

**County Controller**

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**Solicitor**

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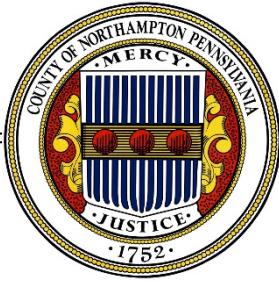
Agreed-Upon Procedures  
Report

**HOTEL ROOM  
RENTAL TAX**

**THE LAFAYETTE INN**

For the period January 1, 2017  
through December 31, 2018

**Office of the Controller  
County of Northampton  
Pennsylvania**



**RICHARD J. SZULBORSKI**

**CONTROLLER OF NORTHAMPTON COUNTY**

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**INDEPENDENT INTERNAL AUDITOR'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Northampton County Council  
Lamont G. McClure, Jr., 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 #106, The Lafayette Inn, for the period January 1, 2017 to December 31, 2018. County management is responsible for ensuring that hotel 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 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 per hotel will be tested.
  - Underpayment or overpayment of hotel tax by operators of \$5 or less determined during audits will be considered immaterial and will not be collected from nor paid to hotel operators.

**Findings:** We compared the 24 monthly remittance forms submitted during the period to the hotel's records and found:

- Room revenue on the operator's financial reports did not match the gross revenue amounts reported on the tax remittance forms. The operator deducted a meal allowance from the gross room rental to calculate the adjusted revenue amount reported on the remittance form. There was no documentation of these meal allowance amounts in the financial records that he provided to us. We tried to reproduce these calculations in order to validate the adjusted room revenue figures on the remittance forms but we were unable to match the operator's figures.

- During the validation exercise, we determined that the operator excluded a larger percentage (8.7%) of room revenue that is assignable to meals than allowable by the County (7%) for the guests who had their lodging paid for by Lafayette College. This resulted in an understatement of taxable revenue in six of the 24 months reviewed.
- Permanent exemptions taken by the operator had the following errors:
  - Three exemptions were taken before the residents achieved permanent status.
  - Four exemptions were incorrectly calculated.
  - One allowable exemption was omitted.

**2. Procedure:** Determine whether the operator is using the latest version of the remittance form and that the form was fully completed in a proper and accurate manner.

**Findings:** We inspected and recalculated all 24 remittance forms submitted during the period and found:

- Calculations of tax due for all 24 months of remittance forms filed for 2017 and 2018 were correct. The operator used the current version of the remittance form.
- The hotel paid and submitted remittances by the 20th of the month for all 24 months.

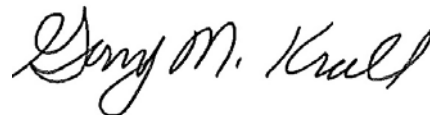
Based on the findings above, we determined that The Lafayette Inn owes Northampton County \$329.60 in hotel room taxes. See Exhibit 1 for additional tax due from the hotel.

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Hotel Room Rental Tax Remittances from License #106 The Lafayette Inn for the period January 1, 2017 to December 31, 2018. Accordingly, we do not express such an opinion or conclusion. 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.



Richard J. Szulborski  
County of Northampton Controller  
Easton, Pennsylvania



Gary M. Krall, CMA  
Lead Auditor

December 20, 2019

cc: S. Barron, Director of Fiscal Affairs  
N. Poplawski, Revenue Manager  
T. Smith, Director of Department of Community and Economic Development  
K. Collis, Community and Economic Development Specialist  
P. DiLiello, Owner/Manager

COUNTY OF NORTHAMPTON  
 Hotel Room Rental Tax Remittances  
 License #106- The Lafayette Inn  
 January 1, 2017 – December 31, 2018

Exhibit 1

<u>Date</u>	<u>Tax Remitted</u>	<u>Tax Calculated</u>	<u>Over/Under Payment</u>	<u>Interest</u>	<u>Amount Due to County</u>
January 2017	1,139.91	1,170.54	(30.63)	(15.16)	(45.79)
March 2017	1,557.23	1,574.70	(17.47)	(8.12)	(25.59)
April 2017	2,322.78	2,333.88	(11.10)	(4.99)	(16.09)
May 2017	1,721.99	1,728.56	(6.57)	(2.86)	(9.43)
June 2017	1,612.28	1,617.43	(5.15)	(2.16)	(7.31)
October 2017	2,323.13	2,335.15	(12.02)	(4.33)	(16.35)
November 2017	2,093.52	2,103.32	(9.80)	(3.38)	(13.18)
December 2017	1,375.52	1,381.11	(5.59)	(1.84)	(7.43)
<b>Subtotal 2017</b>	<b>\$ 14,146.36</b>	<b>\$ 14,244.69</b>	<b>\$ (98.33)</b>	<b>\$ (42.84)</b>	<b>\$ (141.17)</b>
January 2018	1,156.76	1,167.40	(10.64)	(3.35)	(13.99)
February 2018	1,631.02	1,646.06	(15.04)	(4.51)	(19.55)
March 2018	2,137.68	2,170.64	(32.96)	(9.39)	(42.35)
April 2018	2,534.88	2,552.26	(17.38)	(4.69)	(22.07)
May 2018	1,993.50	2,003.81	(10.31)	(2.63)	(12.94)
June 2018	1,803.88	1,818.95	(15.07)	(3.62)	(18.69)
July 2018	1,779.93	1,784.19	(4.26)	(0.96)	(5.22)
September 2018	1,956.86	1,968.71	(11.85)	(2.31)	(14.16)
October 2018	2,123.47	2,132.02	(8.55)	(1.54)	(10.09)
November 2018	2,061.35	2,081.36	(20.01)	(3.30)	(23.31)
December 2018	1,294.47	1,299.74	(5.27)	(0.79)	(6.06)
<b>Subtotal 2018</b>	<b>\$ 20,473.80</b>	<b>\$ 20,625.14</b>	<b>\$ (151.34)</b>	<b>\$ (37.09)</b>	<b>\$ (188.43)</b>
<b>Total Due</b>					<b><u>(\$329.60)</u></b>

Please remit \$329.60 with your next hotel tax remittance and remit 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.

Hotel License #106

The Lafayette Inn  
 525 W. Monroe St.  
 Easton, PA 18042

Contact: Paul DiLiello