

**Westmoreland County  
Tax Collection Committee**

**Tax Officer,  
Berkheimer Tax Administrator**

Financial Statement and  
Supplementary Information

Year Ended December 31, 2016



**BAKER TILLY**

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**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

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## **Independent Auditors' Report**

Westmoreland County Tax Collection Committee  
Tax Officer, Berkheimer Tax Administrator

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

We have audited the accompanying financial statement of Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator (the "Tax Officer") which comprises the statement of earned income tax cash receipts, cash disbursements and cash balances 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 financial reporting provisions of Pennsylvania Act 32 of 2008. 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.

### **Auditors' 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 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 financial statement is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' 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 earned income tax cash receipts, cash disbursements and cash balances of Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator for the year ended December 31, 2016, in accordance with the financial reporting provisions of Pennsylvania Act 32 of 2008.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared by the Tax Officer on the basis of the financial reporting provisions of Pennsylvania Act 32 of 2008, 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.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The schedule of bonding analysis on page 14, schedule of collection fees charged on page 15, and the schedule of reconciliation of monthly reports to audited receipts and disbursements required under section 509(b) of Pennsylvania Act 32 of 2008 on page 16 are presented for purposes of additional analysis and are not a required part of the basic 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. Such 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 April 24, 2017 on our consideration of the Tax Officer'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 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* and in considering the Tax Officer's internal control over financial reporting and compliance.

## **Restriction on Use**

Our report is intended solely for the information and use of the governing body, Tax Collection District members and management of the Tax Officer and for filing with the Commonwealth of Pennsylvania, Department of Community and Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

*Baker Tilly Virchow Krause, LLP*

Williamsport, Pennsylvania  
April 24, 2017

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**STATEMENT OF EARNED INCOME TAX CASH RECEIPTS, CASH DISBURSEMENTS  
AND CASH BALANCES**

**For the Year Ended December 31, 2016**

**COLLECTIONS AND RECEIPTS**

Resident EIT Received from Employers/Taxpayers within TCD	\$	50,573,970
Resident EIT Received from Other TCDs		38,571,448
Non-Resident EIT Received for PSD within the TCD		617,137
Non-Resident EIT Received for Other TCDs		20,703,233
Delinquent Collections		2,690,792
EIT Received for PSD within the TCD due to Other Collector		18,375
Net change in unidentified collections		(102,597)
Investment Income		2,373
Costs Recovered by the Tax Officer		475,893
Other Collections		
Court Fees Reimbursed		-
<b>TOTAL COLLECTIONS AND RECEIPTS</b>		<b>113,550,624</b>

**DISTRIBUTIONS AND DISBURSEMENTS**

EIT Distributions to TCD Members (Note 3)		89,937,517
EIT Distributions to Other Tax Officers for TCD Members		18,375
EIT Distributions to Other TCDs (Note 4)		20,703,233
Taxpayer Refunds		1,414,197
Tax Officer Commissions		1,035,156
TCD Committee Fees		-
Other Disbursements		
Postage Fees Reimbursed to Tax Officer		68,251
Investment Income Retained by Tax Officer		3
Cost Retained by Tax Officer		475,893
Tax Officer Commissions on Sterling Credits		-
<b>TOTAL DISTRIBUTIONS AND DISBURSEMENTS</b>		<b>113,652,625</b>

**COLLECTIONS AND RECEIPTS**

**OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS** **(102,002)**

**CASH BALANCE - January 1, 2016** **314,201**

**CASH BALANCE - December 31, 2016** **\$ 212,199**

See accompanying notes to financial statement.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**NOTES TO FINANCIAL STATEMENT**

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

Nature of Operations

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

Westmoreland County TCC has contracted with Berkheimer Tax Administrator (“Tax Officer”) to collect and distribute earned income and net profit taxes within the Westmoreland County TCD. 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:

The TCC’s Tax Officer 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. The accompanying financial statement presents only cash receipts and disbursements related to earned income tax collection activities of Westmoreland County TCC.

Subsequent Transactions

In preparing this financial statement, the Tax Officer has evaluated events and transactions for potential recognition and disclosure through April 24, 2017, the date the financial statement was made available to be issued.

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

The Tax Officer maintains agency funds for the purpose of receiving and disbursing earned income taxes collected. The funds are maintained for members of the TCD for which the Tax Officer has been retained as the earned income tax collector. A separate fund, known as the Reciprocal Fund, is used to disburse money to other tax collectors, for the non-client districts of the Tax Officer.

All taxes received are deposited daily into a FDIC insured bank account. All deposits are collateralized by the bank with a Federal Home Loan Bank letter of credit in accordance with the requirements of the

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**NOTES TO FINANCIAL STATEMENT**

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**Note 2. Cash Balance and Concentration of Credit Risk (cont'd)**

Commonwealth of Pennsylvania Act 72 of 1971, as amended.

All earned income taxes are processed through and disbursed by utilizing computerized systems. Disbursements to clients are made at least monthly with surety bonds maintained to cover undistributed funds. Subsidiary ledger accounts are maintained for each client and reciprocal collector.

All earned income tax collected for non-client districts is disbursed to the non-client tax agent within thirty (30) days of the later of the receipt date or the due date of the employer quarterly filings. All earned income tax collected that cannot be identified to an individual is returned to the client district where it was collected.

The cash balance represents collections held pending receipt of monthly, quarterly, or annual reports identifying amounts due to the appropriate member of Westmoreland County TCC or other Tax Collection Districts. The cash balance at December 31, 2016, for members of the Westmoreland County TCC, totaled \$212,199. The following are the entities for which the money was held at December 31, 2016, and the amount held for each of those entities.

<b>Municipality</b>	<b>School District</b>	<b>Ending Cash Balance</b>
ALLEGHENY TWP	KISKI AREA SD	\$ 2,476
ARNOLD CITY	NEW KENSINGTON ARNOLD SD	18,266
BELL TWP	KISKI AREA SD	367
BELLE VERNON BORO	BELLE VERNON AREA SD	42
BOLIVAR BORO	LIGONIER VALLEY SD	310
COOK TWP	LIGONIER VALLEY SD	124
DELMONT BORO	GREENSBURG SALEM SD	445
DERRY BOROUGH	DERRY AREA SD	349
DERRY TWP	DERRY AREA SD	1,745
DONEGAL BORO	MOUNT PLEASANT AREA SD	61
DONEGAL TWP	MOUNT PLEASANT AREA SD	529
EAST HUNTINGDON TWP	SOUTHMORELAND SD	2,530
EVERSON BOROUGH	SOUTHMORELAND SD	65
EXPORT BORO	FRANKLIN REGIONAL SD	27
GREENSBURG CITY	GREENSBURG SALEM SD	6,500
HEMPFIELD TWP	HEMPFIELD AREA SD	11,784
HYDE PARK BOROUGH	KISKI AREA SD	338
IRWIN BORO	NORWIN SD	2,136
JEANNETTE CITY	JEANNETTE CITY SD	1,018
LATROBE CITY	GREATER LATROBE SD	4,383
LIGONIER BORO	LIGONIER VALLEY SD	607
LIGONIER TWP	LIGONIER VALLEY SD	1,484

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
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**NOTES TO FINANCIAL STATEMENT**

**Note 2. Cash Balance and Concentration of Credit Risk (cont'd)**

<b>Municipality</b>	<b>School District</b>	<b>Ending Cash Balance</b>
LOWER BURRELL CITY	BURRELL SD	\$ 1,715
MADISON BORO	YOUGH SD	46
MONESSEN CITY	MONESSEN CITY SD	1,301
MT PLEASANT BORO	MOUNT PLEASANT AREA SD	513
MT PLEASANT TWP	MOUNT PLEASANT AREA SD	28,184
MURRYSVILLE	FRANKLIN REGIONAL SD	12,443
NEW ALEXANDRIA BOROUGH	DERRY AREA SD	684
NEW FLORENCE BORO	LIGONIER VALLEY SD	1,182
NEW KENSINGTON CITY	NEW KENSINGTON ARNOLD SD	21,381
NEW STANTON BORO	HEMPFIELD AREA SD	1,583
NORTH BELLE VERNON BORO	BELLE VERNON AREA SD	752
NORTH HUNTINGDON TWP	NORWIN SD	18,972
OKLAHOMA BOROUGH	KISKI AREA SD	974
PARKS TOWNSHIP	KISKI AREA SD	3,374
PENN BOROUGH	PENN-TRAFFORD SD	4,668
PENN TWP	PENN-TRAFFORD SD	30,459
ROSTRAVER TWP	BELLE VERNON AREA SD	5,159
SAINT CLAIR TWP	LIGONIER VALLEY SD	384
SALEM TWP	GREENSBURG SALEM SD	3,805
SCOTSDALE BORO	SOUTHMORELAND SD	383
SEWICKLEY TWP	YOUGH SD	4,391
SOUTH GREENSBURG BORO	GREENSBURG SALEM SD	2
SOUTH HUNTINGDON TWP	YOUGH SD	2,973
SOUTHWEST GREENSBURG BORO	GREENSBURG SALEM SD	200
SUTERSVILLE BORO	YOUGH SD	157
TRAFFORD BORO	PENN-TRAFFORD SD	195
UNITY TWP	GREATER LATROBE SD	5,090
UPPER BURRELL TWP	BURRELL SD	1,266
UPPER TYRONE TWP	SOUTHMORELAND SD	11
VANDERGRIFT BORO	KISKI AREA SD	438
WASHINGTON TWP	BELLE VERNON AREA SD	109
WASHINGTON TWP	KISKI AREA SD	2,519
WEST NEWTON BORO	YOUGH SD	1,252
YOUNGWOOD BORO	HEMPFIELD AREA SD	53
		\$ <u>212,199</u>



**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
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**NOTES TO FINANCIAL STATEMENT**

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**Note 3. EIT Distributions to TCD Members**

The following details the earned income tax distributions to TCD members presented in the statement of earned income tax cash receipts, cash disbursements and cash balances:

<b>Member</b>	<b>Distributions</b>
ADAMSBURG BORO	\$ 15,725
ALLEGHENY TWP	1,041,825
ARNOLD CITY	296,644
ARONA BORO	30,596
AVONMORE BORO	71,393
BELL TWP	238,971
BELLE VERNON ASD	2,057,899
BELLE VERNON BORO	75,093
BOLIVAR BORO	29,354
BURRELL SD	1,583,461
CITY OF JEANNETTE	2,345,864
COOK TWP	239,749
DELMONT BORO	342,697
DERRY ASD	1,522,673
DERRY BOROUGH	224,930
DERRY TOWNSHIP SUPERVISOR	1,259,123
DONEGAL BOROUGH	8,518
DONEGAL TWP	291,960
EAST HUNTINGDON TWP	819,646
EAST VANDERGRIFT BORO	46,635
EVERSON BORO	59,177
EXPORT BORO	85,457
FAIRFIELD TWP	210,930
FAYETTE CITY BORO	42,083
FRANKLIN REGIONAL SD	4,427,758
GREATER LATROBE SD	3,754,475
GREENSBURG CITY	3,153,707
GREENSBURG SALEM SD	2,524,719
HEMPFIELD ASD	5,954,077
HEMPFIELD TWP	5,232,709
HUNKER BORO	27,014
HYDE PARK BORO	40,228
IRWIN BORO	434,314

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
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**NOTES TO FINANCIAL STATEMENT**

**Note 3. EIT Distributions to TCD Members (cont'd)**

<b>Member</b>		<b>Distributions</b>
JEANNETTE CITY SD	\$	708,826
KISKI ASD		2,935,604
LATROBE CITY		1,336,471
LAUREL MOUNTAIN BORO		16,407
LIGONIER BORO		144,247
LIGONIER TWP		823,505
LIGONIER VALLEY SD		1,656,528
LOWER BURRELL CITY		1,304,820
MADISON BORO		44,474
MANOR BORO (HASD)		84,406
MANOR BORO (PTSD)		439,027
MONESSEN CITY		586,529
MONESSEN CITY SD		552,680
MOUNT PLEASANT ASD		1,754,169
MOUNT PLEASANT BORO		373,610
MOUNT PLEASANT TWP		1,166,617
MUNIC OF MURRYSVILLE		4,154,024
NEW ALEXANDRIA BORO		52,542
NEW FLORENCE BORO		48,400
NEW KENSINGTON CITY		1,097,230
NEW KENSINGTON-ARNOLD SD		1,393,364
NEW STANTON BORO		299,351
NORTH BELLE VERNON BORO		177,751
NORTH HUNTINGDON TWP		4,477,389
NORTH IRWIN BORO		79,582
NORWIN SD		4,991,175
OKLAHOMA BORO		80,038
PARKS TWP		227,976
PENN BORO		37,698
PENN TWP		3,071,568
PENN-TRAFFORD SD		3,879,200
ROSTRAVER TWP		1,438,449
SALEM TWP		674,812
SCOTTDAL E BOROUGH		437,231
SEWARD BORO		32,348
SEWICKLEY TWP		637,147
SMITHTON BORO		33,140
SOUTH GREENSBURG BORO		229,820

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**NOTES TO FINANCIAL STATEMENT**

**Note 3. EIT Distributions to TCD Members (cont'd)**

<b>Member</b>		<b>Distributions</b>
SOUTH HUNTINGDON TWP	\$	617,841
SOUTH VERSAILLES TWP		5,352
SOUTHMORELAND SD		1,458,814
SOUTHWEST GREENSBURG BORO		231,932
ST CLAIR TWP		112,922
SUTERSVILLE BORO		49,975
TRAFFORD BORO		345,134
UNITY TWP		2,949,026
UPPER BURRELL TWP		303,260
UPPER TYRONE TWP		157,455
VANDERGRIFT BORO		353,705
WASHINGTON TWP		1,180,964
WEST NEWTON BORO		232,737
WHITE OAK BORO		1,190
YOUGH SD		1,640,929
YOUNGSTOWN BORO		26,530
YOUNGWOOD BORO		302,192
	\$	<u>89,937,517</u>

**Note 4. EIT Distributions to Non-Members of Westmoreland County TCD**

The following details the Out-of-County distributions presented in the statement of earned income tax cash receipts, cash disbursements, and cash balances:

<b>Non-Member</b>		<b>Distributions</b>
ADAMS TAX COLLECTION DISTRICT	\$	24,837
ALLEGHENY CENTRAL TAX COLLECTION DISTRICT		2,253,992
ALLEGHENY NORTH TAX COLLECTION DISTRICT		1,735,054
ALLEGHENY SOUTHEAST TAX COLLECTION DISTRICT		3,960,201
ALLEGHENY SOUTHWEST TAX COLLECTION DISTRICT		1,295,900
ARMSTRONG TAX COLLECTION DISTRICT		1,331,334
BEAVER TAX COLLECTION DISTRICT		251,664
BEDFORD TAX COLLECTION DISTRICT		93,663
BERKS TAX COLLECTION DISTRICT		67,992
BLAIR TAX COLLECTION DISTRICT		82,119
BRADFORD TAX COLLECTION DISTRICT		28,514
BUCKS TAX COLLECTION DISTRICT		96,963

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**NOTES TO FINANCIAL STATEMENT**

**Note 4. EIT Distributions to Non-Members of Westmoreland County TCD (cont'd)**

<b>Non-Member</b>		<b>Distributions</b>
BUTLER TAX COLLECTION DISTRICT	\$	914,183
CAMBRIA TAX COLLECTION DISTRICT		576,995
CAMERON TAX COLLECTION DISTRICT		2,548
CARBON TAX COLLECTION DISTRICT		7,851
CENTRE TAX COLLECTION DISTRICT		72,667
CHESTER TAX COLLECTION DISTRICT		71,049
CLARION TAX COLLECTION DISTRICT		68,749
CLEARFIELD TAX COLLECTION DISTRICT		204,385
CLINTON TAX COLLECTION DISTRICT		73,825
COLUMBIA TAX COLLECTION DISTRICT		26,011
CRAWFORD TAX COLLECTION DISTRICT		50,522
CUMBERLAND TAX COLLECTION DISTRICT		86,587
DAUPHIN TAX COLLECTION DISTRICT		97,479
DELAWARE TAX COLLECTION DISTRICT		9,902
ELK TAX COLLECTION DISTRICT		17,997
ERIE TAX COLLECTION DISTRICT		63,450
FAYETTE TAX COLLECTION DISTRICT		2,358,511
FOREST TAX COLLECTION DISTRICT		3,795
FRANKLIN TAX COLLECTION DISTRICT		109,445
FULTON TAX COLLECTION DISTRICT		8,817
GREENE TAX COLLECTION DISTRICT		81,923
HUNTINGDON TAX COLLECTION DISTRICT		34,918
INDIANA TAX COLLECTION DISTRICT		1,739,512
JEFFERSON TAX COLLECTION DISTRICT		97,172
JUNIATA TAX COLLECTION DISTRICT		7,530
LACKAWANNA TAX COLLECTION DISTRICT		22,999
LANCASTER TAX COLLECTION DISTRICT		65,721
LAWRENCE TAX COLLECTION DISTRICT		83,758
LEBANON TAX COLLECTION DISTRICT		32,583
LEHIGH TAX COLLECTION DISTRICT		51,518
LUZERNE TAX COLLECTION DISTRICT		76,571
LYCOMING TAX COLLECTION DISTRICT		146,793
MCKEAN TAX COLLECTION DISTRICT		21,730
MERCER TAX COLLECTION DISTRICT		121,756
MIFFLIN TAX COLLECTION DISTRICT		10,802
MONROE TAX COLLECTION DISTRICT		19,132
MONTGOMERY TAX COLLECTION DISTRICT		71,895

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
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**NOTES TO FINANCIAL STATEMENT**

**Note 4. EIT Distributions to Non-Members of Westmoreland County TCD (cont'd)**

<u>Non-Member</u>	<u>Distributions</u>
MONTOUR TAX COLLECTION DISTRICT	\$ 16,822
NORTHAMPTON TAX COLLECTION DISTRICT	34,330
NORTHUMBERLAND TAX COLLECTION DISTRICT	89,162
PERRY TAX COLLECTION DISTRICT	14,961
PIKE TAX COLLECTION DISTRICT	261
POTTER TAX COLLECTION DISTRICT	26,538
SCHUYLKILL TAX COLLECTION DISTRICT	29,095
SNYDER TAX COLLECTION DISTRICT	20,596
SOMERSET TAX COLLECTION DISTRICT	432,406
SULLIVAN TAX COLLECTION DISTRICT	2,061
SUSQUEHANNA TAX COLLECTION DISTRICT	3,589
TIOGA TAX COLLECTION DISTRICT	36,827
UNION TAX COLLECTION DISTRICT	27,580
VENANGO TAX COLLECTION DISTRICT	36,450
WARREN TAX COLLECTION DISTRICT	12,755
WASHINGTON TAX COLLECTION DISTRICT	1,101,479
WAYNE TAX COLLECTION DISTRICT	14
WYOMING TAX COLLECTION DISTRICT	5,153
YORK TAX COLLECTION DISTRICT	79,842
	<u>\$ 20,703,233</u>

**Note 5. Source of Earned Income Tax Collections**

The earned income tax imposed is currently 1% - 1.65% per year.

The sources of Earned Income Tax Collections include:

- Salaries, Wages, Commissions and other compensation earned by residents of the Westmoreland County TCC.
- Net profits from self-employment earned by residents of the Westmoreland County TCC.

Collections are shared among applicable taxing jurisdictions within the TCC. The following taxing-jurisdictions belong to the Westmoreland County TCC and are serviced by Berkheimer Tax Administrator.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
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**NOTES TO FINANCIAL STATEMENT**

**Note 5. Source of Earned Income Tax Collections (cont'd)**

<b>SCHOOL DISTRICTS</b>	<b>MUNICIPALITIES</b>	
	<b>BOROUGHS</b>	<b>TOWNSHIPS</b>
BELLE VERNON AREA SD	ADAMSBURG BORO	ALLEGHENY TWP
BURRELL SD	ARNOLD CITY	BELL TWP
DERRY AREA SD	ARONA BORO	COOK TWP
FRANKLIN REGIONAL SD	AVONMORE BORO	DERRY TWP
GREATER LATROBE SD	BELLE VERNON BORO	DONEGAL TWP
GREENSBURG SALEM SD	BOLIVAR BORO	EAST HUNTINGDON TWP
HEMPFIELD AREA SD	DELMONT BORO (FRANKLIN REGIONAL SD)	FAIRFIELD TWP
JEANNETTE CITY SD	DELMONT BORO(GREENSBURG SALEM SD)	HEMPFIELD TWP
KISKI AREA SD	DERRY BORO	LIGONIER TWP
LIGONIER VALLEY SD	DONEGAL BORO	MT PLEASANT TWP
MONESSEN CITY SD	EAST VANDERGRIFT BORO	NORTH HUNTINGDON TWP
MOUNT PLEASANT AREA SD	EVERSON BORO	PARKS TWP
NEW KENSINGTON-ARNOLD SD	EXPORT BORO	PENN TWP
NORWIN SD	FAYETTE CITY BORO	ROSTRAVER TWP
PENN-TRAFFORD SD	GREENSBURG CITY (GREENSBURG SALEM SD)	SALEM TWP
SOUTHMORELAND SD	GREENSBURG CITY (HEMPFIELD AREA SD)	SEWICKLEY TWP
YOUGH SD	HUNKER BORO	SOUTH HUNTINGDON TWP
	HYDE PARK BORO	SOUTH VERSAILLES TWP
	IRWIN BORO	ST. CLAIR TWP
	JEANNETTE CITY (HEMPFIELD AREA SD)	UNITY TWP
	JEANNETTE CITY (JEANNETTE CITY SD)	UPPER BURRELL TWP
	JEANNETTE CITY (PENN-TRAFFORD SD)	UPPER TYRONE TWP
	LATROBE BORO	WASHINGTON TWP (BELLE VERNON AREA SD)
	LAUREL MOUNTAIN BORO	WASHINGTON TWP (KISKI AREA SD)
	LIGONIER BORO	
	LOWER BURRELL CITY	
	MADISON BORO	
	MANOR BORO (PENN-TRAFFORD SD)	
	MANOR BORO (HEMPFIELD AREA SD)	
	MONESSEN CITY	
	MT PLEASANT BORO	
	MURRYSVILLE BORO	
	NEW ALEXANDRIA BORO	
	NEW FLORENCE BORO	
	NEW KENSINGTON CITY	

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**NOTES TO FINANCIAL STATEMENT**

**Note 5. Source of Earned Income Tax Collections (cont'd)**

SCHOOL DISTRICTS	MUNICIPALITIES	
	BOROUGHS	TOWNSHIPS
	NEW STANTON BORO	
	NORTH BELLE VERNON BORO	
	NORTH IRWIN BORO	
	OKLAHOMA BORO	
	PENN BORO	
	SCOTSDALE BORO	
	SEWARD BORO	
	SMITHTON BORO	
	SOUTH GREENSBURG BORO (GREENSBURG SALEM SD)	
	SOUTH GREENSBURG BORO (HEMPFIELD AREA SD)	
	SOUTHWEST GREENSBURG BORO	
	SUTERSVILLE BORO	
	TRAFFORD BORO	
	VANDERGRIFT BORO	
	WEST NEWTON BORO	
	WHITE OAK BORO	
	YOUNGSTOWN BORO	
	YOUNGWOOD BORO	

**Note 6. Tax Collection Contract**

Westmoreland County TCC has contracted with Berkheimer Tax Administrator for the collection and distribution of earned income taxes. The original contract term which began on January 1, 2012 and continued through December 31, 2014, has been amended for an additional period beginning January 1, 2015 and ending December 31, 2018, unless terminated earlier, the contract terms, if not renewed, will continue no longer than July 15 of the succeeding calendar year. The contract calls for collection fee of 1.42% of tax collections to be retained by Berkheimer Tax Administrator upon collection with the net proceeds being distributed.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF BONDING ANALYSIS  
Year Ended December 31, 2016**

Earned Income Tax Collections - Collections within TCD	\$ 92,453,347
Less: Taxpayer refunds - earned income taxes	<u>1,414,197</u>
<b>Earned Income Tax Collections - Net</b>	<b>\$ <u>91,039,150</u></b>
<b>Bonding Amount as determined by TCC</b>	<b>\$ <u>5,650,000</u></b>
<b>Actual Bond Amount</b>	<b>\$ <u>5,650,000</u></b>
<b>Average daily amount of tax collections in possession of tax officer</b>	<b>\$ <u>249,422</u></b>

Per the contract between Westmoreland County TCC and the tax officer, Berkheimer Tax Administrator, is required to distribute collections on a weekly basis. However in practice, distributions are made daily or weekly. Therefore, the Tax Officer maintained collection balance within the bond requirements set forth in the contract.



**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF COLLECTION FEES CHARGED  
Year Ended December 31, 2016**

Earned Income Tax Collections - Collections within TCD Current	\$ 89,762,555
Earned Income Tax Collections - Collections within TCD Delinquent	2,690,792
Less: Taxpayer refunds - earned income taxes	<u>1,414,197</u>
<b>Earned Income Tax Collections - Net</b>	<b><u>\$ 91,039,150</u></b>
 <b>Collection Rate per TCC/Tax Officer Contract</b>	
Current Collections	1.42%
Delinquent Collections	0%
 <b>Collection Fees Charged</b>	 \$ 1,254,592

- Tax Officer, Berkheimer Tax Administrator, calculates commissions on a monthly basis. Commissions are calculated to three decimals and the IT logic built into the operating system rounds the calculated commissions to two decimals.
- Rates above may vary for delinquent collections.

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND  
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008  
Year Ending December 31, 2016**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance
<b>CASH BALANCE - January 1, 2016</b>	\$ 314,201	\$ 314,201	\$ 0
<b>COLLECTIONS AND RECEIPTS</b>			
Resident EIT Received from Employers/Taxpayers within TCD	50,573,970	50,573,970	0
Resident EIT Received from Other TCDs	38,571,448	38,571,448	0
Non-Resident EIT Received for PSD within the TCD	617,137	617,137	0
Non-Resident EIT Received for Other TCDs	20,703,233	20,703,233	0
Delinquent Collections	2,690,792	2,690,792	0
EIT Received for PSD within the TCD due to Other Collector	18,375	18,375	0
Net change in unidentified collections	(102,597)	(102,597)	0
Investment Income	2,373	2,373	0
Costs Recovered by the Tax Officer	475,893	475,893	0
Other Collections			
Court Fees Reimbursed	0	0	0
<b>TOTAL COLLECTIONS AND RECEIPTS</b>	<b>113,550,624</b>	<b>113,550,624</b>	<b>0</b>
<b>LESS: DISTRIBUTIONS AND DISBURSEMENTS</b>			
EIT Distributions to TCD Members	89,937,517	89,937,517	0
EIT Distributions to Other Tax Officers for TCD Members	18,375	18,375	0
EIT Distributions to Other TCDs	20,703,233	20,703,233	0
Taxpayer Refunds	1,414,197	1,414,197	0
Tax Officer Commissions	1,035,156	1,035,156	0
TCD Committee Fees	0	0	0
Other Disbursements			
Postage Fees Reimbursed to Tax Officer	68,251	68,251	0
Investment Income Retained by Tax Officer	3	3	0
Cost Retained by Tax Officer	475,893	475,893	0
Tax Officer Commissions on Sterling Credits	0	0	0
<b>TOTAL DISTRIBUTIONS AND DISBURSEMENTS</b>	<b>113,652,625</b>	<b>113,652,625</b>	<b>0</b>
<b>COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS</b>	<b>(102,002)</b>	<b>(102,002)</b>	<b>0</b>
<b>CASH BALANCE - December 31, 2016</b>	<b>\$ 212,199</b>	<b>\$ 212,199</b>	<b>\$ 0</b>

**Independent Auditors' 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***

Westmoreland County Tax Collection Committee  
Tax Officer, Berkheimer Tax Administrator

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 statement of earned income tax cash receipts, cash disbursements and cash balances (the "financial statement") of Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator (the "Tax Officer") for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 24, 2017. Our report disclosed that the financial statement is prepared by the Tax Officer on the basis of the financial reporting provisions of Pennsylvania Act 32 of 2008, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

**Internal Control Over Financial Reporting**

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

## **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.

*Baker Tilly Virchow Krause, LLP*

Williamsport, Pennsylvania  
April 24, 2017

## **Independent Auditors' Report on Compliance with Pennsylvania Act 32 of 2008**

Westmoreland County Tax Collection Committee  
Tax Officer, Berkheimer Tax Administrator

### **Compliance**

We have audited Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Administrator's (the "Tax Officer") compliance with the provisions described within Pennsylvania Act 32 of 2008 as applicable to the Tax Officer's earned income tax collections and other receipts, investments, reporting, bonding, recordkeeping, distribution of earned income taxes and other disbursements and administration for the year ended December 31, 2016.

### **Management's Responsibility**

Compliance with the requirements referred to above is the responsibility of the Tax Officer's management.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Tax Officer'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; Pennsylvania Act 32 of 2008, and; Pennsylvania Department of Community and Economic Development's Governor's Center for Local Government Services ("DCED") publication, *Act 32 Suggested Audit Procedures*. Those standards, Pennsylvania Act 32 of 2008, and the DCED's *Act 32 Suggested Audit Procedures* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Tax Officer's earned income tax cash receipts, cash disbursements, and cash balances occurred. An audit includes examining, on a test basis, evidence about the Tax Officer'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 the Tax Officer's compliance with those requirements.

### **Opinion**

In our opinion, the Tax Officer complied, in all material respects, with the compliance requirements referred to above that are applicable to the Tax Officer's earned income tax cash receipts, cash disbursements, and cash balances for the year ended December 31, 2016.

**Restriction on Use**

This report is intended solely for the information and use of the governing body, Tax Collection District members and management of the Tax Officer and for filing with DCED and is not intended to be and should not be used by anyone other than these specified parties.

*Baker Tilly Virchow Krause, LLP*

Williamsport, Pennsylvania  
April 24, 2017

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE /  
TAX OFFICER, BERKHEIMER TAX ADMINISTRATOR**

**SCHEDULE OF FINDINGS AND NON-COMPLIANCE**

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**Section I - Financial Statement Findings**

None

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

None