



**STEPHEN J. BARRON, JR., CFE**

**CONTROLLER OF NORTHAMPTON COUNTY**

NORTHAMPTON COUNTY COURTHOUSE  
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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 #126 – Filbert B & B 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 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:** Determine if proper remittance forms are being used and postmarked by the 20<sup>th</sup> of each month.

**Findings:**

- Because this is a small establishment with relatively low revenue, the Revenue Manager has given approval for the Operator to remit taxes on a quarterly basis.
- The Operator was not using the most current remittance forms. In 8 of 8 quarters, the Operator used the remittance form from 8/1/2008, which did not include Line 11: "Late Payment Penalty (if postmarked after the 20<sup>th</sup> of month due)"
- The following lines were left blank in one or more quarters:
  - Line 3 – Capacity
  - Line 4 – Number of Rooms Occupied
  - Line 8 – Taxable Revenues
  - Line 9 – Taxes Due from Taxable Revenues
  - Line 10 – Actual Tax Collected

INDEPENDENT INTERNAL AUDITORS' REPORT  
ON AGREED-UPON PROCEDURES

Hotel Room Rental Tax Remittances – License # 126 – Filbert B & B

Period: January 1, 2011 to December 31, 2012

Page 2 of 3

- In eight of eight quarters, the Operator filed remittances by the 20<sup>th</sup> of the month in which the taxes were due.
2. **Procedure:** Determine if occupancy rates, gross revenues, exempt revenues and taxes due as reported are accurate.

**Findings:** (See Exhibit 1 for Summary of Adjustments – Credit for Overpayment.)

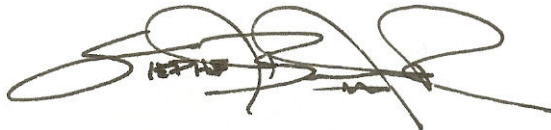
- In eight of eight quarters, taxes on the remittance forms were recalculated and footed properly.
  - In eight of eight quarters, revenue calculated by the auditor was less than the revenue reported on the remittance form. This was due to the Operator including sales tax collected, hotel room rental tax collected, and/or non-room revenue on Line 5 – Gross Revenue and remitting 4% hotel room rental tax on that amount. Line 5 – Gross Revenue should only include pre-tax room revenue.
  - This Operator did not claim any exemptions for the audit period.
3. **Procedures:** Determine if interest is calculated accurately and assessed for delinquent payments.

**Findings:**

- Because all payments were made on time, no delinquent payments were required, and no interest was calculated.

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 # 126 – Filbert B & B 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



Stephanie Rath-Tickle  
Staff Auditor

October 9, 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 # 126 – Filbert B & B  
Period: January 1, 2011 – December 31, 2012

Exhibit 1

Summary of Adjustments:

Amount of tax owed – Tax collected minus tax remitted	\$	0.00
Interest @ 1.5% per month	\$	0.00
Credit for Overpayments	\$	<u>243.64</u>
Amount Due – County of Northampton	\$	<u>(243.64)</u>

Please deduct the credit above from your next hotel tax remittance.

Hotel License # 126

Filbert B & B

3740 Filbert Drive  
Danielsville, PA 18038

610-428-3300

Contact: Kathy Silfies