



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

**CONTROLLER OF NORTHAMPTON COUNTY**

NORTHAMPTON COUNTY COURTHOUSE  
669 WASHINGTON STREET  
EASTON, PENNSYLVANIA 18042

**FRANK S. KEDL, CIA**  
Audit Manager

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**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 County of Northampton's Administration solely to assist you with evaluating the Hotel Room Rental Tax Remittances from License #123 Extended Stay America-Bethlehem from 1/1/15 to 12/31/16. 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 proper remittance forms are being used and completed correctly.

**Findings:**

- Operator used the most recent version of remittance form for all 24 months reviewed.
- The Tax Collected amount was omitted on all 24 remittance forms but tax collected per financial records agrees with tax remitted.
- The tax calculation is accurate and footed in all 24 months.

**2. Procedure:** Determine that late payment penalties are assessed for delinquent payments and are collected in a timely fashion by the Revenue Division.

**Findings:** All 24 months of remittances were filed on time.

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

- Where the population of exemptions claimed by a hotel is 200 or more in the period being reviewed, a sample of exemptions not to exceed 50 will be tested.

- Underpayment or overpayment of hotel tax by operators of \$5 or less determined during the audit will be considered immaterial and will not be collected from or paid to the hotel operators.

**Findings:**

- Gross revenue reported on the remittance form differed from the operator's financial records in all 24 months.
- In three months, gross revenue per the operator's financial records was greater than revenue reported to the County.
- In one month, taxable revenue per the hotel's financial records was more than taxable revenue reported to the County due to overstated exemptions.
- Review of the 33 exemptions sampled revealed that exemptions taken for 6 permanent residents totaling \$9,421 were duplicated understating taxable revenue.

Based on the findings above, we determined that the Extended Stay America-Bethlehem owes the County \$127.54 for underpayment of hotel room rental taxes. See Exhibit 1 for additional tax due to the County including the calculation of interest.

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, the objective of which would be the expression of an opinion on the Hotel Room Rental Tax Remittances from License #123 Extended Stay America-Bethlehem for the period 1/1/15 to 12/31/16. 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



Gary Krall, CMA  
Staff Auditor

October 17, 2017

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

COUNTY OF NORTHAMPTON  
 Hotel Room Rental Tax Remittances  
 License # 123 Extended Stay America-Bethlehem  
 January 1, 2015 – December 31, 2016

Exhibit 1

<u>Month</u>	<u>Tax Remitted</u>	<u>Tax Calculated</u>	<u>Over/Under Payment</u>	<u>Interest</u>	<u>Amount Due to Northampton County</u>
August 2015	\$3,994.98	\$3,999.21	(\$4.23)	(\$1.59)	(\$5.82)
January 2016	1,820.93	1,823.83	(2.90)	(0.87)	(3.77)
May 2016	3,514.88	3,516.60	(1.72)	(0.41)	(2.13)
July 2016	3,261.10	3,356.82	(95.72)	(20.10)	(115.82)
<b>Subtotal</b>	\$12,591.89	\$12,696.46	(\$104.57)	(\$22.97)	(\$127.54)
<b>Total Due Northampton County</b>					<b>(\$127.54)</b>

Please send a check payable to the County of Northampton in the amount of \$127.54 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 610-829-6187.

Hotel License # 123

Extended Stay America  
 3050 Schoenersville Rd.  
 Bethlehem, PA 18017

Contact: Shaneen McKie- Sr. Sales Tax  
 Accountant @ ESA in Charlotte, NC  
 980-345-1973