



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
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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 #108 – Comfort Inn Easton for the period January 1, 2013 to December 31, 2014. 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 completed correctly.

Findings:

- The hotel reverted back to using an outdated version (1/11) of the remittance form after using the most recent version (5/13) in most of 2013.
- Remittance forms were not filled out completely or were missing information.
- Despite performing the Tax Due calculation correctly, the operator underpaid tax due on two occasions.
- In 2 instances Tax Due from Taxable Revenues was miscalculated as taxable revenue was not calculated correctly on the remittance form.
- In 10 instances in 2013 and two in 2014, it could not be determined if the greater of Actual Tax Collected and Tax Due from taxable revenues was remitted because the Actual Tax Collected amount was blank on the remittance form.

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

Findings:

- In 15 months, taxable revenue per the Operator's records did not match taxable revenue reported to the County.
- We reviewed 268 exemptions for accuracy and validity and found:
 - Ten exemptions did not match the amount claimed by the Operator.
 - Seven exemptions were invalid.
 - Eight exemptions lacked proper documentation or contained incomplete documentation.
 - Ten groups of monthly permanent exemptions were not calculated correctly.
 - Five valid exemptions were omitted by the hotel operator.
- Based on the findings above, we determined that the Comfort Inn of Easton owes the County \$225.47 in unpaid hotel room rental taxes and interest. See Exhibit 1 for additional tax due the County including the calculation of interest.

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

Findings:

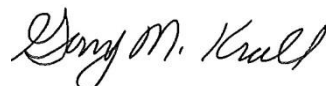
- Only one remittance was delinquent. Revenue issued a late payment notice and assessed a late payment penalty with the correct interest calculated.

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 #108 Comfort Inn Easton for the period 01/01/2013 to 12/31/2014. 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 M Krall, CMA
Staff Auditor

January 2016

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

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License # 108 – Comfort Inn Easton
January 1, 2013-December 31, 2014

Exhibit 1

Date	Tax Remitted	Tax Calculated	Over (Under) Payment	Interest	Amount Due to NorCo
January 2013	\$2,013.14	\$2,012.80	\$0.34	\$0.00	\$0.34
February 2013	2,147.15	2,187.46	(40.31)	(19.95)	(60.26)
March 2013	2,596.99	2,655.63	(58.64)	(28.15)	(86.79)
April 2013	3,050.52	3,050.54	(0.02)	(0.01)	(0.03)
May 2013	3,437.63	3,453.63	(16.00)	(7.20)	(23.20)
June 2013	4,018.43	4,021.30	(2.87)	(1.25)	(4.12)
July 2013	3,814.83	3,822.03	(7.20)	(3.02)	(10.22)
August 2013	4,802.10	4,802.13	(0.03)	(0.01)	(0.04)
September 2013	3,676.37	3,672.84	3.53	0.00	3.53
October 2013	3,815.79	3,815.84	(0.05)	(0.02)	(0.07)
January 2014	3,897.52	3,897.54	(0.02)	(0.01)	(0.03)
February 2014	3,304.66	3,303.73	0.93	0.00	0.93
March 2014	3,076.75	3,070.77	5.98	0.00	5.98
April 2014	3,140.64	3,133.16	7.48	0.00	7.48
May 2014	3,848.80	3,848.61	0.19	0.00	0.19
June 2014	3,571.74	3,571.74	0.00	0.00	0.00
July 2014	4,060.52	4,062.27	(1.75)	(0.42)	(2.17)
August 2014	4,135.29	4,139.25	(3.96)	(0.89)	(4.85)
September 2014	3,484.49	3,496.57	(12.08)	(2.54)	(14.62)
October 2014	3,776.29	3,781.07	(4.78)	(0.93)	(5.71)
November 2014	2,613.40	2,618.80	(5.40)	(0.97)	(6.37)
December 2014	2,204.92	2,226.76	(21.84)	(3.60)	(25.44)
Totals	\$74,487.97	\$74,644.47	(\$156.50)	(\$68.97)	(\$225.47)
Total Due					<u><u>(\$225.47)</u></u>

Please send a check payable to the County of Northampton in the amount of \$225.47 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 please call Nancy Poplawski at 610-829-6187

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License # 108 – Comfort Inn Easton
January 1, 2013-December 31, 2014

Exhibit 1

Hotel License # 108

Comfort Inn - Easton

2415 Nazareth Rd.
Easton, PA 18045
610-253-0546

Contact: Nancy Valdivia