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Agreed-Upon Procedures  
Report

**HOTEL ROOM  
RENTAL TAX**

**VIEW INN SUITES  
LICENSE #152**

For the Period January 1, 2020 to  
December 31, 2021

**Office of the Controller  
County of Northampton  
Pennsylvania**



**RICHARD J. SZULBORSKI**

**CONTROLLER OF NORTHAMPTON COUNTY**

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**INDEPENDENT INTERNAL AUDITOR'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Northampton County Commissioners  
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 #152 View Inn Suites for the period January 1, 2020 to December 31, 2021. 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 the parties specified in this report, who have acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

**Procedures and Findings**

**1. Procedure:**

- Obtain two years of tax remittances from the County's Revenue Division. Inspect to determine whether the operator used the latest version of the remittance form and that the form was fully completed in a proper and accurate manner.
- As necessary, provide hotel management with a copy of the current Hotel Tax Rules and Regulations.

**Findings:**

- We inspected all remittance forms submitted during the audit period and found that the Operator used the latest version of the remittance report. The operator failed to complete the "Tax Collected" line in July, September and October 2021.
- The Operator failed to complete required exemptions forms from July 2020 through June 2021. Also, the operator only used Permanent resident exemption forms, however most exemptions were non-permanent.
- The Operator filed remittance forms late in February 2020 and November 2020. The County assessed a late fee in February 2020 only.

2. **Procedure:** Interview hotel management to gain an understanding of the Operator's accounting process.

**Findings:** We obtained an understanding of the Operator's accounting process sufficient to evaluate the accuracy of remittances to the County.

3. **Procedure:** Inspect the Operator's financial reports to verify the accuracy of Remittance Reports and compliance with Rules and Regulations.

**Findings:** We recalculated all remittance forms submitted during the period, inspected exemption documentation, and found:

- The Operator underreported \$6,765.00 in revenue in 2020 due to invalid exemptions claims.
- The Operator underreported \$26,193.50 in revenue in 2021 due to invalid exemptions claims.
- In reviewing the revenue reports provided by the Operator, we noted untaxed revenue totaling \$9,196.64 for 2020 and \$36,332.35 for 2021 which was classified as Miscellaneous. The Operator was unable to provide information as to what types of revenue were included in this category, therefore, it was impossible for us to determine whether any of this revenue should have been subject to Occupancy Tax. We did note that at no time during 2020 or 2021 did the revenue reports indicate any itemized common fees such as room damages, rollaway beds, pet fees or smoking fees, all of which are subject to Occupancy Tax. However, we did not include a tax or any penalty on the Miscellaneous Revenue as part of this engagement as some or all of this may not have been taxable, but we did instruct the Operator to provide a full breakdown of Miscellaneous Revenue in the future so that taxable revenue is not omitted.

4. **Procedure:** Investigate the validity of claimed permanent and non-permanent exemptions by testing a sample not to exceed 50.

**Findings:** We reviewed all exemptions and found that only two permanent exemptions were valid, the remaining 32 non-permanent exemptions were deemed invalid due to lack of supporting documentation.

5. **Procedure:** Calculate any additional tax owed or refund due to the Operator. (Underpayment or overpayment of hotel tax by operators of \$5 or less determined during the audits are considered immaterial and will not be collected from nor paid to hotel Operators.)

**Findings:** We determined that License #152 View Inn Suites owes Northampton County \$1,554.11 in hotel room taxes. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

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 #152 View Inn Suites for the period January 1, 2020 to December 31, 2021. 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. We are required to be independent of the responsible party and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement.



Richard J. Szulborski  
County of Northampton Controller  
Easton, Pennsylvania



Altynay Kanatbekoff  
Auditor II

November 14, 2022

cc: S. Barron, Director of Fiscal Affairs  
W. Nicklas, Revenue Manager  
T. Smith, Director of Department of Community and Economic Development  
K. Collis, Community and Economic Development Specialist  
Denise Haflich, General Manager, View Inn Suites

COUNTY OF NORTHAMPTON  
Hotel Room Rental Tax Remittances  
License #152 View Inn Suites  
January 1, 2020 – December 31, 2021

Exhibit 1

	<u>Tax Remitted</u>	<u>Tax Calculated</u>	<u>Over/(Under) Payment</u>	<u>Interest</u>	<u>Amount Due to County</u>
February 2020	3,240.26	3,263.64	(23.38)	(9.47)	(32.85)
April 2020	1,138.23	1,101.56	36.67	0.00	36.67
August 2020	4,807.43	4,875.63	(68.20)	(21.48)	(89.68)
October 2020	4,630.45	4,698.65	(68.20)	(19.44)	(87.64)
November 2020	2,623.19	2,689.19	(66.00)	(17.82)	(83.82)
December 2020	2,123.98	2,192.18	(68.20)	(17.39)	(85.59)
<b>Subtotal 2020</b>	<b>\$18,563.54</b>	<b>\$18,820.85</b>	<b>(257.31)</b>	<b>(85.60)</b>	<b>(342.91)</b>
January 2021	2,783.96	2,852.16	(68.20)	(16.37)	(84.57)
February 2021	3,539.78	3,601.38	(61.60)	(13.86)	(75.46)
March 2021	3,667.23	3,742.63	(75.40)	(15.83)	(91.23)
April 2021	4,441.96	4,521.58	(79.62)	(15.53)	(95.15)
May 2021	4,959.10	5,064.06	(104.96)	(18.89)	(123.85)
June 2021	5,893.12	5,971.12	(78.00)	(12.87)	(90.87)
July 2021	7,085.43	7,183.64	(98.21)	(14.73)	(112.94)
August 2021	7,582.12	7,704.28	(122.16)	(16.49)	(138.65)
September 2021	6,256.78	6,419.56	(162.78)	(19.53)	(182.31)
October 2021	6,073.06	6,185.84	(112.78)	(11.84)	(124.62)
November 2021	4,364.69	4,448.68	(83.99)	(7.56)	(91.55)
<b>Subtotal 2021</b>	<b>\$56,647.23</b>	<b>\$57,694.93</b>	<b>(1,047.70)</b>	<b>(163.50)</b>	<b>(1,211.20)</b>
<b>Grand Total</b>	<b>\$75,210.77</b>	<b>\$76,515.78</b>	<b>(1,305.01)</b>	<b>(249.10)</b>	<b>(1,554.11)</b>
<b>Total Due</b>					<b><u>(1,554.11)</u></b>

COUNTY OF NORTHAMPTON  
Hotel Room Rental Tax Remittances  
License #152 View Inn Suites  
January 1, 2020 – December 31, 2021

Exhibit 1

Please send a check payable to the County of Northampton in the amount of \$1,554.11 and a copy of this statement to:

County of Northampton  
Revenue Division, Attn. Wayne Nicklas  
669 Washington Street  
Easton, PA 18042

If you have any questions, call Wayne Nicklas at 610-829-6138.

Hotel License #152

View Inn Suites  
3191 Highland Drive  
Bethlehem, PA 18020

Contact:

Denise Haflich, General Manager