



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) 829-6615
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 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 on evaluating the accuracy of 2017 tax reimbursements via millage rate reductions for municipalities not participating in the County's E-911 System, and the calculation of variances between amounts based on the estimated 2016 E-911 expenses versus the actual E-911 expenses from 2016. Management is responsible for the calculation and application of the millage reductions. 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 reductions for affected municipalities.

Findings: We confirmed 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 recalculated all computations and found the estimated millage reduction 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 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 2016 expenses was \$30,371. The lower millage rate reduced taxes by \$125,631, resulting in a reduction to taxpayers for more than the actual expenditures in the amount of \$95,260. (The millage rate assessed to the affected municipalities in 2017 was 11.7 mills. The remaining municipalities within the County were assessed at 11.8 mills.) This 2017 difference will be recaptured in the 2018 millage reduction. 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 2017 tax reimbursements via millage rate reductions 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 2016. 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.



Stephen J. Barron, Jr., CFE
County Controller



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

October 26, 2017

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

E-911 Tax Credit - 2017

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

	Assessed Value	11.8 Mills Levy (1)	11.7 Mills Levy (2)	Reduction in Taxes
City of Bethlehem	\$ 1,159,654,100	\$ 13,683,918	\$ 13,567,953	\$ 115,965
Borough of North Catasauqua	54,315,500	640,923	635,491	5,432
Borough of Walnutport	42,340,200	499,614	495,380	4,234
		\$ 14,824,455	\$ 14,698,824	\$ 125,631
Total County-Wide Assessed Value			\$ 8,370,592,350	

- (1) 11.8 mills was assessed to all other municipalities within the County.
- (2) 11.7 mills was assessed to municipalities affected by the reduction. The reduced rate was calculated in January 2017 based on estimated E-911 expenses for the year ended 12/31/16.

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

	E-911 Expenses 2016 (1)	% of Assessed Value	Reduction in Taxes	2016 Overpayment	Amount Owed to Taxpayers (2)
City of Bethlehem	\$ 433,603	13.85%	\$ 60,054	\$ (30,833)	\$ 29,221
Borough of North Catasauqua	433,603	0.65%	2,818	(2,352)	466
Borough of Walnutport	433,603	0.51%	2,211	(1,527)	684
					\$ 30,371

- (1) Calculated in January 2017 based on estimated E-911 expenses paid by the County for the year ended 12/31/16.
- (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 2018 tax bills based on a comparison of actual and estimated amounts calculated above.

	Amount Owed to Taxpayers (Actual)	Reduction in Taxes (Est.)	Tax Bill Adjustment for 2018
City of Bethlehem	\$ 29,221	\$ 115,965	\$ (86,744)
Borough of North Catasauqua	466	5,432	(4,966)
Borough of Walnutport	684	4,234	(3,550)
	\$ 30,371	\$ 125,631	\$ (95,260)