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Tony E. Bassil

**Audit Manager**

Anthony Sabino, CIA

**Solicitor**

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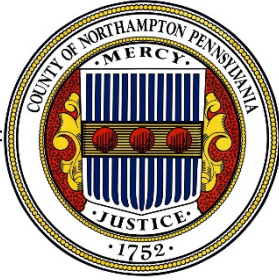
Agreed-Upon Procedures  
Report

**HOTEL ROOM  
RENTAL TAX**

**HYATT PLACE  
BETHLEHEM**

For the Period January 1, 2017 to  
December 31, 2018

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



**TONY E. BASSIL**

**CONTROLLER OF NORTHAMPTON COUNTY**

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**ROBERT A. NITCHKEY, JR., ESQ.**  
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 #140 Hyatt Place for the period January 1, 2017 to December 31, 2018. 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 is using the latest version of the remittance form.
- On one occasion, the hotel did not submit a list of exemptions supporting the amount reported on the remittance form.

**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:

- Computations of tax due were accurate in all but one month as the hotel overpaid tax due by \$3.64. Errors were noted in the determination of taxable room revenue and in the validity of exemptions taken.
- The Operator paid and submitted remittances on time in all 24 months.
- The hotel underreported taxable room revenue in all 24 months. The Operator failed to include revenue from no-show charges and pet fees totaling \$33,481 during 2017 and 2018.

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

**Findings:** We looked at all 35 exemptions taken by the hotel and found:

- The hotel only provided guest folios for testing the validity of exemptions. Internet searches were used to determine the guest's employer and its exemption eligibility.
- Nine exemptions were disallowed because we were unable to find any information about the guest or their employer to determine the validity of the exemption.
- One exemption taken was invalid as the guest worked for a non-exempt university.
- The hotel correctly calculated four exemptions for permanent residents and one group of guests that is tax exempt.

- 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.)

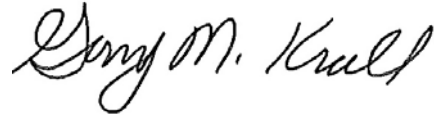
**Findings:** We determined that License #140 Hyatt Place owes Northampton County \$2,268.32 in hotel room taxes and interest. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

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 #140 Hyatt Place for the period January 1, 2017 to December 31, 2018. 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.

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



Gary M. Krall, CMA  
Lead Auditor

August 31, 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  
T. Cherundolo, General Manager, Hyatt Place - Bethlehem

COUNTY OF NORTHAMPTON  
Hotel Room Rental Tax Remittances  
License #140 Hyatt Place - Bethlehem  
January 1, 2017 – December 31, 2018

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 2017	13,832.14	13,910.28	(78.14)	(48.06)	(126.20)
February 2017	15,924.56	15,961.00	(36.44)	(21.86)	(58.30)
March 2017	16,543.30	16,612.00	(68.70)	(40.19)	(108.89)
April 2017	17,979.36	18,051.60	(72.24)	(41.18)	(113.42)
May 2017	19,041.19	19,109.20	(68.01)	(37.75)	(105.76)
June 2017	19,373.94	19,421.96	(48.02)	(25.93)	(73.95)
July 2017	18,721.29	18,787.88	(66.59)	(34.96)	(101.55)
August 2017	20,825.22	20,896.28	(71.06)	(36.24)	(107.30)
September 2017	18,120.50	18,351.76	(231.26)	(114.47)	(345.73)
October 2017	19,416.55	19,522.80	(106.25)	(51.00)	(157.25)
November 2017	17,060.10	17,121.20	(61.10)	(28.41)	(89.51)
December 2017	16,480.00	16,552.60	(72.60)	(32.67)	(105.27)
<b>Subtotal 2017</b>	<b>\$213,318.15</b>	<b>\$214,298.56</b>	<b>(\$980.41)</b>	<b>(\$512.72)</b>	<b>(\$1,493.13)</b>
January 2018	12,767.88	12,769.84	(1.96)	(0.85)	(2.81)
February 2018	12,777.24	12,838.64	(61.40)	(25.79)	(87.19)
March 2018	12,842.59	12,883.92	(41.33)	(16.74)	(58.07)
April 2018	14,459.32	14,499.72	(40.40)	(15.76)	(56.16)
May 2018	18,797.00	18,869.72	(72.72)	(27.27)	(99.99)
June 2018	15,605.00	15,644.60	(39.60)	(14.26)	(53.86)
July 2018	17,165.44	17,180.64	(15.20)	(5.24)	(20.44)
August 2018	18,727.35	18,801.92	(74.57)	(24.61)	(99.18)
September 2018	16,653.48	16,707.68	(54.20)	(17.07)	(71.27)
October 2018	17,295.08	17,332.24	(37.16)	(11.15)	(48.31)
November 2018	16,337.31	16,418.28	(80.97)	(23.08)	(104.05)
December 2018	15,572.76	15,630.92	(58.16)	(15.70)	(73.86)
<b>Subtotal 2018</b>	<b>\$189,000.45</b>	<b>\$189,578.12</b>	<b>(\$577.67)</b>	<b>(\$197.52)</b>	<b>(\$775.19)</b>
<b>Grand Total</b>	<b>\$402,318.60</b>	<b>\$403,876.68</b>	<b>(\$1,558.08)</b>	<b>(\$710.24)</b>	<b>(\$2,268.32)</b>
<b>Total Due</b>					<b><u>(\$2,268.32)</u></b>

COUNTY OF NORTHAMPTON  
Hotel Room Rental Tax Remittances  
License #140 Hyatt Place - Bethlehem  
January 1, 2017 – December 31, 2018

Exhibit 1

Please send a check payable to the County of Northampton in the amount of \$2,268.32 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 #140

Hyatt Place  
45 W. North St.  
Bethlehem, PA 18018

Contact:

Tom Cherundolo, Hotel Manager