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

Members of the Northampton County Council
John A. Brown, County Executive
County of Northampton, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Director of Fiscal Affairs solely to assist you with evaluating the accuracy of 2015 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 2014. 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 2014 expenses was \$8,546. The lower millage rate reduced taxes by \$122,438 resulting in a reduction to taxpayers that was \$113,892 more than actual expenses. (The millage rate

INDEPENDENT INTERNAL AUDITORS' REPORT
ON AGREED-UPON PROCEDURES
E911 Tax Reimbursement Millage Reductions - Real Estate Tax Year 2015
Page 2 of 3

assessed to the affected municipalities in 2015 was 11.7 mills; the remainder of the County was assessed at 11.8 mills.) The 2015 difference will be recaptured in the 2016 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



Paul L. Albert, CIA
Lead Auditor

December 23, 2015

cc: James Hunter, Director, Fiscal Affairs
Greg Seifert, Accountant, Fiscal Affairs

E911 Tax Credit - 2015

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

	Assessed Value	11.8 Mill Levy (1)	11.7 Mill Levy (2)	Reduction in Taxes
City of Bethlehem	\$ 1,127,928,500	\$ 13,309,556	\$ 13,196,763	\$ 112,793
Borough of North Catasauqua	54,335,800	641,162	635,729	5,433
Borough of Walnutport	42,121,200	497,030	492,818	4,212
		\$ 14,447,748	\$ 14,325,310	\$ 122,438
Total County-Wide Assessed Value		\$ 8,166,104,450		

- (1) 11.8 mills were assessed to all other municipalities within the County.
- (2) 11.7 mills were assessed to municipalities affected by the reduction. The reduced rate was calculated in January 2015 based on actual E911 expenses for the year ended 12/31/14.

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

	911 Expenses 2014 (1)	% of Assessed Value	Reduction in Taxes	2014 Overpayment	Amount owed to Taxpayers (2)
City of Bethlehem	\$ 545,578	13.81%	\$ 75,344	\$ (66,420)	\$ 8,924
Borough of North Catasauqua	545,578	0.67%	3,655	(4,053)	\$ (398)
Borough of Walnutport	545,578	0.52%	2,837	(2,817)	\$ 20
					\$ 8,546

- (1) Calculated in January 2015 based on actual E911 expenses paid by the County for the year ended 12/31/14.
- (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 2016 based on a comparison of actual and estimated amounts.

	Amount owed to Taxpayers (Actual)	Reduction in Taxes (Est.)	Adjustment for 2015
City of Bethlehem	\$ 8,924	\$ 112,793	\$ (103,869)
Borough of North Catasauqua	\$ (398)	\$ 5,433	\$ (5,831)
Borough of Walnutport	\$ 20	\$ 4,212	\$ (4,192)
	\$ 8,546	\$ 122,438	\$ (113,892)