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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 License #130 – Morningstar Inn for the period January 1, 2012 to December 31, 2013. 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: We reviewed 24 months of remittance forms and found:

- In all months, an outdated version of the remittance form, which did not include a line for late payment penalties, was used.
- In 19 months, the remittance form submitted was incomplete.
- In 15 months, the remittance form could not be recalculated because Line 10 – Actual Tax Collected was left blank.
- In 19 months, the remittance form was filed after the 20th of the month. The Operator included the late payment penalty for all late filings as necessary.

2. **Procedure:** Determine if taxable revenues, exempt revenues and taxes due as reported are accurate.

Findings: We reviewed 24 months of remittance forms and Operator's financial records and found:

- In 3 months, taxable revenue reported to the County did not match the Operator's financial records.
- In all months, the Operator remitted the greater of actual taxes collected or taxes due.
- The Operator did not claim any exemptions for the period under review.
- Based on the findings above, we determined that the Morningstar Inn does not owe any additional hotel room rental tax.

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

Findings: Interest was accurately calculated and assessed for the delinquent payments discovered in 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 # 130 Morningstar Inn for the period January 1, 2012 to December 31, 2013. 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



Brandon Dunstane
Staff Auditor

11/19/2014

cc: J. Hunter, Director of Fiscal Affairs
N. Poplawski, Revenue Manager
L. Sywensky, Deputy Director of Department of Community and Economic Development