



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

FRANK S. KEDL, CIA
Audit Manager

PHONE (610) 829-6615
FAX (610) 559-3137

TIMOTHY P. BRENNAN, ESQ.
Solicitor

**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 #138 – Towne Place Suites in Easton for the period January 1, 2014 through December 31, 2015. 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: We reviewed all 24 remittance forms submitted during the period and found:

- The hotel Operator used the current version of the remittance form for all 24 months. All payments were filed on time with the County.
- The Operator did not record the tax collected on the remittance form for 11 months in 2014.
- On two occasions the Operator did not remit the greater of tax calculated or tax collected.
- All 24 remittance forms were footed and recalculated and there was one error as revenue was overstated in September 2015.

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

Findings: We reviewed all 24 remittance forms submitted during the period and found:

- In 9 months, taxable revenue per the Operator's financial records exceeded taxable revenue reported to the County.
- In two months, taxable revenue per the Operator's financial records was less than taxable revenue reported to the County and taxes remitted were greater than taxes due and collected.
- We reviewed 34 non-permanent exemptions and found that 9 were from non-exempt religious and nonprofit organizations.
- Two non-permanent exemptions lacked documentation of any type.
- One exemption was for a guest who worked for an ineligible municipal agency.
- We reviewed a sample of 25 permanent resident exemptions. The hotel overstated the number of nights rented for 2 permanent residents. The remainder of the sampled exemptions was accurately stated.

Based on the findings above, we determined that the Town Place Suites in Easton owes the County \$139.92 in tax and interest. See Exhibit 1 for additional tax due the County.

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 #138 Town Place Suites in Easton for the period 1/1/2014 to 12/31/2015. 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

November 4, 2016

cc: J. Hunter, Director of Fiscal Affairs
N. Poplawski, Revenue Manager
T. Herrlinger, Interim Director of Department Community and Economic Development
K. Collis, Community and Economic Development Specialist

COUNTY OF NORTHAMPTON
 Hotel Room Rental Tax Remittances
 License #138 Towne Place Suites-Easton
 January 1, 2014 to December 31, 2015

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>
February 2014	\$6,503.38	\$6,558.63	(\$55.25)	(\$26.52)	(\$81.77)
May 2014	\$7,696.21	\$7,706.65	(\$10.44)	(\$4.54)	(\$14.98)
July 2014	\$9,085.96	\$9,092.92	(\$6.96)	(\$2.82)	(\$9.78)
September 2014	\$8,331.55	\$8,363.23	(\$31.68)	(\$11.88)	(\$43.56)
October 2014	\$7,959.49	\$7,974.07	(\$14.58)	(\$5.25)	(\$19.83)
January 2015	\$6,943.68	\$6,943.70	(\$0.02)	(\$0.01)	(\$0.03)
May 2015	\$8,197.08	\$8,201.19	(\$4.11)	(\$1.05)	(\$5.16)
September 2015	\$9,103.52	\$9,032.46	\$71.06	\$0.00	\$71.06
October 2015	\$9,048.38	\$9,076.76	(\$28.38)	(\$5.11)	(\$33.49)
November 2015	\$7,161.74	\$7,164.71	(\$2.97)	(\$0.49)	(\$3.46)
December 2015	\$6,758.96	\$6,757.88	\$1.08	\$0.00	\$1.08
Grand Total Due NoCo	\$86,789.95	\$86,872.20	(\$82.25)	(\$57.67)	(\$139.92)

Please remit \$139.92 with your next Hotel Room Rental Tax remittance along with a copy of this letter and remit 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 # 138

Towne Place Suites-Easton
 3800 Easton Nazareth Highway
 Easton, PA 18045

Contact: 610-829-2000
 Brittany Binder