

County Controller

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Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**TOWNPLACE SUITES
BETHLEHEM EASTON**

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

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



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**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 #138 TownePlace Suites Bethlehem Easton 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 Hotel Operator used the latest version of the remittance form.
- The Hotel Operator failed to submit a remittance report or hotel room rental tax payment for July 2019.
- The Hotel Operator completed the forms in a proper and accurate manner for 20 of the 24 months.
- The Hotel Operator submitted an additional remittance form to account for various revenue types (pet, smoking, damage and cancellation fees) which were not reported in prior months. We inspected this remittance form and found it to be proper and accurate.

- 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 Hotel Operator paid the greater of the tax collected versus tax due in 23 of the 24 months; however, the Hotel Operator discovered the underpayment in June 2018 and submitted payment for the shortage the following month.
- The Hotel Operator submitted their remittance reports on time 19 of the 24 months.
- In February 2018, the Hotel Operator overpaid the County \$3,750.36 and deducted the overage from their March payment.
- In April 2018, the Hotel Operator made an error on their remittance report and underpaid the County \$299.99.

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

Findings: Based on the 50 exemptions tested, 28 were valid exemptions, two were invalid exemptions and the hotel could not provide supporting documentation for the balance (20 exemptions).

- 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 #138 TownePlace Suites Bethlehem Easton owes Northampton County \$11,765.27 in hotel room taxes. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

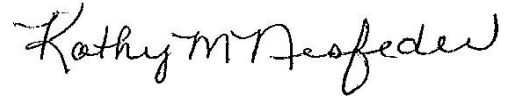
We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Hotel Room Rental Tax Remittances from License #138 TownePlace Suites Bethlehem Easton 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 #138 TownePlace Suites Bethlehem Easton
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

November 2, 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
S. Devine, Hotel Manager

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #138 TownePlace Suites Bethlehem Easton
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>
February (2018)	7,500.94	7,517.95	(17.01)	(6.63)	(23.64)
March (2018)	8,840.79	8,848.95	(8.16)	(3.06)	(11.22)
April (2018)	7,686.90	8,015.45	(328.55)	(118.28)	(446.83)
July (2018)	9,073.61	9,098.05	(24.44)	(7.70)	(32.14)
September (2018)	8,792.21	8,803.37	(11.16)	(3.18)	(14.34)
Subtotal (2018)	\$41,894.45	\$42,283.77	(\$389.32)	(\$138.85)	(\$528.17)
March (2019)	9,193.61	9,151.57	42.04	0.00	42.04
July (2019)	0.00	9,818.84	(9,818.84)	(1,325.54)	(11,144.38)
August (2019)	10,335.33	10,368.69	(33.36)	(4.00)	(37.36)
September (2019)	9,037.15	9,049.66	(12.51)	(1.31)	(13.82)
November (2019)	10,108.38	10,122.39	(14.01)	(1.05)	(15.06)
December (2019)	8,701.84	8,766.48	(64.64)	(3.88)	(68.52)
Subtotal (2019)	\$47,376.31	\$57,277.63	(\$9,901.32)	(\$1,335.78)	(\$11,237.10)
Grand Total	\$89,270.76	\$99,561.40	(\$10,290.64)	(\$1,474.63)	(\$11,765.27)
Total Due					<u>(\$11,765.27)</u>

Please send a check payable to the County of Northampton in the amount of \$11,765.27 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.

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #138 TownePlace Suites Bethlehem Easton
January 1, 2018 – December 31, 2019

Exhibit 1

Hotel License #138

TownePlace Suites Bethlehem Easton
3800 Easton-Nazareth Highway
Easton, PA 18045

Contact:

Sasha Devine, Hotel Manager