

**RICHARD J. SZULBORSKI**

**CONTROLLER OF NORTHAMPTON COUNTY**

NORTHAMPTON COUNTY COURTHOUSE  
669 WASHINGTON STREET  
EASTON, PENNSYLVANIA 18042

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Solicitor

**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 #142 Woodsprings Suites for the period January 1, 2016 to December 31, 2017. 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 taxable revenues, exempt revenues and taxes due as reported are accurate.

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

- The hotel failed to pay the greater of tax due or tax collected four times during 2016 resulting in an underpayment of \$98.27.
- In five months during 2016 and 2017, taxable revenue per the Operator's financial records was greater than taxable revenue reported to the County due to invalid or missing exemption documentation resulting in an underpayment of tax totaling \$107.55 including interest.
- In one month in 2017, taxable revenue per the Operator's financial records was less than taxable revenue reported resulting in an overstatement of taxable revenue and overpayment of tax of \$92.36.
- The hotel paid and submitted remittances late on nine occasions in 2016 but was not penalized by the Revenue Division. In 2017, all payments were received on time.

- 2. Procedure:** Determine if 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:

- The hotel used an outdated version of the remittance form in February and March 2016. All other remittances used latest the version of the remittance form.
- In 2016 and 2017, the hotel did not include the supporting worksheet listing permanent and non-permanent exemptions taken in nine months during each of the two years.
- On five occasions, the hotel made errors in calculating taxable revenue by adding exemptions to gross revenue. These errors led to an overstatement of taxable revenue and an overpayment of hotel tax.
- A review of the 43 unique exemptions revealed the following findings:
  - ◆ Ten exemptions had invalid or missing documentation.
  - ◆ Four exemptions taken were incorrectly calculated or were invalid.
  - ◆ Two allowable exemption amounts were underestimated and omitted by the hotel.

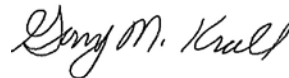
Based on the findings above, we determined that the Woodsprings Suites owes Northampton County \$113.46 for underpayment of hotel room taxes. See Exhibit 1 for additional tax due to the County.

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 #142 Woodsprings Suites for the period January 1, 2016 to December 31, 2017. 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 Controller



Gary M. Krall, CMA  
Lead Auditor

January 3, 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

COUNTY OF NORTHAMPTON  
 Hotel Room Rental Tax Remittances  
 License #142 Woodsprings Suites  
 January 1, 2016 – December 31, 2017

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> |
|----------------------|---------------------|-----------------------|---------------------------|-----------------|-----------------------------|
| June 2016            | 5,510.59            | 5,529.30              | (18.71)                   | (8.14)          | (26.85)                     |
| July 2016            | 5,950.05            | 5,968.48              | (18.43)                   | (7.74)          | (26.17)                     |
| August 2016          | 6,299.42            | 6,320.17              | (20.75)                   | (8.40)          | (29.15)                     |
| September 2016       | 6,031.63            | 6,043.21              | (11.58)                   | (4.52)          | (16.10)                     |
| November 2016        | 5,005.41            | 5,003.33              | 2.08                      | 0.00            | 2.08                        |
| December 2016        | 4,574.83            | 4,629.79              | (54.96)                   | (18.96)         | (73.92)                     |
| <b>Subtotal 2016</b> | \$ 33,371.93        | \$ 33,494.28          | \$ (122.35)               | \$ (47.76)      | \$ (170.11)                 |
| January 2017         | 5,756.90            | 5,760.28              | (3.38)                    | (1.12)          | (4.50)                      |
| March 2017           | 6,182.10            | 6,201.76              | (19.66)                   | (5.90)          | (25.56)                     |
| April 2017           | 6,229.48            | 6,233.88              | (4.40)                    | (1.25)          | (5.65)                      |
| August 2017          | 7,495.76            | 7,403.40              | 92.36                     | 0.00            | 92.36                       |
| <b>Subtotal 2017</b> | \$ 25,664.24        | \$ 25,599.32          | \$ 64.92                  | \$ (8.27)       | \$ 56.65                    |
| <b>Total Due</b>     |                     |                       |                           |                 | <b><u>(\$113.46)</u></b>    |

Please remit \$113.46 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, call Nancy Poplawski at 610-829-6187.

Hotel License #142

Woodsprings Suites (Bethlehem)  
 NationWide Hotel Management Co.  
 8621 E. 21<sup>st</sup> North Suite 200  
 Wichita, KS 67206

Contact: Karina Martinez