



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

FRANK S. KEDL, CIA
Audit Manager

PHONE (610) 559-3186
FAX (610) 559-3137

TIMOTHY P. BRENNAN, ESQ.
Solicitor

**INDEPENDENT INTERNAL AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Northampton County Council
John Stoffa, County Executive
County of Northampton, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Acting Director of Fiscal Affairs solely to assist you with evaluating the accuracy of 2013 tax reimbursements via millage rate reductions for municipalities not participating in the County's E911 System, and the calculation of variances between amounts based on the estimated millage reduction versus the actual E911 expenses from 2012. Management is responsible for the calculation and application of the millage reduction. This Agreed-Upon Procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. **Procedure:** We will review and verify all calculations which resulted in millage reductions for affected municipalities.

Findings: We traced all data used in the calculations to supporting documentation and reviewed the conceptual basis for using certain data in the computation of the millage reduction. We also recalculated all computations. We found the estimated millage reduction to be reasonable and all calculations accurate.

2. **Procedure:** Using actual expenses, we will determine the variance between these expenses and the estimates used to calculate the millage reduction. Variances will be reported to you for use in future millage reduction calculations.

Findings: We found that the calculated total due to taxpayers based on actual 2012 expenses was \$408,670. The lower millage rate reduced taxes by \$484,303 resulting in a reduction to taxpayers that was \$75,633 more than actual expenses. (The millage rate assessed to the affected municipalities was 10.4 mills; the remainder of the County was

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assessed at 10.8 mills.) The 2013 difference will be recaptured in the 2014 millage reduction based on actual expenses.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the millage reduction to municipalities not participating in the County's E911 System. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the County of Northampton, Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties.



Stephen J. Barron, Jr., CFE
County Controller



Kathleen A. Kuzma, MBA, CPA, CGMA
Lead Auditor

December 5, 2013

cc: D. Hamann
G. Seifert

E911 Tax Credit - 2013

The reduced millage rate, applied to the following municipalities, created lower tax bills as follows:

	Assessed Value	10.8 Mill Levy (1)	10.4 Mill Levy (2)	Reduction in Taxes
City of Bethlehem	\$ 1,114,573,100	\$ 12,037,389	\$ 11,591,560	\$ 445,829
Borough of North Catasauqua	54,080,800	584,072	562,440	21,632
Borough of Walnutport	42,103,900	454,723	437,881	16,842
		\$ 13,076,184	\$ 12,591,881	\$ 484,303
Total County-Wide Assessed Value		\$ 8,058,098,700		

(1) 10.8 mills were assessed to all other municipalities within the County.

(2) 10.4 mills were assessed to municipalities affected by the reduction. The reduced rate was calculated in January 2013 based on actual E911 expenses for the year ended 12/31/12.

The following analysis shows amounts actually owed to taxpayers based on actual E911 expenses.

	911 Expenses 2012 (1)	% of Assessed Value	Reduction in Taxes	2012 Overpayment	Amount owed to Taxpayers (2)
City of Bethlehem	\$ 2,766,036	13.83%	\$ 382,543	\$ (5,104)	\$ 377,439
Borough of North Catasauqua	2,766,036	0.67%	18,532	(1,136)	17,396
Borough of Walnutport	2,766,036	0.52%	14,383	(548)	13,835
					\$ 408,670

(1) Calculated in January 2013 based on actual E911 expenses for the year ended 12/31/12.

(2) Actual E911 expenses multiplied by the percentage of assessed value plus adjustments for the prior year's overpayment.

The following shows the adjustment for 2014 based on a comparison of actual and estimated amounts.

	Amount owed to Taxpayers (Actual)	Reduction in Taxes (Est.)	Adjustment for 2013
City of Bethlehem	\$ 377,439	\$ 445,829	\$ (68,390)
Borough of North Catasauqua	17,396	21,632	(4,236)
Borough of Walnutport	13,835	16,842	(3,007)
	\$ 408,670	\$ 484,303	\$ (75,633)