

**County Controller**

Tony E. Bassil

**Audit Manager**

Anthony Sabino, CIA

**Solicitor**

Robert A. Nitchkey, Jr., Esq.

**County Executive**

Lamont G. McClure, Jr.

**County Council**

Ronald R. Heckman, President  
Lori Vargo Heffner, Vice-President

John Cusick  
Margaret L. Ferraro  
Thomas A. Giovanni  
Kevin Lott  
William B. McGee  
Kerry L. Myers  
Tara M. Zrinski

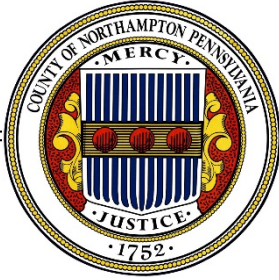
Agreed-Upon Procedures  
Report

**HOTEL ROOM  
RENTAL TAX**

**CANDLEWOOD SUITES**

For the Period September 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 #160 Candlewood Suites for the period September 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 is using the latest version of the remittance form.
- All remittances were completed in a proper and accurate manner.

**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 on all remittances except the July 2019 remittance when the hotel miscalculated and overpaid tax due by \$40.
- Gross revenue in 2018 and 2019 was understated by \$11,076 due to the omission of charges for pet fees and smoking rooms.
- The Operator paid and submitted remittances on time in all 16 months.
- The hotel's room revenue and hotel tax collected figures from their financial statements matched the amounts reported on the remittance forms in all 16 months.

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

**Findings:** We looked at a sample of 50 exemptions taken by the hotel in 2018 and 2019 and found:

- In 2018, the hotel omitted 14 valid exemptions for permanent residents totaling \$50,785. During a preliminary overlook of the hotel's remittances in April 2019 (requested by Candlewood's management), we discovered these omissions. The hotel correctly refunded the tax collected to these permanent residents during their stay. We informed the hotel that they could reduce their February 2019 tax remittance payment by the amount of tax (\$2,031) paid to the County on these omitted exemptions. The Candlewood also understated three other exemptions by \$351 during 2019.
- Eight exemptions taken in 2019 totaling \$1,890 were for guests from non-exempt organizations and were totally disallowed.
- During 2019, the hotel was denied parts of nine permanent exemptions, which were overstated by \$6,856.
- The Candlewood also understated four valid exemptions by \$1,600 in 2019.

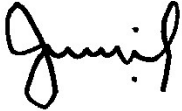
- 5. Procedure:** Calculate any additional tax owed or refund due to the Operator. (Underpayment or overpayment of hotel tax by operators of \$5 or less determined during the audits are considered immaterial and will not be collected from nor paid to hotel Operators.)

**Findings:** We determined that License #160 Candlewood Suites owes Northampton County \$121.45 in hotel room taxes. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

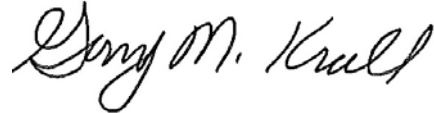
We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Hotel Room Rental Tax Remittances from License #160 Candlewood Suites for the period September 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 #160 Candlewood Suites  
September 1, 2018 – December 31, 2019  
Page 3

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 28, 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. Cooper, Area Regional Manager, Candlewood Suites

COUNTY OF NORTHAMPTON  
 Hotel Room Rental Tax Remittances  
 License #160 Candlewood Suites - Bethlehem  
 September 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>
September 2018	3,469.70	3,500.98	(31.28)	(9.85)	(41.13)
October 2018	9,618.34	9,571.30	47.04	0.00	47.04
November 2018	8,083.17	6,344.42	1,738.75	0.00	1,738.75
December 2018	7,590.92	7,400.22	190.70	0.00	190.70
<b>Subtotal 2018</b>	<u>\$28,762.13</u>	<u>\$26,816.92</u>	<u>\$1,945.21</u>	<u>(\$9.85)</u>	<u>\$1,935.36</u>
February 2019	5,131.32	7,169.61	(2,038.29)	0.00	(2,038.29)
March 2019	8,250.84	8,282.96	(32.12)	(7.23)	(39.35)
June 2019	9,933.87	9,950.68	(16.81)	(3.03)	(19.84)
July 2019	9,677.57	9,637.84	39.73	0.00	39.73
September 2019	8,706.76	8,705.82	0.94	0.00	0.94
<b>Subtotal 2019</b>	<u>\$41,700.36</u>	<u>\$43,746.91</u>	<u>(\$2,046.55)</u>	<u>(\$10.26)</u>	<u>(\$2,056.81)</u>
<b>Grand Total</b>	<u>\$70,462.49</u>	<u>\$70,563.83</u>	<u>(\$101.34)</u>	<u>(\$20.11)</u>	<u>(\$121.45)</u>
<b>Total Due</b>					<u>(\$121.45)</u>

Please send a check payable to the County of Northampton in the amount of \$121.45 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 #160

Candlewood Suites  
 1630 Spillman Dr.  
 Bethlehem, PA 18015

Contact:

Melissa Cooper, Area Regional Manager