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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 #129 – Red Carpet Inn 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 the current version of the remittance form in all 24 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:

- All remittance forms were filed by the 20th of the month.

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 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.
- Six exemptions for permanent residents were understated by the hotel operator.
- Three exemptions did not have supporting documentation. The exemptions were independently verified with the sponsoring organization in New Jersey which arranges accommodations for homeless veterans. We advised the organization to provide documentation for their clients in the future.

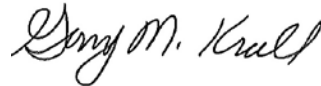
Based on the findings above, we determined that the Red Carpet Inn has no liability or amount due from the County for hotel room rental taxes.

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 #129 Red Carpet Inn 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

October 4, 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

