. Act 32 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

Berkheimer 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 on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This financial statement reflects only Berkheimer's earned income tax receipts and disbursements related to the TCD and does not include the operating costs or any other activity of Berkheimer.

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

3. CASH BALANCE AND CONCENTRATION OF CREDIT RISK

Berkheimer 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.

Deposits of governmental entities in excess of FDIC 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 cash balance consists of collections held, in escrow, pending receipt of monthly, quarterly, or annual reports identifying amounts due to the appropriate political subdivision within the TCD or other TCD's. The cash balance at December, 31, 2012, for political subdivisions within the TCD, totaled \$5,560,586. The following are the entities for which money was held at December, 31, 2012, and the amount held for each of those entities.

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

<u>Municipality</u>	<u>School District</u>	<u>Total Amount Held</u>
Adamsburg Borough	Hempfield Area SD	\$ 1,187
Allegheny Twp	Kiski Area SD	41,388
Arnold City	New Kensington Arnold SD	49,980
Arona Borough	Yough SD	1,610
Avonmore Borough	Kiski Area SD	6,002
Bell Twp	Kiski Area SD	9,009
Belle Vernon Borough	Belle Vernon Area SD	16,804
Bolivar Borough	Ligonier Valley SD	691
Cook Twp	Ligonier Valley SD	8,735
Delmont Borough	Franklin Regional SD	7,454
Delmont Borough	Greensburg Salem SD	5,175
Derry Borough	Derry Area SD	3,572
Derry Twp	Derry Area SD	141,207
Donegal Borough	Mount Pleasant Area SD	1,658
Donegal Twp	Mount Pleasant Area SD	56,761
East Huntingdon Twp	Southmoreland SD	195,615
East Vandergrift Borough	Kiski Area SD	146
Everson Borough	Southmoreland SD	241
Export Borough	Franklin Regional SD	6,727
Fairfield Twp	Ligonier Valley SD	14,022
Fayette City Borough	Belle Vernon Area SD	2,491
Greensburg City	Greensburg Salem SD	525,849
Greensburg City-Hempfield	Hempfield Area SD	90,494
Hempfield Twp	Hempfield Area SD	754,014
Hunker Borough	Hempfield Area SD	314
Hyde Park Borough	Kiski Area SD	488
Irwin Borough	Norwin SD	26,950
Jeannette City	Jeannette City SD	466,890
Jeannette City	Penn-Trafford SD	3,272
Jeannette City	Hempfield Area SD	1,682
Latrobe City	Greater Latrobe SD	124,078
Laurel Mountain Borough	Ligonier Valley SD	137

(Continued)

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

<u>Municipality</u>	<u>School District</u>	<u>Total Amount Held</u>
Ligonier Borough	Ligonier Valley SD	27,626
Ligonier Twp	Ligonier Valley SD	40,042
Lower Burrell City	Burrell SD	63,483
Madison Borough	Yough SD	32,186
Manor Borough	Penn-Trafford SD	2,596
Manor Borough	Hempfield Area SD	4,020
Monessen City	Monessen City SD	86,782
Mt. Pleasant Borough	Mount Pleasant Area SD	54,496
Mt. Pleasant Twp	Mount Pleasant Area SD	88,018
Murrysville	Franklin Regional SD	369,341
New Alexandria Borough	Derry Area SD	1,137
New Florence Borough	Ligonier Valley SD	2,882
New Kensington City	New Kensington Arnold SD	81,766
New Stanton Borough	Hempfield Area SD	121,159
North Belle Vernon Borough	Belle Vernon Area SD	9,931
North Huntingdon Twp	Norwin SD	426,744
North Irwin Borough	Norwin SD	828
Oklahoma Borough	Kiski Area SD	7,726
Parks Twp	Kiski Area SD	17,651
Penn Borough	Penn-Trafford SD	2,966
Penn Twp	Penn-Trafford SD	249,827
Rostraver Twp	Belle Vernon Area SD	238,495
Saint Clair Twp	Ligonier Valley SD	2,339
Salem Twp	Greensburg Salem SD	83,081
Scottdale Borough	Southmoreland SD	65,956
Seward Borough	Ligonier Valley SD	3,278
Sewickley Twp	Yough SD	35,213
Smithton Borough	Yough SD	1,516
South Greensburg Borough	Greensburg Salem SD	13,167
South Greensburg Borough	Hempfield Area SD	245
South Huntingdon Twp	Yough SD	70,816
South Versailles Twp	Norwin SD	278

(Continued)

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

Municipality	School District	Total Amount Held
SW Greensburg Borough	Greensburg Salem SD	8,907
Sutersville Borough	Yough SD	2,118
Trafford Borough	Penn-Trafford SD	22,322
Unity Twp	Greater Latrobe SD	320,734
Upper Burrell Twp	Burrell SD	217,640
Upper Tyrone Twp	Southmoreland SD	30,314
Vandergrift Borough	Kiski Area SD	34,813
Washington Twp	Belle Vernon Area SD	19,879
Washington Twp	Kiski Area SD	74,536
West Newton Borough	Yough SD	11,873
White Oak Borough	Norwin SD	527
Youngstown Borough	Greater Latrobe SD	277
Youngwood Borough	Hempfield Area SD	46,410
Total		\$ 5,560,586

(Concluded)

4. TAX COLLECTION CONTRACT

The Committee has contracted with Berkheimer for the collection and distribution of earned income and net profit taxes. The contract term began January 1, 2012 and continues through December 31, 2014. The contract calls for a collection fee of 1.45% of tax collections to be retained by Berkheimer upon collection, with the net proceeds being distributed.

In accordance with the contract, Berkheimer provided the Committee a bond in the amount of \$3,000,000, which was in effect for calendar year 2012 and will remain the same for 2013.

5. DISTRIBUTIONS TO TCD MEMBERS

Distributions to members within the TCD, net of commissions and refunds, where applicable, for the year ended December 31, 2012, are as follows:

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

	Total Collections	Court Fees	Refunds	Net Receipts Available	Commission	Postage	Distribution
Adamsburg Borough	\$ 8,325	\$ -	\$ -	\$ 8,325	\$ (118)	\$ (12)	\$ 8,195
Allegheny Township	1,142,864	-	(5,485)	1,137,379	(15,744)	(408)	1,121,227
Arnold City	175,895	-	-	175,895	(2,487)	(62)	173,346
Arona Borough	19,982	-	-	19,982	(268)	(16)	19,698
Avonmore Borough	67,522	-	(781)	66,741	(863)	(62)	65,816
Bell Twp	234,997	-	(3,031)	231,966	(2,969)	(169)	228,828
Belle Vernon ASD	1,116,401	-	-	1,116,401	(15,627)	(952)	1,099,822
Belle Vernon Borough	51,588	-	-	51,588	(727)	(67)	50,794
Bolivar Borough	19,110	-	-	19,110	(266)	(7)	18,837
Burrell SD	892,473	-	-	892,473	(12,664)	(603)	879,206
City of Jeannette	435,914	-	-	435,914	(5,990)	(273)	429,651
City of Jeannette	131,887	-	-	131,887	(1,810)	-	130,077
Cook Twp	135,443	-	-	135,443	(1,884)	(43)	133,516
Delmont Borough	140,296	-	-	140,296	(1,970)	(190)	138,136
Delmont Borough	55,482	-	-	55,482	(785)	(36)	54,661
Derry ASD	1,447,243	20	(15,880)	1,431,383	(18,845)	(935)	1,411,603
Derry Borough	221,140	-	(2,221)	218,919	(2,815)	(142)	215,962
Derry Twp Supervisor	1,170,645	21	(12,495)	1,158,171	(15,335)	(750)	1,142,086
Donegal Borough	21,883	-	(94)	21,789	(245)	(10)	21,534
Donegal Twp	218,246	-	(2,885)	215,361	-	-	215,361
East Huntingdon Twp	743,193	-	(7,629)	735,564	-	-	735,564
East Vandergrift Borough	23,907	-	-	23,907	(335)	(5)	23,567
Everson Borough	56,712	-	(277)	56,435	-	-	56,435
Export Borough	44,106	-	-	44,106	(619)	(29)	43,458
Fairfield Twp	130,171	-	-	130,171	(1,819)	(34)	128,318
Fayette City Borough	25,667	-	-	25,667	(354)	(26)	25,287
Franklin Regional SD	2,489,241	-	-	2,489,241	(35,338)	(1,185)	2,452,718
Greater Latrobe SD	2,184,205	-	(23)	2,184,182	(770)	(139)	2,183,273
Greensburg City	1,779,006	-	-	1,779,006	(591)	(337)	1,778,078
Greensburg Salem SD	1,421,212	-	-	1,421,212	(19,871)	(1,377)	1,399,964
Hempfield SD	3,474,843	-	-	3,474,843	(48,480)	(2,550)	3,423,813

(Continued)

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

	Total Collections	Court Fees	Refunds	Net Receipts Available	Commission	Postage	Distribution
Hempfield Twp	3,074,785	-	-	3,074,785	(42,959)	(2,242)	3,029,584
Hunker Boro	16,238	-	-	16,238	(227)	(1)	16,010
Hyde Park Boro	34,817	-	(565)	34,252	(458)	(19)	33,775
Irwin Boro	246,727	-	-	246,727	(3,472)	(266)	242,989
Jeannette City SD	417,218	-	-	417,218	(5,781)	(258)	411,179
Kiski ASD	2,971,067	-	(25,227)	2,945,840	(39,408)	(1,461)	2,904,971
Latrobe City	577,892	-	(29)	577,863	(8,034)	(152)	569,677
Laurel Mountain Boro	11,424	-	-	11,424	(162)	(1)	11,261
Ligonier Boro	90,909	-	-	90,909	(1,281)	(114)	89,514
Ligonier Twp	422,566	-	-	422,566	(5,930)	(145)	416,491
Ligonier Valley SD	928,416	-	-	928,416	(12,979)	(396)	915,041
Lower Burrell City	732,229	-	-	732,229	(10,389)	(534)	721,306
Madison Boro	24,693	-	-	24,693	(344)	(20)	24,329
Manor Boro (HASD)	45,770	-	-	45,770	(642)	(13)	45,115
Manor Boro (PTSD)	233,727	-	-	233,727	(3,300)	(30)	230,397
Monessen City	552,984	-	(5,171)	547,813	(7,153)	(314)	540,346
Monessen City SD	524,489	-	(5,175)	519,314	(6,744)	(315)	512,255
Mount Pleasant ASD	1,673,546	-	(23,073)	1,650,473	(21,398)	(789)	1,628,286
Mount Pleasant Boro	390,990	-	(4,692)	386,298	-	-	386,298
Mount Pleasant Twp	1,063,847	-	(15,390)	1,048,457	-	-	1,048,457
Munic of Murrysville	2,313,331	-	-	2,313,331	(5)	-	2,313,326
New Alexandria Boro	57,881	-	(1,153)	56,728	(731)	(42)	55,955
New Florence Boro	30,769	-	-	30,769	(429)	(16)	30,324
New Kensington City	607,335	-	-	607,335	(8,647)	(132)	598,556
New Kensington-Arnold SD	782,492	-	-	782,492	(11,123)	(196)	771,173
New Stanton Boro	159,761	-	-	159,761	(2,203)	(115)	157,443
North Belle Vernon Boro	111,338	-	-	111,338	(1,549)	(96)	109,693
North Huntingdon Twp	2,444,128	-	-	2,444,128	(35,993)	(572)	2,407,563
North Irwin Boro	43,874	-	-	43,874	(620)	(6)	43,248
Norwin SD	2,731,947	-	-	2,731,947	(38,404)	(850)	2,692,693
Oklahoma Boro	74,727	-	(248)	74,479	(1,031)	(31)	73,417
Parks Twp	226,152	-	(1,959)	224,193	(2,756)	(67)	221,370

(Continued)

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

NOTES TO FINANCIAL STATEMENT – CASH BASIS

YEAR ENDED DECEMBER 31, 2012

	Total Collections	Court Fees	Refunds	Net Receipts Available	Commission	Postage	Distribution
Penn Boro	22,594	-	-	22,594	(316)	(10)	22,268
Penn Twp	1,720,505	-	(259)	1,720,246	(23,968)	(479)	1,695,799
Penn-Trafford SD	2,164,284	-	(271)	2,164,013	(30,164)	(628)	2,133,221
Rostraver Twp	769,165	-	-	769,165	(10,786)	(651)	757,728
Salem Twp	373,678	-	-	373,678	(5,244)	(154)	368,280
Scottdale Borough	432,858	-	(3,451)	429,407	-	-	429,407
Seward Boro	18,165	-	-	18,165	(257)	(13)	17,895
Sewickley Twp	329,181	-	-	329,181	(4,503)	(240)	324,438
Smithton Boro	19,043	-	-	19,043	(261)	(24)	18,758
South Greensburg Boro	97,200	-	-	97,200	(1,349)	(111)	95,740
South Greensburg Boro	23,315	-	-	23,315	(322)	(4)	22,989
South Huntingdon Twp	337,910	-	-	337,910	(4,643)	(202)	333,065
South Versailles Twp	2,081	-	-	2,081	(26)	-	2,055
Southmoreland SD	1,384,888	-	(14,136)	1,370,752	-	-	1,370,752
Southwest Greensburg Boro	131,754	-	-	131,754	(1,827)	(23)	129,904
St. Clair Twp	71,892	-	-	71,892	(977)	(12)	70,903
Sutersville Boro	26,388	-	-	26,388	(356)	(12)	26,020
Trafford Boro	337,736	-	(3,140)	334,596	-	-	334,596
Unity Twp	1,730,488	-	-	1,730,488	(23,938)	(370)	1,706,180
Upper Burrell Twp	170,355	-	-	170,355	(2,406)	(67)	167,882
Upper Tyrone Twp	90,655	-	-	90,655	(1,248)	(44)	89,363
Vandergrift Boro	326,214	-	(1,785)	324,429	(4,385)	(251)	319,793
Washington Twp	188,169	-	-	188,169	(2,615)	(106)	185,448
Washington Twp	843,787	-	(11,363)	832,424	(10,918)	(256)	821,250
West Newton Boro	139,577	-	-	139,577	(1,940)	(120)	137,517
White Oak Boro	1,143	-	-	1,143	(16)	-	1,127
Yough SD	892,103	-	-	892,103	(12,252)	(645)	879,206
Youngstown Boro	16,575	-	-	16,575	(232)	(5)	16,338
Youngwood Boro	169,754	-	-	169,754	(2,334)	(132)	167,288
Total	<u>\$ 56,529,125</u>	<u>\$ 41</u>	<u>\$ (167,888)</u>	<u>\$ 56,361,278</u>	<u>\$ (631,024)</u>	<u>\$ (24,171)</u>	<u>\$ 55,706,083</u>

(Concluded)

Supplementary Information

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER - BERKHEIMER TAX ADMINISTRATOR**

RECONCILIATION OF MONTHLY REPORTS TO AUDITED
FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2012

	Total Monthly Reports	Audit	Variance
Beginning Cash Balance	\$ 207,739	\$ 207,739	\$ -
<u>Collections and Receipts:</u>			
Resident earned income tax receipts:			
Employers and taxpayers within Westmoreland County	23,186,583	23,186,583	-
Other tax collection districts	30,251,327	30,251,327	-
Non-resident earned income tax receipts:			
Political subdivisions within Westmoreland County	190,112	190,112	-
Other tax collection districts	10,608,904	10,608,904	-
Delinquent collections (pre-Act 32)	2,901,104	2,901,104	-
Delinquent collections (pre-Act 32) due to other collectors	307,865	307,865	-
Net change in unidentified collections	3,357,208	3,299,948	57,260 *
Costs recovered by the Tax Officer	108,812	108,812	-
Court fees reimbursed	41	41	-
	<u>70,911,956</u>	<u>70,854,696</u>	<u>57,260</u>
<u>Distributions and Disbursements:</u>			
Earned income tax distributions to Westmoreland County tax collection district members	55,706,083	55,706,083	-
Earned income tax (pre-Act 32) distributions to other tax collectors	361,546	361,546	-
Earned income tax distributions to other tax collection districts	8,502,325	8,502,325	-
Taxpayer refunds	167,888	167,888	-
Tax Officer commissions	631,024	631,024	-
Other disbursements			
Postage fees reimbursed to Tax Officer	24,171	24,171	-
Cost retained by Tax Officer	108,812	108,812	-
	<u>65,501,849</u>	<u>65,501,849</u>	<u>-</u>
Ending Cash Balance	<u>\$ 5,617,846</u>	<u>\$ 5,560,586</u>	<u>\$ 57,260</u>

* The difference in the net change in unidentified collections per the audit compared to the monthly reports is due to amounts unidentified at the beginning of the year related to pre-Act 32 collections.

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER - BERKHEIMER TAX ADMINISTRATOR**

SCHEDULE OF BONDING ANALYSIS

YEAR ENDED DECEMBER 31, 2012

Collections:

Resident earned income tax receipts:

Employers and taxpayers within Westmoreland County	\$ 23,186,583
Other tax collection districts	30,251,327

Non-resident earned income tax receipts:

Political subdivisions within Westmoreland County	190,112
Other tax collection districts	10,608,904

Delinquent Collections

2,901,104

Delinquent collections (pre-Act 32) due to other collectors

307,865

Net change in unidentified collections

3,299,948

Total Collections

\$ 70,745,843

Bonding amount as determined by Westmoreland County

Tax Collection Committee	\$ 3,000,000
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Actual bond amount

\$ 3,000,000

Average weekly amount of tax collections in possession of tax officer

\$ 1,360,497

Per the contract between Westmoreland County Tax Collection Committee and the Tax Officer, Berkheimer Tax Administrator is required to distribute collections on a weekly basis. Therefore, the Tax Officer maintained an average collection balance below their bonding requirement set forth in the contract.

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER - BERKHEIMER TAX ADMINISTRATOR**

SCHEDULE OF COLLECTION FEES CHARGED

YEAR ENDED DECEMBER 31, 2012

Gross collections for political subdivisions within Westmoreland County Tax Collection District	\$	53,628,022
Less: Taxpayer refunds - earned income taxes		<u>(167,888)</u>
Earned income tax collections - net		53,460,134
Collection rate per contract between tax officer and Westmoreland County Tax Collection Committee		<u>1.45%</u>
Projected collection fees	\$	<u><u>775,172</u></u>
Collection fees withheld per financial statement on page 1	\$	<u><u>631,024</u></u>

Tax collector commissions reported on the financial statement on page 1 reflect only those commissions withheld from distributions. Some PSDs have requested that their tax collector commissions be invoiced to them. Such commissions are not reported on page 1.

DCED Compliance Section

Independent Auditor's 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

Committee Members
Westmoreland County Tax Collection Committee

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 financial statement of the Westmoreland County Tax Collection Committee's Tax Officer, Berkheimer Tax Administrator (Berkheimer), which comprises the statement of cash receipts, cash disbursements, and change in cash balance for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated August 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Berkheimer'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 Berkheimer's internal control. Accordingly, we do not express an opinion on the effectiveness of Berkheimer'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 Berkheimer's 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 Berkheimer's financial statement is free of 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*.

Committee Members
Westmoreland County Tax Collection Committee
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

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.

Mahe Duessel

Pittsburgh, Pennsylvania
August 30, 2013

Independent Auditor's Report on Compliance with Pennsylvania Act 32 of 2008

Committee Members
Westmoreland County Tax Collection Committee

We have audited the Westmoreland County Tax Collection Committee's Tax Officer, Berkheimer Tax Administrator (Berkheimer) compliance with the provisions within Pennsylvania Act 32 of 2008 for the year ended December 31, 2012. Compliance with the requirements referred to above is the responsibility of Berkheimer's management. Our responsibility is to express an opinion on Berkheimer's compliance based on our audit.

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 the Pennsylvania Governor's Center for Local Government Services Suggested Audit Procedures. Those standards and the Pennsylvania Governor's Center for Local Government Services Suggested Audit Procedures require that we plan and perform the audit to obtain reasonable assurance about whether Berkheimer complied with the compliance requirements referred to above that could have a material effect on its compliance with the provisions within Pennsylvania Act 32 of 2008. An audit includes examining, on a test basis, evidence about Berkheimer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Berkheimer's compliance with those requirements.

In our opinion, Berkheimer complied, in all material respects, with the compliance requirements referred to above that are applicable to the provisions of Pennsylvania Act 32 of 2008 for the year ended December 31, 2012.

This report is intended solely for the information and use of the Westmoreland County Tax Collection Committee, management of Berkheimer, and any required government authorities and is not intended to be and should not be used by anyone other than these specified parties.

Maher Duessel

Pittsburgh, Pennsylvania
August 30, 2013

**WESTMORELAND COUNTY
TAX COLLECTION COMMITTEE
TAX OFFICER – BERKHEIMER TAX ADMINISTRATOR**

SCHEDULE OF FINDINGS AND NON-COMPLIANCE

YEAR ENDED DECEMBER 31, 2012

Findings - Financial Statement Audit:

None

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

None