

Committee Members
Allegheny North Tax Collection Committee
Pittsburgh, Pennsylvania

We are pleased to present this report related to our audit of the financial statement of Allegheny North Tax Collection Committee (“TCC”) for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Allegheny North Tax Collection Committee’s financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated January 4, 2018.

Our audit of the financial statement of the Allegheny North Tax Collection Committee for the year ended December 31, 2017, was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions of Pennsylvania Act 32 of 2008. Those standards and Act require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statement. We believe our audit accomplished that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls over internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts and agreements that contribute to the evidence supporting our opinion on the financial statement. However, they do not provide a basis for opining on the Tax Officer’s internal control over financial reporting or on compliance and other matters.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

In accordance with the TCC's accounting policies consistently applied and in conformity with the cash basis accounting and Pennsylvania Act 32 of 2008, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

The Committee Members, Tax Officer and Tax Officer's management have the ultimate responsibility for the appropriateness of the accounting policies and procedures used by the TCC. During the year ended December 31, 2017, the TCC did not adopt any significant accounting policies or procedures.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. There were no accounting estimates significant to the financial statement as this statement is prepared in accordance with cash basis accounting.

Audit Adjustments

There were no audit adjustments made during the course of this audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements.

Financial Statement Disclosures

The disclosures in the financial statement are neutral, consistent and clear.

The Tax Officer and its management have informed us they used all the relevant facts available to them at the time to make the best judgments about the disclosures and we considered this information in the scope of our audit. We evaluated the key factors and assumptions used to develop the above disclosures in determining that they are neutral, consistent and clear in relation to the financial statement taken as a whole.

Disagreements with Management

We encountered no disagreements with the Tax Officer and its management over the application of significant accounting principles, the basis for the Tax Officer and its management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statement.

Consultation with Other Accountants

We are not aware of any consultations the Tax Officer or its management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with the Tax Officer or its management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with the Tax Officer or its management during the audit.

Written Communications Between Management and Our Firm

We have requested certain representations from the Tax Officer that are included in the representation letter dated April 18, 2018.

Closing

This report is intended solely for the information and use of the Allegheny North Tax Collection Committee Members and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Allegheny North Tax Collection Committee.

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

Camp Hill, Pennsylvania
April 18, 2018

**ALLEGHENY NORTH TAX
COLLECTION COMMITTEE**

**TAX OFFICER,
KEYSTONE COLLECTIONS GROUP**

FINANCIAL REPORT

DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Committee Members
Allegheny North Tax Collection Committee
Pittsburgh, Pennsylvania

Report on the Financial Statement

We have audited the accompanying financial statement of Allegheny North Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, which comprise the statement of cash receipts, cash disbursements and cash balances as of December 31, 2017, and the related notes to the financial statement for the year then ended.

Management's Responsibility for the Financial Statement

Allegheny North TCC's Tax Officer, Keystone Collections Group's management is responsible for the preparation and fair presentation of the financial statement in accordance with the TCC's accounting policies consistently applied and in conformity with the cash basis of accounting and Pennsylvania Act 32 of 2008. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards, generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the above referenced financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of cash receipts, cash disbursements, and cash balances referred to above presents fairly, in all material respects, the cash receipts and cash disbursements of Allegheny North Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group for the year ended December 31, 2017, and its cash balance as of December 31, 2017, on the cash basis of accounting described in Note 1.

Basis of Accounting

We draw your attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Supplementary Information

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

Such information is the responsibility of Allegheny North TCC's Tax Officer, Keystone Collections Group's management and was derived from and relates directly to the underlying accounting and other records used to prepare the above referenced financial statement. The information has been subjected to the auditing procedures applied in the audit of the above referenced financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the above referenced financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2018, on our consideration of Allegheny North TCC's Tax Officer, Keystone Collections Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allegheny North TCC's Tax Officer, Keystone Collections Group's internal control over financial reporting and compliance.

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Camp Hill, Pennsylvania
April 18, 2018

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CASH BALANCES
Year Ended December 31, 2017**

COLLECTIONS AND RECEIPTS	
Resident EIT Received from Employers/Taxpayers within TCD	\$ 42,766,188
Resident EIT Received from Other TCDs	70,612,405
Non-Resident EIT Received for PSD within the TCD	441,991
Non-Resident EIT Received for Other TCDs	39,119,383
Delinquent Earned Income Taxes	4,396,661
Costs Recovered by the Tax Officer	587,909
Reimbursement of Postage and/or Costs	9,876
Unidentified Collections	58
TOTAL COLLECTIONS AND RECEIPTS	157,934,471

DISTRIBUTIONS AND DISBURSEMENTS

EIT Distributions to TCD Members	
Allegheny Valley School District	1,112,322
Avonworth School District	2,613,196
Deer Lakes School District	1,850,923
Fox Chapel Area School District	7,890,333
Hampton Township School District	3,982,565
Highlands School District	1,913,462
North Allegheny School District	12,984,116
North Hills School District	5,813,266
Northgate School District	1,517,714
Pine-Richland School District	7,004,148
Quaker Valley School District	4,103,091
Shaler Area School District	5,243,797
Aspinwall Borough	570,466
Avalon Borough	545,791
Bell Acres Borough	627,112
Bellevue Borough	1,945,646
Ben Avon Borough	366,522
Ben Avon Heights Borough	131,434
Blawnox Borough	172,900
Brackenridge Borough	267,738
Bradford Woods Borough	297,848
Cheswick Borough	194,769
Edgeworth Borough	849,140
Emsworth Borough	334,821
Etna Borough	350,643

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**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CASH BALANCES (Continued)
Year Ended December 31, 2017**

DISTRIBUTIONS AND DISBURSEMENTS (Continued)

EIT Distributions to TCD Members (Continued)

Fox Chapel Borough	3,166,865
Franklin Park Borough	4,203,318
Glen Osborne Borough	176,652
Glenfield Borough	29,571
Haysville Borough	12,267
Leetsdale Borough	192,647
Millvale Borough	325,379
Sewickley Borough	1,052,589
Sewickley Heights Borough	496,832
Sewickley Hills Borough	199,734
Sharpsburg Borough	270,734
Springdale Borough	363,344
Tarentum Borough	333,629
West View Borough	868,784
Aleppo Township	252,970
East Deer Township	140,844
Fawn Township	256,900
Frazer Township	140,480
Hampton Township	3,994,137
Harmar Township	403,260
Harrison Township	1,057,031
Indiana Township	1,523,640
Kilbuck Township	141,452
Leet Township	267,614
Marshall Township	2,879,064
Town of McCandless	5,811,704
Ohara Township	3,505,330
Ohio Township	1,640,758
Pine Township	4,841,863
Reserve Township	422,613
Richland Township	2,233,071
Ross Township	4,944,999
Shaler Township	4,160,133

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**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
 TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CASH BALANCES (Continued)
 Year Ended December 31, 2017**

DISTRIBUTIONS AND DISBURSEMENTS (Continued)	
EIT Distributions to TCD Members (Continued)	
Springdale Township	187,590
West Deer Township	1,573,695
Total EIT Distributions to TCD Members	114,755,256
EIT Distributions to Other TCDs (Note 3)	39,119,383
Taxpayer Refunds - Current	2,113,012
Taxpayer Refunds - Delinquent	9,212
Tax Officer Commissions	1,586,607
Costs Retained by Tax Officer	587,909
Postage	72,902
	158,244,281
TOTAL DISTRIBUTIONS AND DISBURSEMENTS	158,244,281
Less: Unidentified Collections	58
COLLECTIONS AND RECEIPTS OVER/(UNDER) DISTRIBUTIONS AND DISBURSEMENTS AND UNIDENTIFIED COLLECTIONS	(309,868)
Cash Balance - January 1, 2017	1,198,500
Cash Balance - December 31, 2017	\$ 888,632

See Notes to Financial Statement.

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

NOTES TO FINANCIAL STATEMENT

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

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

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

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

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

Subsequent Events: In preparing this financial statement, the Allegheny North TCC's Tax Officer, Keystone Collections Group has evaluated events and transactions for potential recognition and disclosure through April 18, 2018, the date the financial statement was available to be issued.

Note 2. Cash Balance and Concentration of Credit Risk

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

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

NOTES TO FINANCIAL STATEMENT

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

Deposits of governmental entities in excess of Federal Depository Insurance limits are required to be secured by pledged collateral either on a pooled or separate basis. These may be bonds of the United States, any State or Commonwealth of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania. The Federal Reserve Bank does not consider earned income tax officers such as Keystone Collections Group to be governmental entities; rather it considers the tax officer to be a collection agency. The accounts are held in trust for the TCC political subdivisions under State law, and therefore constitute public funds. These uninsured deposits of \$888,632 are collateralized under Act 72 of 1971, with securities held by the pledging financial institution, or its trust department or agent, in the name of the TCC's designated tax officer.

The cash balance consists of collections held, in escrow, pending receipt of monthly, quarterly or annual reports identifying amounts due to the appropriate member of Allegheny North TCC or other Tax Collection Districts. The cash balance at December 31, 2017, for members of the Allegheny North TCC, totaled \$888,632. The following are the entities for which money was held at December 31, 2017, and the amount held for each of those entities.

Members of Allegheny North TCD	Amount
Allegheny Valley School District	\$ 6,242
Avonworth School District	14,358
Deer Lakes School District	9,040
Fox Chapel Area School District	48,789
Hampton Township School District	21,547
Highlands School District	8,075
North Allegheny School District	69,484
North Hills School District	33,441
Northgate School District	10,722
Pine-Richland School District	34,729
Quaker Valley School District	138,243
Shaler Area School District	26,226
Aspinwall Borough	5,209
Avalon Borough	3,367
Bell Acres Borough	121,431
Bellevue Borough	14,783
Ben Avon Borough	2,109
Ben Avon Heights Borough	1,448
Blawnox Borough	1,631
Brackenridge Borough	998

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**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

NOTES TO FINANCIAL STATEMENT

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

Members of Allegheny North TCD (Continued)	Amount
Bradford Woods Borough	1,742
Cheswick Borough	1,558
Edgeworth Borough	5,082
Emsworth Borough	2,249
Etna Borough	2,437
Fox Chapel Borough	20,909
Franklin Park Borough	27,062
Glen Osborne Borough	1,792
Glenfield Borough	426
Leetsdale Borough	3,273
Millvale Borough	3,195
Sewickley Borough	4,605
Sewickley Heights Borough	12,730
Sewickley Hills Borough	2,314
Sharpsburg Borough	1,312
Springdale Borough	1,884
Tarentum Borough	1,802
West View Borough	5,061
Aleppo Township	2,181
East Deer Township	1,339
Fawn Township	1,661
Frazer Township	1,718
Hampton Township	21,580
Harmar Township	3,298
Harrison Township	4,318
Indiana Township	8,447
Kilbuck Township	1,587
Leet Township	1,769
Marshall Township	14,076
Town of McCandless	29,016
Ohara Township	22,593
Ohio Township	9,466
Pine Township	24,963

(Continued)

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

NOTES TO FINANCIAL STATEMENT

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

Members of Allegheny North TCD (Continued)	Amount
Reserve Township	2,873
Richland Township	10,109
Ross Township	28,586
Shaler Township	18,547
Springdale Township	1,672
West Deer Township	7,528
	\$ 888,632

Note 3. Disbursements to Non-Members of Allegheny North TCD

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

EIT Distributions to Other TCDs	Amount
Adams	\$ 17,390
Armstrong	846,427
Beaver	2,937,979
Bedford	22,640
Berks	17,134
Blair	29,604
Bradford	3,027
Bucks	136,648
Butler	6,961,874
Cambria	107,458
Cameron	945
Carbon	3,309
Centre	30,539
Chester	79,148
Clarion	88,192
Clearfield	33,911
Clinton	5,162
Columbia	4,521
Crawford	40,264
Cumberland	43,758

(Continued)

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

NOTES TO FINANCIAL STATEMENT

Note 3. Disbursements to Non-Members of Allegheny North TCD (Continued)

EIT Distributions to Other TCDs (Continued)	Amount
Dauphin	35,522
Delaware	10,262
Elk	7,267
Erie	80,394
Fayette	194,509
Forest	5,522
Franklin	14,312
Fulton	309
Greene	35,891
Huntingdon	3,773
Indiana	190,804
Jefferson	29,116
Juniata	2,794
Lackawanna	11,522
Lancaster	28,608
Lawrence	517,074
Lebanon	4,499
Lehigh	22,634
Luzerne	21,335
Lycoming	9,010
McKean	6,753
Mercer	211,722
Mifflin	4,562
Monroe	9,526
Montgomery	43,381
Montour	1,521
Northampton	29,239
Northumberland	10,720
Perry	6,613
Pike	51
Potter	3,084
Schuylkill	3,862
Snyder	3,715
Somerset	74,720
Sullivan	2,660

(Continued)

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

NOTES TO FINANCIAL STATEMENT

Note 3. Disbursements to Non-Members of Allegheny North TCD (Continued)

EIT Distributions to Other TCDs (Continued)	Amount
Susquehanna	1,799
Tioga	14,501
Union	3,954
Venango	39,155
Warren	7,974
Washington	1,126,799
Westmoreland	4,229,532
Wyoming	78
York	38,010
Allegheny Central	10,648,438
Allegheny Southeast	4,468,251
Allegheny Southwest	5,493,676
	<u>\$ 39,119,383</u>

Note 4. Source of Earned Income Tax Collections

The earned income tax imposed is currently 1.00% - 1.50% per year, depending on the municipality of:

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

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

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

NOTES TO FINANCIAL STATEMENT

Note 4. Source of Earned Income Tax Collections (Continued)

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

School Districts	Municipalities			
	Boroughs		Townships	
Allegheny Valley	Aspinwall	Franklin Park	Aleppo	Ohio
Avonworth	Avalon	Glen Osborne	East Deer	Pine
Deer Lakes	Bell Acres	Glenfield	Fawn	Reserve
Fox Chapel Area	Bellevue	Haysville	Frazer	Richland
Hampton Township	Ben Avon	Leetsdale	Hampton	Ross
Highlands	Ben Avon Heights	Millvale	Harmar	Shaler
North Allegheny	Blawnox	Sewickley	Harrison	Springdale
North Hills	Brackenridge	Sewickley Heights	Indiana	West Deer
Northgate	Bradford Woods	Sewickley Hills	Kilbuck	
Pine-Richland	Cheswick	Sharpsburg	Leet	
Quaker Valley	Edgeworth	Springdale	Marshall	
Shaler Area	Emsworth	Tarentum	McCandless	
	Etna	West View	Ohara	
	Fox Chapel			

Note 5. Tax Collection Contract

Effective July 16, 2014, the Allegheny North TCC signed a contract amendment with Keystone Collections Group. This amendment extended the contract term from January 1, 2015 through December 31, 2019. The contract calls for a collection fee of 1.42% of tax collections to be retained by Keystone Collections Group upon collection with the net proceeds being distributed.

SUPPLEMENTARY INFORMATION

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008
Year Ended December 31, 2017**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
Beginning Cash Balance	\$ 1,198,500	\$ 1,198,500	\$ -
Plus Collections and Receipts			
Resident EIT Received from Employers/Taxpayers within TCD	42,766,188	42,766,188	-
Resident EIT Received from Other TCDs	70,612,405	70,612,405	-
Non-Resident EIT Received for PSD within the TCD	441,991	441,991	-
Non-Resident EIT Received for Other TCDs	39,119,383	39,119,383	-
Delinquent Earned Income Taxes	4,396,661	4,396,661	-
Costs Recovered by the Tax Officer	587,909	587,909	-
Reimbursement of Postage and/or Costs	9,876	9,876	-
Unidentified Collections	58	58	-
TOTAL COLLECTIONS AND RECEIPTS	157,934,471	157,934,471	-

(Continued)

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF RECONCILIATION OF MONTHLY REPORTS TO AUDITED RECEIPTS AND
DISBURSEMENTS REQUIRED UNDER SECTION 509(b) OF PENNSYLVANIA ACT 32 OF 2008 (Continued)
Year Ended December 31, 2017**

	Amounts per Tax Collector Monthly Reports	Amounts per Audited Receipts and Disbursements	Variance (See Explanation Below)
Less Distributions and Disbursements			
EIT Distributions to TCD Members	114,755,256	114,755,256	-
EIT Distribution to Other TCDs	39,119,383	39,119,383	-
Taxpayer Refunds	2,122,224	2,122,224	-
Tax Officer Commissions	1,586,607	1,586,607	-
Costs Retained by Tax Officer	587,909	587,909	-
Postage	72,902	72,902	-
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TOTAL DISTRIBUTIONS AND DISBURSEMENTS	158,244,281	158,244,281	-
	<hr/>	<hr/>	
Less: Unidentified Collections	58	58	-
	<hr/>	<hr/>	
Ending Cash Balance	\$ 888,632	\$ 888,632	\$ -
	<hr/>	<hr/>	

Explanation of Variances:

No Variances noted for the year ended December 31, 2017

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

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

	Amount
Resident EIT Received from Employers/Taxpayers within TCD	\$ 42,766,188
Resident EIT Received from Other TCDs	70,612,405
Non-Resident EIT Received for PSD within the TCD	441,991
Earned Income Tax Collections - Net	<u>\$ 113,820,584</u>
 Bonding Amount as determined by TCC	 <u>\$ 4,100,000</u>
 Actual Bond Amount	 <u>\$ 4,100,000</u>
 Average balance of tax collections in possession of Tax Officer ¹	 <u>\$ 1,713,000</u>

¹ Per Act 32 Of 2008 requires Tax Officers to distribute tax collections on a monthly basis. The contract between Allegheny North TCC and the Tax Officer, Keystone Collections Group, requires distribution of tax collections on a weekly basis. Keystone Collections Group made 67 distributions to the members of the Allegheny North TCC; thus the average balance of tax collections in possession of Keystone Collections Group, at any one time, was approximately \$1,713,000. The Tax Officer maintained the appropriate bond coverage, as required by the TCC.

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

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

	Amount
Resident EIT Received from Employers/Taxpayers within TCD	\$ 42,766,188
Resident EIT Received from Other TCDs	70,612,405
Non-Resident EIT Received for PSD within the TCD	441,991
Less: Taxpayer Refunds - Current	(2,113,012)
Less: Delinquent Non-Resident Tax ²	(7,537)
Earned Income Tax Collections - Net	<u>\$ 111,700,035</u>
 Collection Rate per TCC/Tax Officer Contract	 1.42%
 Projected Collection Fees	 <u>\$ 1,586,140</u>
 Collection Fees Charged ³	 \$ 1,586,607
Less: December 2017 Commission Adjustment ⁴	(560)
Collection Fees Charged - Adjusted	<u>\$ 1,586,047</u>

² Delinquent Non-Resident Earned Income Tax claims netted on aggregate report.

³ Keystone Collections Group calculates commissions at the transaction level. Commissions are calculated to three decimals and the IT logic built into the operating system rounds the calculated commissions to two decimals.

⁴ Keystone Collections Group updated its report format in 2017, to improve clarity on out-of-county claims processing. A routine internal audit in December 2017, revealed that the new reporting format discovered a discrepancy in the prior commission calculations; which was accordingly adjusted as shown above.

DCED COMPLIANCE SECTION

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

Committee Members
Allegheny North Tax Collection Committee
Pittsburgh, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying statement of cash receipts, cash disbursements and cash balances of Allegheny North Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, as of and for the year ended December 31, 2017, and the related notes to the financial statement, which comprises Allegheny North Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group, basic financial statement, and have issued our report thereon dated April 18, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Allegheny North Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Allegheny North Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group's internal control. Accordingly, we do not express an opinion on the effectiveness of Allegheny North Tax Collection Committee's ("TCC") Tax Officer, Keystone Collections Group's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the above referenced financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allegheny North TCC's Tax Officer, Keystone Collections Group's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Allegheny North TCC's Tax Officer, Keystone Collections Group's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allegheny North TCC's Tax Officer, Keystone Collections Group's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Camp Hill, Pennsylvania
April 18, 2018

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

Committee Members
Allegheny North Tax Collection Committee
Pittsburgh, Pennsylvania

Report on Compliance

We have audited Allegheny North TCC's Tax Officer, Keystone Collections Group's compliance with the provisions described within Pennsylvania Act 32 of 2008 for tax collections and other receipts, investments, reporting, bonding, recordkeeping, distribution of earned income taxes and other disbursements, and administration (hereafter "tax collections and disbursements") that could have a direct and material effect on Allegheny North TCC's Tax Officer, Keystone Collections Group for the year ended December 31, 2017.

Management's Responsibility

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


Auditor's Responsibility

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

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

Opinion on Compliance with Pennsylvania Act 32 of 2008

In our opinion, Allegheny North TCC's Tax Officer, Keystone Collections Group complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on tax collections and disbursements for the year ended December 31, 2017.

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

Camp Hill, Pennsylvania
April 18, 2018

**ALLEGHENY NORTH TAX COLLECTION COMMITTEE
TAX OFFICER - KEYSTONE COLLECTIONS GROUP**

**SCHEDULE OF FINDINGS AND NON-COMPLIANCE
Year Ended December 31, 2017**

Findings - Financial Statement Audit

None

Findings of Non-Compliance with Pennsylvania Act 32 of 2008

None



Harrisburg
275 Grandview Ave. Suite 300
Camp Hill, Pennsylvania 17011
+1 (717) 6579641 Fax: +1 (866) 5497985

CONTINUATION CERTIFICATE

To be attached to and form a part of surety bond number 601011759 (the "Bond"), cross reference bond number _____, for Tax Collector
dated the 1st day of January, 2013, in the penal sum of \$ 4,100,000.00 issued by
West American Insurance Company as surety (the "Surety"), on behalf of
Kratzenberg & Associates, Inc. d/b/a Keystone Collections Group as principal (the "Principal"), in favor of Allegheny North Tax
Collection Committee, as obligee (the "Obligee").

The Surety hereby certifies that this Bond is continued in full force and effect until the 1st day of
January, 2019, subject to all covenants and conditions of said Bond.

Said Bond has been continued in force upon the express condition that the full extent of the Surety's liability under said
Bond, and this and all continuations thereof, for any loss or series of losses occurring during the entire time the Surety
remains on said Bond, shall in no event, either individually or in the aggregate, exceed the penal sum of the Bond.

IN WITNESS WHEREOF, the Surety has set its hand and seal this 3rd day of October, 2017

West American Insurance Company

(Surety)
By: Rac S. Lays
Attorney in Fact

