

County Controller

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Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**GRAND EASTONIAN
SUITES HOTEL**

For the Period January 1, 2018 to
December 31, 2019

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



TONY E. BASSIL

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
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Solicitor

**INDEPENDENT INTERNAL AUDITOR'S 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 #135 Grand Eastonian Suites Hotel for the period January 1, 2018 to December 31, 2019. 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:

- Obtain two years of tax remittances from the County's Revenue Division. Inspect to determine whether the operator is using 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:

- The Operator was using the latest version of the remittance report.
- No detailed exemption reports were submitted for 10 of the 24 months.

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 submitted the greater of the tax due versus tax collected.
- All calculations were accurate, but the Operator made a minor error on the taxable revenue calculation on their July 2019 remittance report that did not affect the tax remittance amount.
- The Operator did not include pet fees, rollaway beds, smoking fees and no show income in their 2018 and 2019 revenue. This resulted in \$23,906.54 of unreported revenue.
- Remittance reports were received in a timely manner.

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

Findings:

- Eight of the 50 exemptions tested were invalid; seven of these were repeat findings from our last audit.
- We rejected one exemption because the guest did not stay for 30 days to meet the long term guest requirement.
- We rejected five exemptions because the Operator could not supply the exemption certificate.
- We adjusted four exemptions because the Operator claimed a higher exemption amount than what the permanent resident was charged and paid.

- 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 #135 Grand Eastonian Suites Hotel owes Northampton County \$1,298.11 in hotel room taxes. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

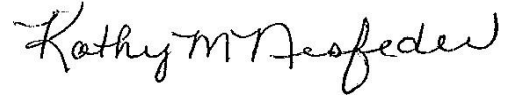
We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Hotel Room Rental Tax Remittances from License #135 Grand Eastonian Suites Hotel for the period January 1, 2018 to December 31, 2019. 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.

INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
Hotel Room Rental Tax Remittances – License #135 Grand Eastonian Suites Hotel
January 1, 2018 – December 31, 2019
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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.



Tony E. Bassil
County of Northampton Controller
Easton, Pennsylvania



Kathy M. Nesfeder, CRMA, CFE
Auditor II

September 14, 2020

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
K. Neetz, Bookkeeper - Grand Eastonian Suites Hotel

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #135 Grand Eastonian Suites Hotel
January 1, 2018 – December 31, 2019

Exhibit 1

	<u>Tax Remitted</u>	<u>Tax Calculated</u>	<u>Over/(Under) Payment</u>	<u>Interest</u>	<u>Amount Due to County</u>
January 2018	3,404.73	3,436.31	(31.58)	(13.26)	(44.84)
February 2018	3,403.92	3,433.52	(29.60)	(11.99)	(41.59)
March 2018	4,017.04	4,030.04	(13.00)	(5.07)	(18.07)
April 2018	4,116.89	4,230.04	(113.15)	(42.43)	(155.58)
May 2018	4,193.27	4,229.06	(35.79)	(12.88)	(48.67)
June 2018	4,220.64	4,264.92	(44.28)	(15.28)	(59.56)
July 2018	4,038.85	4,061.58	(22.73)	(7.50)	(30.23)
September 2018	4,283.33	4,309.43	(26.10)	(7.83)	(33.93)
October 2018	4,965.10	5,018.89	(53.79)	(15.33)	(69.12)
November 2018	4,987.91	5,043.78	(55.87)	(15.08)	(70.95)
December 2018	4,723.92	4,746.16	(22.24)	(5.67)	(27.91)
Subtotal 2018	\$46,355.60	\$46,803.73	(\$448.13)	(\$152.32)	(\$600.45)
January 2019	3,413.63	3,457.15	(43.52)	(10.44)	(53.96)
February 2019	4,206.37	4,245.94	(39.57)	(8.90)	(48.47)
March 2019	4,419.44	4,459.19	(39.75)	(8.35)	(48.10)
April 2019	4,934.85	4,975.23	(40.38)	(7.87)	(48.25)
May 2019	4,794.61	4,812.68	(18.07)	(3.25)	(21.32)
June 2019	4,618.84	4,695.64	(76.80)	(12.67)	(89.47)
July 2019	5,082.46	5,100.22	(17.76)	(2.66)	(20.42)
August 2019	5,202.14	5,265.14	(63.00)	(8.51)	(71.51)
September 2019	4,592.96	4,700.50	(107.54)	(12.90)	(120.44)
October 2019	5,013.95	5,055.76	(41.81)	(4.39)	(46.20)
November 2019	5,209.00	5,191.86	17.14	0.00	17.14
December 2019	5,149.91	5,286.34	(136.43)	(10.23)	(146.66)
Subtotal 2019	\$56,638.16	\$57,245.65	(\$607.49)	(\$90.17)	(\$697.66)
Grand Total	\$102,993.76	\$104,049.38	(\$1,055.62)	(\$242.49)	(\$1,298.11)
Total Due					<u>(\$1,298.11)</u>

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #135 Grand Eastonian Suites Hotel
January 1, 2018 – December 31, 2019

Exhibit 1

Please send a check payable to the County of Northampton in the amount of \$1,298.11 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 #135

Grand Eastonian Suites Hotel
140 Northampton Street
Easton, PA 18042

Contact:

Kelly Neetz, Bookkeeper