

- Attachment #2 -

**Earned Income Tax Collector for  
Plum Borough School District and  
the Borough of Plum**

Statement of Earned Income Tax Receipts,  
Disbursements, and Unremitted Taxes and  
Supplementary Information

Year Ended December 31, 2010 with  
Independent Auditor's Report

**MaherDuessel**  
Certified Public Accountants

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**Earned Income Tax Collector for  
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Statement of Earned Income Tax Receipts,  
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**EARNED INCOME TAX COLLECTOR FOR  
PLUM BOROUGH SCHOOL DISTRICT AND  
THE BOROUGH OF PLUM**

YEAR ENDED DECEMBER 31, 2010

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Independent Auditor's Report

Members of the Board  
Plur. Borough School District and  
Members of Council  
Borough of Plum

We have audited the accompanying statement of earned income tax receipts, disbursements, and unremitted taxes (financial statement) of the Earned Income Tax Collector for Plum Borough School District and the Borough of Plum (EIT Collector) for the year ended December 31, 2010. This financial statement is the responsibility of the EIT Collector's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the EIT Collector prepares its financial statement on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In addition, the financial statement presents only the earned income tax receipts, disbursements, and unremitted taxes of the EIT Collector, and is not intended to present fairly the comprehensive operations of the EIT Collector or the cash receipts and disbursements of the Borough of Plum or the Plum Borough School District.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the unremitted taxes at January 1, 2010 and December 31, 2010 and earned income tax receipts and disbursements of the EIT Collector for the year ended December 31, 2010 on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The comparative schedule of earned income tax cash receipts for the years ended December 31, 2010, 2009, and 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statement. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the respective financial statements. The supplementary information related to 2010 has been subjected to the auditing procedures applied in the audit of the basic financial statement and in our opinion, is fairly presented in all material respects in relation to the basic financial statement taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the EIT Collector's financial statements for the years ended December 31, 2009 and 2008, which are not presented with the accompanying financial statement. In our reports dated July 8, 2010 and May 13, 2009, we expressed unqualified opinions on those respective financial statements of the EIT Collector. In our opinion, the supplementary information presented for 2010 and 2009 is fairly stated, in all material respects in relation to the basic financial statements for the years ended December 31, 2010 and 2009, taken as a whole.

*Maher Duessel*

Pittsburgh, Pennsylvania  
May 27, 2011

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**EARNED INCOME TAX COLLECTOR FOR  
PLUM BOROUGH SCHOOL DISTRICT AND  
THE BOROUGH OF PLUM**

STATEMENT OF EARNED INCOME TAX RECEIPTS,  
DISBURSEMENTS, AND UNREMITTED TAXES

YEAR ENDED DECEMBER 31, 2010

*1/1/10 - 12/31/10*

Un: emitted taxes - January 1, 2010:	
Due to Plum Borough School District	\$ 659
Due to the Borough of Plum	659
	1,318
Receipts:	
Taxes collected	6,267,709
Penalties and interest	315,413
Total receipts	6,583,122
Disbursements:	
Taxes, penalties, and interest remitted to the Plum Borough School District	3,252,558 ✓
Taxes, penalties, and interest remitted to the Borough of Plum	3,252,558
Refunds to taxpayers and other	78,006
Total disbursements	6,583,122
Un: emitted taxes - December 31, 2010:	
Due to Plum Borough School District	659
Due to the Borough of Plum	659
	\$ 1,318

See accompanying notes to financial statement.

# EARNED INCOME TAX COLLECTOR FOR PLUM BOROUGH SCHOOL DISTRICT AND THE BOROUGH OF PLUM

## NOTES TO FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2010

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### 1. ENABLING LEGISLATION AND BACKGROUND

The Borough of Plum (Borough) instituted the earned income tax on December 6, 1965 by Ordinance Number 124. The ordinance provides that a one-percent tax is levied on salaries, wages, commissions, and other compensation earned by Borough residents. One-half of the taxes collected are remitted to the Borough and one-half are remitted to the Plum Borough School District (School District).

The Earned Income Tax Collector (EIT Collector) is appointed annually by the Members of Council of the Borough and the Members of the Board of the School District.

The accompanying statement of earned income tax receipts, disbursements, and unremitted taxes includes only the tax collection and disbursement activity of the EIT Collector and is not intended to present the operations of the EIT Collector's office or the cash receipts and disbursements of the Borough or the School District taken as a whole.

The EIT Collector remits collected taxes on a weekly basis and interest earnings on a semi-annual basis.

On July 2, 2008, Pennsylvania Act 32 was enacted, which requires that earned income tax collections be consolidated into regional tax commissions effective tax year 2012.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Method of Accounting

The earned income tax office uses the cash basis of accounting for financial reporting purposes. Under this method, revenues are recognized when collected rather than when earned and expenses are recognized when paid rather than when incurred.

Unremitted taxes represent earned income taxes collected and not yet remitted to the Borough or School District.

**Supplementary Information**

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**EARNED INCOME TAX COLLECTOR FOR  
PLUM BOROUGH SCHOOL DISTRICT AND  
THE BOROUGH OF PLUM**

**COMPARATIVE SCHEDULE OF EARNED INCOME TAX CASH RECEIPTS**

YEARS ENDED DECEMBER 31, 2010, 2009, AND 2008

	2010	2009	2008
January	\$ 561,724	\$ 643,434	\$ 601,953
February	569,487	601,264	614,418
March	476,237	295,825	273,117
First Quarter Receipts	<u>1,607,448</u>	<u>1,540,523</u>	<u>1,489,488</u>
April	785,441	1,063,102	905,227
May	1,065,082	1,022,478	1,148,986
June	356,082	213,245	178,687
Second Quarter Receipts	<u>2,206,605</u>	<u>2,298,825</u>	<u>2,232,900</u>
July	574,440	642,762	564,896
August	635,134	517,076	529,178
September	213,559	195,744	163,383
Third Quarter Receipts	<u>1,423,133</u>	<u>1,355,582</u>	<u>1,257,457</u>
October	558,268	538,436	581,467
November	643,485	566,018	545,363
December	144,183	180,405	219,646
Fourth Quarter Receipts	<u>1,345,936</u>	<u>1,284,859</u>	<u>1,346,476</u>
Total Receipts	<u>\$ 6,583,122</u>	<u>\$ 6,479,789</u>	<u>\$ 6,326,321</u>
Percentage Collected During:			
First Quarter	24%	24%	24%
Second Quarter	34%	35%	35%
Third Quarter	22%	21%	21%
Fourth Quarter	20%	20%	20%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>
Prior Year's Total Receipts	<u>\$ 6,479,789</u>	<u>\$ 6,326,321</u>	<u>\$ 6,026,740</u>
Dollar Change Over Prior Year	<u>\$ 103,333</u>	<u>\$ 153,468</u>	<u>\$ 299,581</u>
Percentage Change	<u>2%</u>	<u>2%</u>	<u>5%</u>