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**INDEPENDENT INTERNAL AUDITORS' 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 #121 – Hampton Inn Easton for the period January 1, 2015 to December 31, 2016. 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Findings: The operator used an outdated version of the remittance form sporadically for 12 months during 2015 and 2016.

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

Findings: In one of twenty-four months, the remittance form was not submitted by the 20th of the month. The penalty was properly calculated and paid. In an additional five months, there were no postmarks so the auditor could not determine if penalties should have been assessed.

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

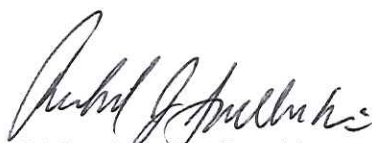
Findings:

- In nineteen months, taxable revenue per the Operator's financial records was greater than taxable revenue reported to the County due to incorrect numbers recorded from the financial statements and invalid/undocumented exemptions.
- In one month, taxable revenue per the Operator's financial records was greater than taxable revenue reported to the County, but actual taxes collected and owed was less than taxes remitted. It appears that the Operator made an error when writing the check and transposed the amount owed, resulting in an overpayment of \$450.00.
- In three months, taxable revenue per the Operator's financial records was less than taxable revenue reported to the County, and actual taxes collected was less than taxes remitted resulting in an overpayment by the Operator.
- Review of 24 exemptions also revealed the following findings:
 - Seven exemptions did not have any documentation.
 - Three exemptions taken were for guests of a non-exempt religious or non-profit organization.
 - One exemption did not have a completed form and it could not be verified if the organization was valid.
 - One exemption taken for a permanent resident was overstated.

Based on the findings above, we determined that the Hampton Inn Easton owes the County \$179.39 in unpaid hotel room rental taxes and interest. See Exhibit 1 for additional tax due 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 #121 Hampton Inn Easton for the period January 1, 2015 to December 31, 2016. 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



Stacy L. Duke
Staff Auditor

January 31, 2018

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 #121 Hampton Inn Easton
 January 1, 2015 to 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 Northampton County</u>
January 2015	7,984.89	7,985.25	(0.36)	(0.18)	(0.54)
February 2015	9,945.63	9,984.91	(39.28)	(19.44)	(58.72)
March 2015	9,948.51	9,948.00	0.51	0.00	0.51
April 2015	12,208.58	12,215.52	(6.94)	(3.23)	(10.17)
May 2015	11,765.78	11,766.76	(0.98)	(0.44)	(1.42)
June 2015	12,777.65	12,793.92	(16.27)	(7.08)	(23.35)
July 2015	13,519.63	13,520.63	(1.00)	(0.42)	(1.42)
August 2015	14,176.72	14,177.51	(0.79)	(0.32)	(1.11)
September 2015	13,137.89	13,138.65	(0.76)	(0.30)	(1.06)
October 2015	13,902.73	13,910.04	(7.31)	(2.74)	(10.05)
November 2015	10,184.16	10,201.06	(16.90)	(6.08)	(22.98)
December 2015	8,983.74	9,003.07	(19.33)	(6.67)	(26.00)
January 2016	10,326.75	10,365.02	(38.27)	(12.63)	(50.90)
February 2016	10,582.85	10,579.17	3.68	0.00	3.68
March 2016	11,378.35	11,417.35	(39.00)	(11.70)	(50.70)
April 2016	13,293.90	13,289.80	4.10	0.00	4.10
May 2016	13,188.74	13,193.38	(4.64)	(1.25)	(5.89)
June 2016	13,628.36	13,706.13	(77.77)	(19.83)	(97.60)
July 2016	14,363.27	14,397.25	(33.98)	(8.16)	(42.14)
August 2016	14,861.96	14,955.36	(93.40)	(21.02)	(114.42)
September 2016	14,176.66	14,224.89	(48.23)	(10.13)	(58.36)
October 2016	14,831.52	14,428.67	402.85	0.00	402.85
December 2016	10,868.13	10,879.89	(11.76)	(1.94)	(13.70)
Subtotal	280,036.40	280,082.23	(45.83)	(133.56)	(179.39)
Total Due					(179.39)

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #121 Hampton Inn Easton
January 1, 2015 to December 31, 2016

Exhibit 1

Please send a check payable to the County of Northampton in the amount of \$179.39 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 # 121

Hampton Inn Easton

3723 Easton Nazareth Hwy
Easton, PA 18045

610-250-6500

Contact: Joseph Yellak