

County Controller

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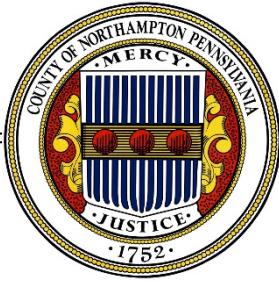
Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**EXTENDED STAY
AMERICA BETHLEHEM**

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

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



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CONTROLLER OF NORTHAMPTON COUNTY

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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 #123, Extended Stay America Bethlehem, 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:** Determine if taxable revenues, exempt revenues, and taxes due as reported are accurate.
 - Where the population of exemptions claimed by a hotel is 200 or more in the period being reviewed, a sample of exemptions not to exceed 50 per hotel will be tested.
 - Underpayment or overpayment of hotel tax by operators of \$5 or less determined during audits will be considered immaterial and will not be collected from nor paid to hotel operators.

Findings: We recalculated all remittance forms submitted during the period, inspected exemption documentation, and found:

- The hotel understated room revenue on the remittance form in five separate months in 2017. They failed to include taxable revenue totaling \$7,045 for pet fees, no-show fees, late check-out fees and charges for damages done to rooms.
- In two months during 2018, taxable revenue per the Operator's financial records was greater than taxable revenue reported to the County due to overstated exemptions.
- A review of the exemptions in the sample revealed two exemptions for the same guest taken over two months which were overstated by \$3,890.

2. Procedure: 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.

Findings: We reviewed all remittance forms submitted during the audit period and found:

- The operator is using the latest version of the remittance form and all calculations of tax due were correct.
- The hotel did not report the amount of tax collected on any of their monthly remittances. We calculated the monthly amount collected from activity in an accrual account in the hotel's financial records which we requested.
- In two months during 2017, the hotel did not submit the greater of tax collected or tax due. The operator also overpaid small amounts of tax due in eight separate months during 2018.
- The hotel paid and submitted remittances by the 20th of the month for all months.

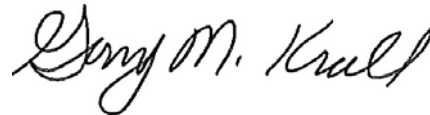
Based on the findings above, we determined that the Extended Stay America Bethlehem owes Northampton County \$825.55 in hotel room taxes. See Exhibit 1 for a detailed calculation of the additional tax due from the hotel.

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 #123 Extended Stay America Bethlehem 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 Krall, CMA
Lead Auditor

February 14, 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. Pantone, Sr. Tax Accountant-Extended Stay America

COUNTY OF NORTHAMPTON
 Hotel Room Rental Tax Remittances
 License #123 Extended Stay America 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	3,322.45	3,380.06	(57.61)	(29.38)	(86.99)
April 2017	3,868.78	3,871.51	(2.73)	(1.27)	(4.00)
May 2017	4,735.77	4,788.51	(52.74)	(23.73)	(76.47)
June 2017	4,724.63	4,793.77	(69.14)	(30.08)	(99.22)
July 2017	4,399.33	4,475.27	(75.94)	(31.89)	(107.83)
August 2017	5,294.03	5,317.65	(23.62)	(9.57)	(33.19)
October 2017	3,949.40	4,049.54	(100.14)	(37.55)	(137.69)
November 2017	3,986.53	4,066.71	(80.18)	(28.86)	(109.04)
Subtotal 2017	\$34,280.92	\$34,743.02	(\$462.10)	(\$192.33)	(\$654.43)
March 2018	4,149.35	4,145.59	3.76	0.00	3.76
April 2018	3,350.15	3,348.71	1.44	0.00	1.44
May 2018	4,087.52	4,086.02	1.50	0.00	1.50
June 2018	5,192.46	5,190.67	1.79	0.00	1.79
July 2018	5,631.05	5,629.44	1.61	0.00	1.61
August 2018	5,497.25	5,495.10	2.15	0.00	2.15
September 2018	3,912.29	4,035.88	(123.59)	(25.95)	(149.54)
October 2018	4,132.32	4,164.33	(32.01)	(6.24)	(38.25)
November 2018	3,405.70	3,404.26	1.44	0.00	1.44
December 2018	3,422.54	3,419.56	2.98	0.00	2.98
Subtotal 2018	\$42,780.63	\$42,919.56	(\$138.93)	(\$32.19)	(\$171.12)
Grand Total	\$77,061.55	\$77,662.58	(\$601.03)	(\$224.52)	(\$825.55)

Please send a check payable to the County of Northampton in the amount of \$825.55 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 #123 Extended Stay America Bethlehem
 3050 Schoenersville Rd.
 Bethlehem, PA 18017

Contact: Matt Pantone – Sr. Tax Accountant
 Extended Stay America
 Charlotte, NC
 980-345-1717