



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

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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 #140 – Hyatt Place for the period January 1, 2015 to December 31, 2016. 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 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:

- The operator used an outdated version of the remittance form in 14 months.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:

- The April 2016 remittance was not filed by the 20th of the month due to the passing of the hotel's controller. A delinquency notice was sent out for \$249.26 and paid in June 2016.

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 hotel operators.

Findings:

- In 2 months, taxable revenue per the operator's financial records was greater than taxable revenue reported to the County due to invalid and undocumented exemptions.
- In 7 months, taxable revenue per the operator's financial records was less than taxable revenue reported to the County but actual taxes collected matched tax remitted.
- One exemption for a permanent resident was understated by the operator and an exemption for an eligible group was also understated. This resulted in an overpayment of \$71 in tax to the County by the Hyatt.
- Two exemptions claimed totaling \$842 did not have any supporting documentation or were invalid.
- Six exemptions did not have supporting documentation but were validated online and 11 valid exemptions with supporting documentation were omitted by the hotel operator.

Based on the findings above, we determined that the Hyatt Place is owed a credit by the County for \$19.48 for overpayment of hotel room rental taxes. See Exhibit 1 for additional tax due the hotel 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 #140 Hyatt Place for the period 1/1/2015 to 12/31/2016. 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

August 18, 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 #140 Hyatt Place
 January 1, 2015 – December 31, 2016

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 Hyatt Place</u>
January 2016	13,020.92	13,040.04	(19.12)	(5.16)	(24.28)
February 2016	14,587.46	14,608.84	(21.38)	(5.45)	(26.83)
April 2016	16,617.00	16,547.38	69.62	0.00	69.62
October 2016	19,339.08	19,338.11	0.97	0.00	0.97
Subtotal 2016	63,564.46	63,534.37	30.09	(10.61)	19.48
Total Credit Due to Hotel					19.48

Please deduct the credit above from 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 # 140

Hyatt Place

45 West North Street
 Bethlehem, PA 18018

610-391-1000
 Contact: Valerie Brown, Controller