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Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

NON-SITE VISITS

For the period January 1, 2020 to
December 31, 2021

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



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**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 for the following hotels which reported less than \$8,000 annually in hotel tax for the period of January 1, 2020 to December 31, 2021.

Kirkridge Retreat #139
Rustic Dreams #150
Hotel Hampton #146

Riverton Hotel #145
Hanover Eatery (NAST Inc.) #151

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

Procedure:

Contact each hotel and request information about tax revenue amounts collected each year in the two-year period under review.

Compare responses from hotels to actual tax received by the County on monthly or quarterly remittance forms and determine whether actual tax revenue exceeds tax received by 5% or more.

Findings: We collected, summarized and calculated tax for all 24 months of remittances submitted for the 2020 and 2021 period. The summarized remittance information for each year was compared to the verification forms requested from the hotel operators and we found:

- The verification and exemption forms returned by the Kirkridge Retreat #139, Rustic Dreams #15 and the Riverton Hotel #145 agreed with the remittance forms submitted to the County indicating that revenue and taxes appear to be reasonably stated.
- The revenue that Hanover Eatery (NAST Inc.) reported to the County in 2020 did not match their Accounting firm's verification form. The revenue reported to the County was understated by \$1,500. The Hanover Eatery (NAST Inc.) did not report any revenue to the County in 2021 but their Accounting firm reported \$30,000 in revenue. The Hanover Eatery (NAST Inc.) always has zero taxable revenue because their permanent exemptions are the same amount as their taxable revenue, therefore, no tax amount is due.

In response to our draft report, NAST Inc. provided us with an amended Verification Form and Remittance Forms for 2021.

- The Hotel Hampton's revenue and tax was reasonably stated for 2020. In 2021, the Hotel Hampton did not to submit any remittance reports or hotel room rental tax to the County for the entire year. Based on their verification form, they owe the County \$209 in unpaid hotel room rental tax for 2021. In a separate letter to hotel management, we informed them of the amount owed.

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 these hotels for the period January 1, 2020 to December 31, 2020. 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.



Richard J. Szulborski
County of Northampton Controller
Easton, Pennsylvania



Kathy M. Nesfeder, CRMA, CFE
Lead Auditor

September 13, 2022

INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
Hotel Room Rental Tax Remittances – Non-Site Visits
January 1, 2021 – December 31, 2022
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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
Operators