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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 County of Northampton's Administration solely to assist you with evaluating the Hotel Room Rental Tax Remittances from the following hotels which reported hotel tax revenue less than \$1,500 in 2015 & 2016: License 109 – Nazareth Motel, License 111 – Bethlehem Inn, License 115 – Classic Victorian, License 116 – Barnhouse Village, License 126 – Filbert B&B, and License 137 Camp Charles Campground. County 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. 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 hotel tax revenue reported to the Controller's Office by the hotel operators is comparable to tax remitted to the County.

Findings:

- We sent out verification forms to all six operators and received responses from all six.
- The Nazareth Motel's verification forms matched the amounts paid to the County.
- The Bethlehem Inn took two invalid exemptions and were late filing their remittances twice in 2015. Their verification forms did not match the amounts paid to the County but the issue was resolved and no monies are due.
- The Classic Victorian's verification forms matched the amounts paid to the County but they were not completing the top section of the remittance form which indicate the capacity and rooms occupied for that period.
- The Barnhouse Village's verification forms matched the amounts paid to the County. Their remittance form was late in September 2015.

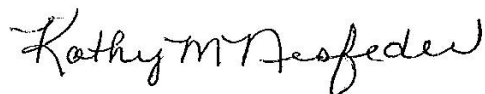
- The Filbert Bed and Breakfast verification forms matched the amounts paid to the County. They have been omitting the number of rooms occupied on their remittance forms in 2015 and 2016.
- Camp Charles Campground's verification forms did not match the amount paid to the County. They underreported their revenue in 2016 by \$599 and owe the County \$23.96. Camp Charles Campground paid this amount to the County on October 20, 2017.

This Agreed-Up 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, the objective of which would be the expression of an opinion on the Hotel Room Rental Tax Remittances from License 109 – Nazareth Motel, License 111 – Bethlehem Inn, License 115 – Classic Victorian, License 116 – Barnhouse Village, License 126 – Filbert B&B, and License 137 Camp Charles Campground for the period January 1, 2015 to December 31, 2016. 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



Kathy M. Nesfeder, CRMA, CFE
Staff Auditor

November 8, 2017

cc: J. Hunter, Director of Fiscal Affairs
N. Poplawski, Revenue Manager
T. Herrlinger, Interim Director of Department Community and Economic Development
K. Collis, Community and Economic Development Specialist