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

Members of the Northampton County Council
Lamont G. McClure, Jr., County Executive
County of Northampton, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Director of Fiscal Affairs on evaluating the accuracy of 2018 tax reimbursements via millage rate adjustments for municipalities not participating in the County's E-911 System, and the calculation of variances between amounts based on the estimated 2017 E-911 expenses versus the actual E-911 expenses from 2017. Management is responsible for the calculation and application of the millage adjustments. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. **Procedure:** We will confirm data used and recalculate Fiscal Affairs' calculations (based on estimates) which resulted in millage adjustments for affected municipalities.

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

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

Findings: We found that there was no credit due to taxpayers based on actual 2017 expenses. The millage rate was not reduced for 2018 taxes. Taxpayers actually received a higher reduction in taxes than they were entitled to receive by \$34,479. (The millage rate assessed to the affected municipalities in 2018 was 11.8 mills. All other municipalities within the County were assessed at 11.8 mills.) This 2018 excess reduction will be considered in the 2019 millage adjustment calculation. Please refer to the schedules on page 3.

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This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on evaluating the accuracy of 2018 tax reimbursements via millage rate adjustments for municipalities not participating in the County's E-911 System, and the calculation of variances between amounts based on the estimated E-911 expenses versus the actual E-911 expenses from 2017. Accordingly, we do not express such an opinion or conclusion. 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.



Richard J. Szulborski
County Controller



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

September 7, 2018

cc: Stephen J. Barron, Jr., Director, Fiscal Affairs
Greg Seifert, Accountant, Fiscal Affairs

E-911 Tax Credit - 2018

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

	Assessed Value	11.8 Mills Levy (1)	11.8 Mills Levy (2)	Reduction in Taxes
City of Bethlehem	\$ 1,172,997,500	\$ 13,841,371	\$ 13,841,371	\$ -
Borough of North Catasauqua	54,418,000	642,132	642,132	-
Borough of Walnutport	42,339,500	499,606	499,606	-
		\$ 14,983,109	\$ 14,983,109	\$ -
Total County-Wide Assessed Value			\$ 8,474,614,250	

- (1) 11.8 mills was assessed to all other municipalities within the County.
- (2) 11.8 mills was assessed to municipalities affected by the adjustment. This rate was calculated in January 2018 based on estimated E-911 expenses for the year ended 12/31/17.

The following analysis shows amounts owed to taxpayers based on actual E-911 expenses.

	E-911 Expenses 2017 (1)	% of Assessed Value	Reduction in Taxes	2017 Overpayment	Amount Owed to (from) Taxpayers (2)
City of Bethlehem	\$ 405,746	13.84%	\$ 56,155	\$ (86,744)	\$ (30,589)
Borough of North Catasauqua	405,746	0.64%	2,597	(4,966)	(2,369)
Borough of Walnutport	405,746	0.50%	2,029	(3,550)	(1,521)
					\$ (34,479)

- (1) Calculated in January 2018 based on estimated E-911 expenses paid by the County for the year ended 12/31/17.
- (2) Actual E-911 expenses multiplied by the percentage of assessed value plus adjustments for the prior year's overpayment.

The following shows the adjustment for the 2019 tax bills based on a comparison of actual and estimated amounts calculated above.

	Amount Owed to (from) Taxpayers (Actual)	Reduction in Taxes (Est.)	Tax Bill Adjustment for 2019
City of Bethlehem	\$ (30,589)	\$ -	\$ (30,589)
Borough of North Catasauqua	(2,369)	-	(2,369)
Borough of Walnutport	(1,521)	-	(1,521)
	\$ (34,479)	\$ -	\$ (34,479)