

**Westmoreland County
Tax Collection Committee**

**Tax Officer,
Berkheimer Tax Innovations**

Financial Statement and
Supplementary Information

Year Ended December 31, 2018

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

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Independent Auditors' Report

To the 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, 2018, 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, 2018, 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 22, 2019, 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 22, 2019

**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, 2018

COLLECTIONS AND RECEIPTS

Resident EIT Received from Employers/Taxpayers within TCD	\$	52,836,974
Resident EIT Received from Other TCDs		40,588,680
Non-Resident EIT Received for PSD within the TCD		457,098
Non-Resident EIT Received for Other TCDs		22,568,757
Delinquent Collections		1,905,750
EIT Received for PSD within the TCD due to Other Collector		1,960
Net change in unidentified collections		(40,364)
Investment Income		23,716
Costs Recovered by the Tax Officer		372,562
Other Collections		
Court Fees Collected		363
TOTAL COLLECTIONS AND RECEIPTS		118,715,496

DISTRIBUTIONS AND DISBURSEMENTS

EIT Distributions to TCD Members (Note 3)		93,295,785
EIT Distributions to Other Tax Officers for TCD Members		1,960
EIT Distributions to Other TCDs (Note 4)		22,568,757
Taxpayer Refunds		1,379,598
Tax Officer Commissions		1,083,411
TCD Committee Fees		-
Other Disbursements		
Postage Fees Reimbursed to Tax Officer		54,611
Investment Income Retained by Tax Officer		-
Cost Retained by Tax Officer		372,562
Court Fees Reimbursed to Tax Officer		(2,659)
Tax Officer Commissions on Sterling Credits		-
TOTAL DISTRIBUTIONS AND DISBURSEMENTS		118,754,025

COLLECTIONS AND RECEIPTS

OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS **(38,529)**

CASH BALANCE - January 1, 2018 **92,045**

CASH BALANCE - December 31, 2018 **\$ 53,516**

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 22, 2019, 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.

**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)

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 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, 2018, for members of the Westmoreland County TCC, totaled \$53,516. The following are the entities for which the money was held at December 31, 2018, and the amount held for each of those entities.

Municipality	School District	Ending Cash Balance
ALLEGHENY TWP	KISKI AREA SD	\$ 829
ARNOLD CITY	NEW KENSINGTON ARNOLD SD	90
ARONA BORO	YOUGH SD	53
AVONMORE BORO	KISKI AREA SD	75
BELLE VERNON BORO	BELLE VERNON AREA SD	52
BOLIVAR BORO	LIGONIER VALLEY SD	84
COOK TWP	LIGONIER VALLEY SD	176
DERRY TWP	DERRY AREA SD	1,467
EAST HUNTINGDON TWP	SOUTHMORELAND SD	2,128
EXPORT BORO	FRANKLIN REGIONAL SD	101
GREENSBURG CITY	GREENSBURG SALEM SD	3,911
HEMPFIELD TWP	HEMPFIELD AREA SD	2,606
IRWIN BORO	NORWIN SD	1,917
JEANNETTE CITY	JEANNETTE CITY SD	994
LATROBE CITY	GREATER LATROBE SD	502
LIGONIER BORO	LIGONIER VALLEY SD	504
LIGONIER TWP	LIGONIER VALLEY SD	1,934
LOWER BURRELL CITY	BURRELL SD	1,627
MANOR BORO	PENN-TRAFFORD SD	140
MONESSEN CITY	MONESSEN CITY SD	256

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/
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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	\$ 684
MOUNT PLEASANT TWP	MOUNT PLEASANT AREA SD	555
MURRYSVILLE BORO	FRANKLIN REGIONAL SD	4,163
NEW STANTON BORO	HEMPFIELD AREA SD	18
NORTH BELLE VERNON BORO	BELLE VERNON AREA SD	137
NORTH HUNTINGDON TWP	NORWIN SD	11,744
PARKS TOWNSHIP	KISKI AREA SD	33
PENN TWP	PENN-TRAFFORD SD	3,505
ROSTRAVER TWP	BELLE VERNON AREA SD	1,164
SAINT CLAIR TWP	LIGONIER VALLEY SD	177
SALEM TWP	GREENSBURG SALEM SD	1,489
SCOTTDAL BORO	SOUTHMORELAND SD	192
SEWICKLEY TWP	YOUGH SD	77
SOUTH GREENSBURG BORO	GREENSBURG SALEM SD	444
SOUTH HUNTINGDON TWP	YOUGH SD	90
SOUTHWEST GREENSBURG BORO	GREENSBURG SALEM SD	3
SUTERSVILLE BORO	YOUGH SD	260
TRAFFORD BORO	PENN-TRAFFORD SD	660
UNITY TWP	GREATER LATROBE SD	7,400
UPPER TYRONE TWP	SOUTHMORELAND SD	11
WASHINGTON TWP	KISKI AREA SD	300
WEST NEWTON BORO	YOUGH SD	107
WHITE OAK BORO	NORWIN SD	(23)
YOUNGSTOWN BORO	GREATER LATROBE SD	175
YOUNGWOOD BORO	HEMPFIELD AREA SD	705
		\$ 53,516

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	\$ 17,073
ALLEGHENY TWP	1,103,227
ARNOLD CITY	337,561
ARONA BORO	32,238
AVONMORE BORO	75,206

**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
BELL TWP	\$ 240,635
BELLE VERNON AREA SD	2,208,733
BELLE VERNON BORO	76,665
BOLIVAR BORO	31,957
BURRELL SD	1,665,507
COOK TWP	243,212
DELMONT BORO (FRANKLIN REGIONAL SD)	270,748
DELMONT BORO (GREENSBURG SALEM SD)	93,843
DERRY AREA SD	1,619,635
DERRY BOROUGH	232,644
DERRY TWP	1,343,380
DONEGAL BORO	11,763
DONEGAL TWP	302,801
EAST HUNTINGDON TWP	887,917
EAST VANDERGRIFT BORO	44,681
EVERSON BORO	60,516
EXPORT BORO	87,059
FAIRFIELD TWP	219,340
FAYETTE CITY BORO	46,216
FRANKLIN REGIONAL SD	4,547,943
GREATER LATROBE SD	3,934,458
GREENSBURG CITY	3,184,302
GREENSBURG SALEM SD	2,590,003
HEMPFIELD AREA SD	6,177,824
HEMPFIELD TWP	5,462,056
HUNKER BORO	30,541
HYDE PARK BORO	42,309
IRWIN BORO	446,794
JEANNETTE CITY	723,596
JEANNETTE CITY (ACT 205)	1,293,404
JEANNETTE CITY SD	714,026
KISKI AREA SD	3,059,316
LATROBE CITY	1,394,689
LAUREL MOUNTAIN BORO	15,747
LIGONIER BORO	147,940
LIGONIER TWP	825,146
LIGONIER VALLEY SD	1,683,638

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

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

Member		Distributions
LOWER BURRELL CITY	\$	1,374,733
MADISON BORO		42,254
MANOR BORO (HEMPFIELD AREA SD)		89,861
MANOR BORO (PENN-TRAFFORD SD)		479,326
MONESSEN CITY		608,902
MONESSEN CITY SD		573,663
MOUNT PLEASANT AREA SD		1,832,533
MOUNT PLEASANT BORO		374,339
MOUNT PLEASANT TWP		1,251,061
MURRYSVILLE BORO		4,252,169
NEW ALEXANDRIA BOROUGH		50,861
NEW FLORENCE BORO		49,068
NEW KENSINGTON CITY		1,102,357
NEW KENSINGTON-ARNOLD SD		1,439,535
NEW STANTON BORO		297,118
NORTH BELLE VERNON BORO		191,337
NORTH HUNTINGDON TWP		4,759,433
NORTH IRWIN BORO		86,168
NORWIN SD		5,290,862
OKLAHOMA BORO		84,339
PARKS TOWNSHIP		241,134
PENN BOROUGH		36,643
PENN TWP		3,148,560
PENN-TRAFFORD SD		4,016,411
ROSTRAVER TWP		1,553,192
SALEM TWP		737,945
SCOTTDALE BORO		438,050
SEWARD BORO		34,294
SEWICKLEY TWP		687,955
SMITHTON BORO		37,936
SOUTH GREENSBURG BORO (GREENSBURG SALEM SD)		219,454
SOUTH GREENSBURG BORO (HEMPFIELD AREA SD)		12,708
SOUTH HUNTINGDON TWP		674,949
SOUTH VERSAILLES TWP		6,060
SOUTHMORELAND SD		1,500,727
SOUTHWEST GREENSBURG BORO		233,998
SAINT CLAIR TWP		117,665

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

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

Member	Distributions
SUTERSVILLE BORO	\$ 54,233
TRAFFORD BORO	365,949
UNITY TWP	3,084,961
UPPER BURRELL TWP	303,325
UPPER TYRONE TWP	170,150
VANDERGRIFT BORO	374,418
WASHINGTON TWP (BELLE VERNON AREA SD)	371,031
WASHINGTON TWP (KISKI AREA SD)	851,719
WEST NEWTON BORO	240,887
WHITE OAK BORO	1,510
YOUGH SD	1,689,256
YOUNGSTOWN BORO	25,836
YOUNGWOOD BORO	308,623
	<u>\$ 93,295,785</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:

Non-Member	Distributions
ADAMS TAX COLLECTION DISTRICT	\$ 23,604
ALLEGHENY CENTRAL TAX COLLECTION DISTRICT	2,537,239
ALLEGHENY NORTH TAX COLLECTION DISTRICT	1,819,974
ALLEGHENY SOUTHEAST TAX COLLECTION DISTRICT	3,937,809
ALLEGHENY SOUTHWEST TAX COLLECTION DISTRICT	1,491,971
ARMSTRONG TAX COLLECTION DISTRICT	1,454,398
BEAVER TAX COLLECTION DISTRICT	286,721
BEDFORD TAX COLLECTION DISTRICT	97,278
BERKS TAX COLLECTION DISTRICT	59,315
BLAIR TAX COLLECTION DISTRICT	115,432
BRADFORD TAX COLLECTION DISTRICT	49,637
BUCKS TAX COLLECTION DISTRICT	114,040
BUTLER TAX COLLECTION DISTRICT	998,004
CAMBRIA TAX COLLECTION DISTRICT	623,683
CAMERON TAX COLLECTION DISTRICT	1,170

**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)

Non-Member	Distributions
CARBON TAX COLLECTION DISTRICT	\$ 8,266
CENTRE TAX COLLECTION DISTRICT	77,283
CHESTER TAX COLLECTION DISTRICT	112,889
CLARION TAX COLLECTION DISTRICT	85,896
CLEARFIELD TAX COLLECTION DISTRICT	168,903
CLINTON TAX COLLECTION DISTRICT	77,602
COLUMBIA TAX COLLECTION DISTRICT	30,917
CRAWFORD TAX COLLECTION DISTRICT	75,726
CUMBERLAND TAX COLLECTION DISTRICT	99,885
DAUPHIN TAX COLLECTION DISTRICT	55,651
DELAWARE TAX COLLECTION DISTRICT	56,313
ELK TAX COLLECTION DISTRICT	24,440
ERIE TAX COLLECTION DISTRICT	64,098
FAYETTE TAX COLLECTION DISTRICT	2,594,305
FOREST TAX COLLECTION DISTRICT	4,368
FRANKLIN TAX COLLECTION DISTRICT	76,166
FULTON TAX COLLECTION DISTRICT	5,042
GREENE TAX COLLECTION DISTRICT	103,706
HUNTINGDON TAX COLLECTION DISTRICT	41,030
INDIANA TAX COLLECTION DISTRICT	2,002,863
JEFFERSON TAX COLLECTION DISTRICT	118,951
JUNIATA TAX COLLECTION DISTRICT	6,943
LACKAWANNA TAX COLLECTION DISTRICT	30,261
LANCASTER TAX COLLECTION DISTRICT	43,997
LAWRENCE TAX COLLECTION DISTRICT	99,797
LEBANON TAX COLLECTION DISTRICT	9,259
LEHIGH TAX COLLECTION DISTRICT	71,205
LUZERNE TAX COLLECTION DISTRICT	70,153
LYCOMING TAX COLLECTION DISTRICT	167,193
MCKEAN TAX COLLECTION DISTRICT	38,415
MERCER TAX COLLECTION DISTRICT	127,035
MIFFLIN TAX COLLECTION DISTRICT	11,619
MONROE TAX COLLECTION DISTRICT	17,612
MONTGOMERY TAX COLLECTION DISTRICT	90,404
MONTOUR TAX COLLECTION DISTRICT	16,684
NORTHAMPTON TAX COLLECTION DISTRICT	65,945
NORTHUMBERLAND TAX COLLECTION DISTRICT	44,571

**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)

Non-Member	Distributions
PERRY TAX COLLECTION DISTRICT	\$ 5,511
PIKE TAX COLLECTION DISTRICT	863
POTTER TAX COLLECTION DISTRICT	41,318
SCHUYLKILL TAX COLLECTION DISTRICT	35,523
SNYDER TAX COLLECTION DISTRICT	26,696
SOMERSET TAX COLLECTION DISTRICT	516,557
SULLIVAN TAX COLLECTION DISTRICT	1,865
SUSQUEHANNA TAX COLLECTION DISTRICT	7,029
TIOGA TAX COLLECTION DISTRICT	51,402
UNION TAX COLLECTION DISTRICT	20,059
VENANGO TAX COLLECTION DISTRICT	29,606
WARREN TAX COLLECTION DISTRICT	26,243
WASHINGTON TAX COLLECTION DISTRICT	1,347,452
WAYNE TAX COLLECTION DISTRICT	757
WYOMING TAX COLLECTION DISTRICT	8,325
YORK TAX COLLECTION DISTRICT	43,879
	\$ 22,568,757

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.

School Districts	Municipalities	
	Borough	Townships
BELLE VERNON AREA SD	ADAMSBURG BORO	ALLEGHENY TWP
BURRELL SD	ARNOLD CITY	BELL TWP

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

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

School Districts	Municipalities	
	Borough	Townships
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 CITY	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 BORO	
	NEW ALEXANDRIA BOROUGH	
	NEW FLORENCE BORO	
	NEW KENSINGTON CITY	

**WESTMORELAND COUNTY TAX COLLECTION COMMITTEE/
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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	
	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 Innovations for the collection and distribution of earned income taxes. The contract term 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/
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SUPPLEMENTARY INFORMATION

**SCHEDULE OF BONDING ANALYSIS
Year Ended December 31, 2018**

Earned Income Tax Collections - Collections within TCD	\$ 95,788,502
Less: Taxpayer refunds - earned income taxes	<u>1,379,598</u>
Earned Income Tax Collections - Net	<u>\$ 94,408,904</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>\$ 258,655</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, 2018**

Earned Income Tax Collections - Collections within TCD Current	\$ 93,882,752
Earned Income Tax Collections - Collections within TCD Delinquent	1,905,750
Less: Taxpayer refunds - earned income taxes	<u>1,379,598</u>
Earned Income Tax Collections - Net	\$ <u>94,408,904</u>
 Collection Rate per TCC/Tax Officer Contract	
Current Collections	1.42%
Delinquent Collections	0%
 Collection Fees Charged	 \$ 1,313,599

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, 2018**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance
CASH BALANCE - January 1, 2018	\$ 92,045	\$ 92,045	\$ 0
COLLECTIONS AND RECEIPTS			
Resident EIT Received from Employers/Taxpayers within TCD	52,836,974	52,836,974	0
Resident EIT Received from Other TCDs	40,588,680	40,588,680	0
Non-Resident EIT Received for PSD within the TCD	457,098	457,098	0
Non-Resident EIT Received for Other TCDs	22,568,757	22,568,757	0
Delinquent Collections	1,905,750	1,905,750	0
EIT Received for PSD within the TCD due to Other Collector	1,960	1,960	0
Net change in unidentified collections	(40,364)	(40,364)	0
Investment Income	23,716	23,716	0
Costs Recovered by the Tax Officer	372,562	372,562	0
Other Collections			
Court Fees Collected	363	363	0
TOTAL COLLECTIONS AND RECEIPTS	118,715,496	118,715,496	0
LESS: DISTRIBUTIONS AND DISBURSEMENTS			
EIT Distributions to TCD Members	93,295,785	93,295,785	0
EIT Distributions to Other Tax Officers for TCD Members	1,960	1,960	0
EIT Distributions to Other TCDs	22,568,757	22,568,757	0
Taxpayer Refunds	1,379,598	1,379,598	0
Tax Officer Commissions	1,083,411	1,083,411	0
TCD Committee Fees	0	0	0
Other Disbursements			
Postage Fees Reimbursed to Tax Officer	54,611	54,611	0
Investment Income Retained by Tax Officer	0	0	0
Cost Retained by Tax Officer	372,562	372,562	0
Court Fees Reimbursed to Tax Officer	(2,659)	(2,659)	0
Tax Officer Commissions on Sterling Credits	0	0	0
TOTAL DISTRIBUTIONS AND DISBURSEMENTS	118,754,025	118,754,025	0
COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS	(38,529)	(38,529)	0
CASH BALANCE - December 31, 2018	\$ 53,516	\$ 53,516	\$ 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***

To the 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, 2018, and the related notes to the financial statement, and have issued our report thereon dated April 22, 2019. 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*.

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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 22, 2019

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

To the 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, 2018.

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, 2018.

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 22, 2019

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

**SCHEDULE OF FINDINGS AND NON-COMPLIANCE
YEAR ENDED DECEMBER 31, 2018**

Section I - Financial Statement Findings

None

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

None