



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 County of Northampton's Administration solely to assist you with evaluating the Hotel Room Rental Tax Remittances from License #116 – BarnHouse Village for the period January 1, 2011 to December 31, 2012. Management is responsible for ensuring that Operators within Northampton County are collecting this tax from their guests and that Operators remit the tax they collect to the County. This Agreed-Upon Procedures engagement was conducted in accordance with 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:** Determine if proper remittance forms are being used and postmarked by the 20th of each month.

Findings:

- The Operator was not using the most current remittance forms.
 - 24 of 24 remittances were on the form from 8/1/2008, which did not have a line for Late Payment Penalty.
- Lines were left blank on the remittance forms.
 - In two of 24 months, the Operator did not fill out line 4 (Number of Rooms Occupied for Period).
 - In 20 of 24 months, the Operator did not fill out line 8 (Taxable Revenue).
 - In 3 of 24 months, the Operator did not fill out line 10 (Actual Tax Collected).
- In one of 24 months, the remittance form was not postmarked by the 20th of the month.

2. **Procedure:** Determine if gross revenues, exempt revenues and taxes due as reported are accurate. (See Exhibit 1 for additional tax due the County including the calculation of interest.)

Findings:

- In three of 24 months, the “Tax Due” from “Taxable Revenues” was calculated correctly but the remittance form could not be footed because the “Actual Tax Collected” line was incomplete.
- In all months, it could not be determined if the “Number of Rooms Occupied for Period” on the remittance form was accurate because the reports reviewed did not contain this information.
- In 24 of 24 months, the “Taxable Revenue” per the hotel’s monthly records matched the revenue reported to the County. The greater of “Actual Tax Collected” or “Taxes Due” was remitted to the County. Although the hotel was reporting the correct “Gross Revenue” and “Actual Tax Collected” from their monthly reports the daily reservation cards could not be reconciled to the monthly gross revenues. During the two year audit period an additional \$3,644.51 in revenue was recorded on the daily reservation cards. Since the hotel could not provide any documentation to reconcile these two systems, the hotel will be charged the four percent hotel tax and penalty on the additional revenue.

3. **Procedures:** Determine if interest is calculated accurately and assessed for delinquent payments.

Findings:

- Interest was accurately calculated and assessed for the delinquent payment noted in the findings for procedure 1.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Hotel Room Rental Tax Remittances from License #116 – Barn House Village for the period January 1, 2011 to December 31, 2012. 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



Stacy L. Duke
Staff Auditor

September 25, 2013

cc: D. Hamann, Acting Director of Fiscal Affairs
N. Poplawski, Revenue Manager
L. Sywensky, Community Development Administrator

COUNTY OF NORTHAMPTON
HOTEL ROOM RENTAL TAX REMITTANCES – License #116 BarnHouse Village
Period: January 1, 2011 to December 31, 2012

Exhibit 1

Summary of Adjustments:

Reported Revenue	\$ 55,072.07
Revenue per Daily Reservation Cards	<u>58,716.58</u>
Additional Revenue Not Reported	\$ 3,644.51
Tax @ 4%	\$ 145.78
Interest @ 1.5% per month	<u>73.81</u>
Amount Due – County of Northampton	<u><u>\$ 219.59</u></u>

Please send a check payable to the County of Northampton and a copy of this statement to:

County of Northampton
Revenue Division, Attn. Nancy Poplawski
669 Washington Street
Easton, PA 18042

If you have any questions, Call Nancy Poplawski at 610-559-3116.

Hotel License # 116

BarnHouse Village

7401 Airport Road
Bath, PA 18014

610-837-1234

Contact: Candice Salter