

**County Controller**

Tony E. Bassil

**Audit Manager**

Anthony Sabino, CIA

**Solicitor**

Robert A. Nitchkey, Jr., Esq.

**County Executive**

Lamont G. McClure, Jr.

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Agreed-Upon Procedures  
Report

**HOTEL ROOM  
RENTAL TAX**

**WIND CREEK  
BETHLEHEM**

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  
669 WASHINGTON STREET  
EASTON, PENNSYLVANIA 18042

**ANTHONY SABINO, CIA**  
Audit Manager

**PHONE (610) 829-6617**  
**FAX (610) 559-3137**

**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 #148 Wind Creek Bethlehem 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 remittance form calculations were correct 23 months.
- The Operator submitted their remittance reports on a timely basis.
- The Operator is using the latest version of 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:

- In December 2018, the Hotel Operator deducted a credit from their 2016-2017 Audit. They were entitled to \$64.32 but only took \$57.26, and still have an outstanding credit of \$7.06.
- From January through April and in July 2019, the Hotel Operator miscalculated the capacity amounts on their remittance forms or indicated the wrong number of days.
- In July 2019, the Hotel Operator recorded the incorrect tax remitted amount on their form but submitted the correct amount to the County.
- In August 2019, the Hotel Operator overpaid the County \$202.05 and then short paid their October amount to settle the overpayment.
- The Hotel Operator remitted the higher of the tax due versus the tax collected.
- In May 2019, the Hotel Operator submitted two reports and made two payments for their hotel room rental tax because of the acquisition of the hotel by Wind Creek from the Sands Corporation. After receiving clarification from the Hotel Operator, the one day report (May 31<sup>st</sup>) did not include the tax collected amount but included the amount in their June Report.

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

**Findings:** The hotel did not submit any exemptions in 2018 or 2019.

- 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.)

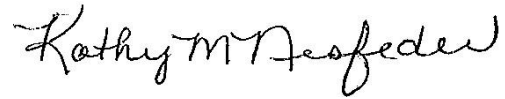
**Findings:** We determined that License #148 Wind Creek Bethlehem owes Northampton County \$846.06 in hotel room taxes and interest for the years under review. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel. As mentioned previously, License #148 has a credit of \$7.06 from their 2016-2017 audit; therefore, the total amount due is \$839.02.

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 #148 Wind Creek Bethlehem 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.

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

August 7, 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  
M. Hammer, Revenue Audit Manager, Wind Creek Bethlehem

