



County Controller

Scott Parsons

Audit Manager

Anthony Sabino, CIA

Solicitor

Robert A. Nitchkey, Jr., Esq.

County Executive

Lamont G. McClure, Jr.

County Council

Kerry L. Myers, President
Ronald R. Heckman, Vice-President
John A. Brown
John Cusick
Thomas A. Giovanni
John P. Goffredo
Lori Vargo Heffner
Kevin Lott
Tara M. Zrinski

Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**HAMPTON INN AND
SUITES BETHLEHEM
LICENSE #105**

For the Period January 1, 2021
to December 31, 2022

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



SCOTT PARSONS

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**

Northampton County Commissioners
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 #105 Hampton Inn and Suites Hotel for the period January 1, 2021 to December 31, 2022. 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 the parties specified in this report, who have acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

Procedures and Findings

1. Procedure:

- Obtain two years of tax remittances from the County's Revenue Division. Inspect to determine whether the operator used 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 that the operator used the latest version of the County's remittance report and they were completed in an accurate manner.

INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Hotel Room Rental Tax Remittances – License #105 Hampton Inn and Suites, Bethlehem
January 1, 2021 – December 31, 2022

Page 3

- 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 calculated all remittance forms submitted during the period and compared revenue on their financial statements to the remittance forms and found:

- The Operator remitted the higher of the tax collected verses tax due and all calculations were accurate.
- All remittances were received in a timely manner.
- The hotel underreported taxable room revenue in certain months failing to report as taxable revenue for certain taxable fees in 2021 and 2022.

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

Findings: We reviewed 50 exemption and found that the Operator was missing an exemption certificate in one instance and three other exemptions were found to be invalid.

- 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.) In addition, we found that the operator in most cases does not appear to be refunding the first month of taxes charged to permanent residents, as is required under the Rules.

Findings: We determined that License #105 Hampton Inn and Suites Hotel owes Northampton County \$334.31 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 #105 Hampton Inn and Suites Hotel for the period January 1, 2021 to December 31, 2022. 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. We are required to be independent of the responsible party and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement.

INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
Hotel Room Rental Tax Remittances – License #105 Hampton Inn and Suites, Bethlehem
January 1, 2021 – December 31, 2022
Page 4



Scott Parsons
County of Northampton Controller
Easton, Pennsylvania



Altynay Kanatbekoff
Auditor II

June 27, 2023

cc: S. Barron, Director of Fiscal Affairs
A. Morris, Revenue Manager
T. Smith, Director of Department of Community and Economic Development
K. Collis, Community and Economic Development Specialist
B. Collier, Hotel Management/Controller

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #105 Hampton Inn and Suites
January 1, 2021 – December 31, 2022

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 2021	6,407.01	6,392.61	14.40	0.00	14.40
July 2021	15,647.18	15,651.54	(4.36)	(1.44)	(5.80)
November 2021	12,761.08	12,931.16	(170.08)	(45.92)	(216.00)
Subtotal 2021	\$34,815.27	\$34,975.31	(\$160.04)	(\$47.36)	(\$207.40)
February 2022	12,365.48	12,372.73	(7.25)	(1.63)	(8.88)
May 2022	14,121.97	14,144.32	(22.35)	(4.02)	(26.37)
July 2022	16,041.99	16,053.95	(11.96)	(1.79)	(13.75)
August 2022	16,730.48	16,755.10	(24.62)	(3.32)	(27.94)
October 2022	16,140.35	16,167.44	(27.09)	(2.84)	(29.93)
December 2022	12,191.99	12,210.63	(18.64)	(1.40)	(20.04)
Subtotal 2022	\$87,592.26	\$87,704.17	(\$111.91)	(\$15.00)	(\$126.91)
Grand Total	\$122,407.53	\$122,679.48	(\$271.95)	(\$62.36)	(\$334.31)
Total Due					<u>(\$334.31)</u>

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #105 Hampton Inn and Suites
January 1, 2021 – December 31, 2022

Please send a check payable to the County of Northampton in the amount of \$334.31 and a copy of this statement to:

County of Northampton
Revenue Division, Attn. Heather Yoder
669 Washington St.
Easton, PA 18042

If you have any questions, call Heather Yoder, Deputy Revenue Manager at 610-829-6199.

Hotel License #105

Hampton Inn and Suites
200 Gateway Dr.
Bethlehem, PA 18018

Contact:

Bruce Collier, Accounting Manager