

**Westmoreland County
Tax Collection Committee**

**Tax Officer,
Berkheimer Tax Innovations**

Financial Statement and
Supplementary Information

Year Ended December 31, 2017



BAKER TILLY

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

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Independent Auditors' Report

Westmoreland County Tax Collection Committee
Tax Officer, Berkheimer Tax Innovations

Report on the Financial Statement

We have audited the accompanying 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 Innovations (the "Tax Officer") for the year ended December 31, 2017, 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 described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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 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 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 Innovations for the year ended December 31, 2017, in accordance with the cash basis of accounting described in Note 1.

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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 23, 2018, 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 solely 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 effectiveness of the Tax Officer's 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 the Tax Officer's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
April 23, 2018

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

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

For the Year Ended December 31, 2017

COLLECTIONS AND RECEIPTS

Resident EIT Received from Employers/Taxpayers within TCD	\$	50,874,950
Resident EIT Received from Other TCDs		39,005,248
Non-Resident EIT Received for PSD within the TCD		284,243
Non-Resident EIT Received for Other TCDs		21,922,465
Delinquent Collections		2,204,099
EIT Received for PSD within the TCD due to Other Collector		7,152
Net change in unidentified collections		(118,296)
Investment Income		5,553
Costs Recovered by the Tax Officer		466,485
Other Collections		
Court Fees Reimbursed to PSD		171

TOTAL COLLECTIONS AND RECEIPTS		114,652,070
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DISTRIBUTIONS AND DISBURSEMENTS

EIT Distributions to TCD Members (Note 3)	89,926,911
EIT Distributions to Other Tax Officers for TCD Members	7,152
EIT Distributions to Other TCDs (Note 4)	21,922,465
Taxpayer Refunds	1,347,753
Tax Officer Commissions	1,040,462
TCD Committee Fees	-
Other Disbursements	
Postage Fees Reimbursed to Tax Officer	56,601
Investment Income Retained by Tax Officer	-
Cost Retained by Tax Officer	466,485
Court Fees Reimbursed to Tax Officer	4,395
Tax Officer Commissions on Sterling Credits	-

TOTAL DISTRIBUTIONS AND DISBURSEMENTS		114,772,224
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COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS	(120,154)
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CASH BALANCE - January 1, 2017		212,199
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CASH BALANCE - December 31, 2017	\$	92,045
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See accompanying notes to financial statement.

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

NOTES TO FINANCIAL STATEMENT

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 Innovations (“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 23, 2018, 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 INNOVATIONS**

NOTES TO FINANCIAL STATEMENT

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 latter 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, 2017, for members of the Westmoreland County TCC, totaled \$92,045. The following are the entities for which the money was held at December 31, 2017, and the amount held for each of those entities.

Municipality	School District	Ending Cash Balance
ALLEGHENY TWP	KISKI AREA SD	\$ 6,378
ARNOLD CITY	NEW KENSINGTON ARNOLD SD	761
AVONMORE BORO	KISKI AREA SD	35
BELL TWP	KISKI AREA SD	367
BELLE VERNON BORO	BELLE VERNON AREA SD	106
DELMONT BORO	FRANKLIN REGIONAL SD	14
DERRY BOROUGH	DERRY AREA SD	33
DERRY TWP	DERRY AREA SD	331
EAST HUNTINGDON TWP	SOUTHMORELAND SD	2,017
EVERSON BOROUGH	SOUTHMORELAND SD	130
EXPORT BORO	FRANKLIN REGIONAL SD	890
FAYETTE CITY BORO	BELLE VERNON AREA SD	151
GREENSBURG CITY	GREENSBURG SALEM SD	5,844
HEMPFIELD TWP	HEMPFIELD AREA SD	9,378
IRWIN BORO	NORWIN SD	1,107
JEANNETTE CITY	JEANNETTE CITY SD	1,502
LATROBE BORO	GREATER LATROBE SD	6,076
LIGONIER BORO	LIGONIER VALLEY SD	207
LIGONIER TWP	LIGONIER VALLEY SD	536
LOWER BURRELL CITY	BURRELL SD	534
MANOR BORO	PENN-TRAFFORD SD	50
MONESSEN CITY	MONESSEN CITY SD	927

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

NOTES TO FINANCIAL STATEMENT

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

Municipality	School District	Ending Cash Balance
MOUNT PLEASANT BORO	MOUNT PLEASANT AREA SD	\$ 273
MOUNT PLEASANT TWP	MOUNT PLEASANT AREA SD	7,521
MURRYSVILLE	FRANKLIN REGIONAL SD	4,731
NEW ALEXANDRIA BOROUGH	DERRY AREA SD	535
NEW FLORENCE BORO	LIGONIER VALLEY SD	116
NEW KENSINGTON CITY	NEW KENSINGTON ARNOLD SD	2,985
NEW STANTON BORO	HEMPFIELD AREA SD	617
NORTH HUNTINGDON TWP	NORWIN SD	10,507
NORTH IRWIN BORO	NORWIN SD	139
PARKS TOWNSHIP	KISKI AREA SD	3,538
PENN BOROUGH	PENN-TRAFFORD SD	1,150
PENN TWP	PENN-TRAFFORD SD	5,889
ROSTRAVER TWP	BELLE VERNON AREA SD	640
SAINT CLAIR TWP	LIGONIER VALLEY SD	234
SALEM TWP	GREENSBURG SALEM SD	1,385
SCOTTDALE BORO	SOUTHMORELAND SD	356
SEWICKLEY TWP	YOUGH SD	718
SOUTH GREENSBURG BORO	GREENSBURG SALEM SD	345
SOUTH HUNTINGDON TWP	YOUGH SD	1,692
SOUTHWEST GREENSBURG BORO	GREENSBURG SALEM SD	612
TRAFFORD BORO	PENN-TRAFFORD SD	90
UNITY TWP	GREATER LATROBE SD	7,804
UPPER BURRELL TWP	BURRELL SD	1,629
UPPER TYRONE TWP	SOUTHMORELAND SD	15
VANDERGRIFT BORO	KISKI AREA SD	869
WASHINGTON TWP	BELLE VERNON AREA SD	303
WASHINGTON TWP	KISKI AREA SD	1,168
WEST NEWTON BORO	YOUGH SD	361
WHITE OAK BORO	NORWIN SD	(87)
YOUNGSTOWN BORO	GREATER LATROBE SD	(1,771)
YOUNGWOOD BORO	HEMPFIELD AREA SD	307
		\$ 92,045

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

NOTES TO FINANCIAL STATEMENT

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:

Member	Distributions
ADAMSBURG BORO	\$ 15,442
ALLEGHENY TWP	1,058,550
ARNOLD CITY	329,686
ARONA BORO	31,990
AVONMORE BORO	71,419
BELL TWP	240,490
BELLE VERNON ASD	2,053,451
BELLE VERNON BORO	74,583
BOLIVAR BORO	31,631
BURRELL SD	1,583,311
COOK TWP	216,199
DELMONT BORO	349,749
DERRY ASD	1,541,856
DERRY BOROUGH	226,875
DERRY TWP	1,266,380
DONEGAL BOROUGH	10,773
DONEGAL TWP	269,376
EAST HUNTINGDON TWP	840,586
EAST VANDERGRIFT BORO	46,922
EVERSON BOROUGH	57,345
EXPORT BORO	82,499
FAIRFIELD TWP	213,676
FAYETTE CITY BORO	41,787
FRANKLIN REGIONAL SD	4,401,197
GREATER LATROBE SD	3,771,341
GREENSBURG CITY	3,144,332
GREENSBURG SALEM SD	2,527,702
HEMPFIELD ASD	6,054,243
HEMPFIELD TWP	5,351,219
HUNKER BORO	29,760
HYDE PARK BORO	43,765
IRWIN BORO	429,884
JEANNETTE CITY	1,977,094
JEANNETTE CITY SD	699,943

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

NOTES TO FINANCIAL STATEMENT

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

Member		Distributions
KISKI ASD	\$	2,976,401
LATROBE BORO		1,347,814
LAUREL MOUNTAIN BORO		17,570
LIGONIER BORO		140,544
LIGONIER TWP		813,555
LIGONIER VALLEY SD		1,624,190
LOWER BURRELL CITY		1,305,889
MADISON BORO		44,087
MANOR BORO (HEMPFIELD AREA SD)		90,410
MANOR BORO (PENN-TRAFFORD SD)		463,806
MONESSEN CITY		590,891
MONESSEN CITY SD		560,496
MOUNT PLEASANT AREA SD		1,747,020
MOUNT PLEASANT BORO		364,184
MOUNT PLEASANT TWP		1,168,798
MURRYSVILLE		4,120,883
NEW ALEXANDRIA BOROUGH		51,977
NEW FLORENCE BORO		46,604
NEW KENSINGTON CITY		1,092,965
NEW KENSINGTON-ARNOLD SD		1,420,847
NEW STANTON BORO		281,705
NORTH BELLE VERNON BORO		181,009
NORTH HUNTINGDON TWP		4,544,679
NORTH IRWIN BORO		82,017
NORWIN SD		5,057,732
OKLAHOMA BORO		83,705
PARKS TOWNSHIP		239,318
PENN BOROUGH		36,966
PENN TWP		3,042,805
PENN-TRAFFORD SD		3,876,720
ROSTRAVER TWP		1,433,929
SAINT CLAIR TWP		111,256
SALEM TWP		678,576
SCOTTDAL BORO		423,765
SEWARD BORO		34,107
SEWICKLEY TWP		637,303
SMITHTON BORO		34,565

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

NOTES TO FINANCIAL STATEMENT

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

Member	Distributions
SOUTH GREENSBURG BORO	\$ 226,317
SOUTH HUNTINGDON TWP	612,588
SOUTH VERSAILLES TWP	5,255
SOUTHMORELAND S D	1,455,179
SOUTHWEST GREENSBURG BORO	233,901
SUTERSVILLE BORO	50,365
TRAFFORD BORO	347,760
UNITY TWP	2,959,960
UPPER BURRELL TWP	298,790
UPPER TYRONE TWP	158,809
VANDERGRIFT BORO	349,242
WASHINGTON TWP	1,191,148
WEST NEWTON BORO	227,411
WHITE OAK BORO	1,583
YOUGH SD	1,627,987
YOUNGSTOWN BORO	23,488
YOUNGWOOD BORO	302,985
	\$ 89,926,911

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:

Non-Member	Distributions
ADAMS TAX COLLECTION DISTRICT	\$ 26,605
ALLEGHENY CENTRAL TAX COLLECTION DISTRICT	2,329,578
ALLEGHENY NORTH TAX COLLECTION DISTRICT	1,770,479
ALLEGHENY SOUTHEAST TAX COLLECTION DISTRICT	3,923,241
ALLEGHENY SOUTHWEST TAX COLLECTION DISTRICT	1,330,320
ARMSTRONG TAX COLLECTION DISTRICT	1,382,203
BEAVER TAX COLLECTION DISTRICT	267,092
BEDFORD TAX COLLECTION DISTRICT	113,191
BERKS TAX COLLECTION DISTRICT	97,043
BLAIR TAX COLLECTION DISTRICT	105,782
BRADFORD TAX COLLECTION DISTRICT	39,181

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

NOTES TO FINANCIAL STATEMENT

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

Non-Member		Distributions
BUCKS TAX COLLECTION DISTRICT	\$	121,999
BUTLER TAX COLLECTION DISTRICT		981,454
CAMBRIA TAX COLLECTION DISTRICT		603,176
CAMERON TAX COLLECTION DISTRICT		1,437
CARBON TAX COLLECTION DISTRICT		8,908
CENTRE TAX COLLECTION DISTRICT		92,899
CHESTER TAX COLLECTION DISTRICT		122,222
CLARION TAX COLLECTION DISTRICT		77,698
CLEARFIELD TAX COLLECTION DISTRICT		232,064
CLINTON TAX COLLECTION DISTRICT		90,981
COLUMBIA TAX COLLECTION DISTRICT		35,154
CRAWFORD TAX COLLECTION DISTRICT		56,391
CUMBERLAND TAX COLLECTION DISTRICT		119,635
DAUPHIN TAX COLLECTION DISTRICT		112,768
DELAWARE TAX COLLECTION DISTRICT		29,397
ELK TAX COLLECTION DISTRICT		21,306
ERIE TAX COLLECTION DISTRICT		77,510
FAYETTE TAX COLLECTION DISTRICT		2,459,328
FOREST TAX COLLECTION DISTRICT		4,514
FRANKLIN TAX COLLECTION DISTRICT		129,779
FULTON TAX COLLECTION DISTRICT		9,784
GREENE TAX COLLECTION DISTRICT		84,489
HUNTINGDON TAX COLLECTION DISTRICT		47,028
INDIANA TAX COLLECTION DISTRICT		1,834,439
JEFFERSON TAX COLLECTION DISTRICT		105,589
JUNIATA TAX COLLECTION DISTRICT		15,532
LACKAWANNA TAX COLLECTION DISTRICT		28,395
LANCASTER TAX COLLECTION DISTRICT		78,710
LAWRENCE TAX COLLECTION DISTRICT		101,820
LEBANON TAX COLLECTION DISTRICT		46,951
LEHIGH TAX COLLECTION DISTRICT		69,072
LUZERNE TAX COLLECTION DISTRICT		89,496
LYCOMING TAX COLLECTION DISTRICT		185,118
MCKEAN TAX COLLECTION DISTRICT		28,222
MERCER TAX COLLECTION DISTRICT		132,384
MIFFLIN TAX COLLECTION DISTRICT		13,391
MONROE TAX COLLECTION DISTRICT		24,560

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

NOTES TO FINANCIAL STATEMENT

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

<u>Non-Member</u>	<u>Distributions</u>
MONTGOMERY TAX COLLECTION DISTRICT	\$ 97,365
MONTOUR TAX COLLECTION DISTRICT	18,415
NORTHAMPTON TAX COLLECTION DISTRICT	41,350
NORTHUMBERLAND TAX COLLECTION DISTRICT	111,920
PERRY TAX COLLECTION DISTRICT	15,830
PIKE TAX COLLECTION DISTRICT	115
POTTER TAX COLLECTION DISTRICT	23,008
SCHUYLKILL TAX COLLECTION DISTRICT	39,768
SNYDER TAX COLLECTION DISTRICT	33,570
SOMERSET TAX COLLECTION DISTRICT	487,342
SULLIVAN TAX COLLECTION DISTRICT	2,147
SUSQUEHANNA TAX COLLECTION DISTRICT	4,363
TIOGA TAX COLLECTION DISTRICT	41,025
UNION TAX COLLECTION DISTRICT	36,203
VENANGO TAX COLLECTION DISTRICT	35,518
WARREN TAX COLLECTION DISTRICT	21,397
WASHINGTON TAX COLLECTION DISTRICT	1,157,884
WAYNE TAX COLLECTION DISTRICT	151
WYOMING TAX COLLECTION DISTRICT	7,275
YORK TAX COLLECTION DISTRICT	89,501
	<u>\$ 21,922,465</u>

Note 5. Source of Earned Income Tax Collections

The earned income tax imposed is currently 1% - 1.85% 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 Innovations.

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

NOTES TO FINANCIAL STATEMENT

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

SCHOOL DISTRICTS	MUNICIPALITIES	
	BOROUGHS	TOWNSHIPS
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 BOROUGH	LIGONIER TWP
LIGONIER VALLEY SD	DONEGAL BORO	MOUNT PLEASANT TWP
MONESSEN CITY SD	EAST VANDERGRIFT BORO	NORTH HUNTINGDON TWP
MOUNT PLEASANT AREA SD	EVERSON BOROUGH	PARKS TOWNSHIP
NEW KENSINGTON-ARNOLD SD	EXPORT BORO	PENN TWP
NORWIN SD	FAYETTE CITY BORO	ROSTRAVER TWP
PENN-TRAFFORD SD	GREENSBURG CITY (GREENSBURG SALEM SD)	SAINT CLAIR TWP
SOUTHMORELAND SD	GREENSBURG CITY (HEMPFIELD AREA SD)	SALEM TWP
YOUGH SD	HUNKER BORO	SEWICKLEY TWP
	HYDE PARK BORO	SOUTH HUNTINGDON TWP
	IRWIN BORO	SOUTH VERSAILLES 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	
	MOUNT PLEASANT BORO	
	MURRYSVILLE	
	NEW ALEXANDRIA BOROUGH	
	NEW FLORENCE BORO	
	NEW KENSINGTON CITY	

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

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 BOROUGH	
	SCOTTDALE 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 Innovations 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 Innovations upon collection with the net proceeds being distributed.

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

SUPPLEMENTARY INFORMATION

**SCHEDULE OF BONDING ANALYSIS
Year Ended December 31, 2017**

Earned Income Tax Collections - Collections within TCD	\$ 92,368,541
Less: Taxpayer refunds - earned income taxes	<u>1,347,753</u>
Earned Income Tax Collections - Net	\$ <u>91,020,788</u>
Bonding Amount as determined by TCC	\$ <u>5,650,000</u>
Actual Bond Amount	\$ <u>5,650,000</u>
Average daily amount of tax collections in possession of tax officer	\$ <u>249,372</u>

Per the contract between Westmoreland County TCC and the tax officer, Berkheimer Tax Innovations, 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 INNOVATIONS**

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COLLECTION FEES CHARGED
Year Ended December 31, 2017**

Earned Income Tax Collections - Collections within TCD Current	\$ 90,164,441
Earned Income Tax Collections - Collections within TCD Delinquent	2,204,099
Less: Taxpayer refunds - earned income taxes	<u>1,347,753</u>
Earned Income Tax Collections - Net	<u>\$ 91,020,788</u>
Collection Rate per TCC/Tax Officer Contract	
Current Collections	1.42%
Delinquent Collections	0%
Collection Fees Charged	\$ 1,261,219

Tax Officer, Berkheimer Tax Innovations, 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.

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

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, 2017**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance
CASH BALANCE - January 1, 2017	\$ 212,199	\$ 212,199	\$ 0
COLLECTIONS AND RECEIPTS			
Resident EIT Received from Employers/Taxpayers within TCD	50,874,950	50,874,950	0
Resident EIT Received from Other TCDs	39,005,248	39,005,248	0
Non-Resident EIT Received for PSD within the TCD	284,243	284,243	0
Non-Resident EIT Received for Other TCDs	21,922,465	21,922,465	0
Delinquent Collections	2,204,099	2,204,099	0
EIT Received for PSD within the TCD due to Other Collector	7,152	7,152	0
Net change in unidentified collections	(118,296)	(118,296)	0
Investment Income	5,553	5,553	0
Costs Recovered by the Tax Officer	466,485	466,485	0
Other Collections			
Court Fees Reimbursed to PSD	171	171	0
TOTAL COLLECTIONS AND RECEIPTS	114,652,070	114,652,070	0
LESS: DISTRIBUTIONS AND DISBURSEMENTS			
EIT Distributions to TCD Members	89,926,911	89,926,911	0
EIT Distributions to Other Tax Officers for TCD Members	7,152	7,152	0
EIT Distributions to Other TCDs	21,922,465	21,922,465	0
Taxpayer Refunds	1,347,753	1,347,753	0
Tax Officer Commissions	1,040,462	1,040,462	0
TCD Committee Fees	0	0	0
Other Disbursements			
Postage Fees Reimbursed to Tax Officer	56,601	56,601	0
Investment Income Retained by Tax Officer	0	0	0
Cost Retained by Tax Officer	466,485	466,485	0
Court Fees Reimbursed to Tax Officer	4,395	4,395	0
Tax Officer Commissions on Sterling Credits	0	0	0
TOTAL DISTRIBUTIONS AND DISBURSEMENTS	114,772,224	114,772,224	0
COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS	(120,154)	(120,154)	0
CASH BALANCE - December 31, 2017	\$ 92,045	\$ 92,045	\$ 0

**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 Innovations

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 Innovations (the "Tax Officer") for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated April 23, 2018. Our report disclosed that the financial statement is prepared by the Tax Officer 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 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 23, 2018

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

Westmoreland County Tax Collection Committee
Tax Officer, Berkheimer Tax Innovations

Compliance

We have audited Westmoreland County Tax Collection Committee Tax Officer, Berkheimer Tax Innovations' (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, 2017.

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, 2017.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of Pennsylvania Act 32 of 2008 and DCED's *Act 32 Suggested Audit Procedures*. Accordingly, this report is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Williamsport, Pennsylvania
April 23, 2018

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

SCHEDULE OF FINDINGS AND NON-COMPLIANCE

Section I - Financial Statement Findings

None

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

None