

County Controller

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Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

HAMPTON INN EASTON

For the Period January 1, 2019
through December 31, 2020

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



RICHARD J. SZULBORSKI

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 #121 Hampton Inn Easton for the period January 1, 2019 to December 31, 2020. 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 was using the latest version of the County remittance form in 2020 but not in 2019. All forms 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:

- The Operator submitted their monthly remittances on time but failed to submit a detailed exemption report for three of the 24 months.
- The Operator correctly calculated the tax amount for each of the 24 months.
- The Operator submitted the higher of the tax due/tax collected for each of the 24 months.
- The Operator overreported revenue by \$10,036 in 2019.
- The Operator underreported smoking and pet fees in the amount of \$8,920 in 2019 and 2020.

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

Findings: We tested 50 exemptions, 25 were valid. Fifteen did not have the proper documentation to support the exemption and ten were for religious organizations which are not exempt.

- 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.)

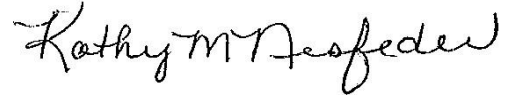
Findings: We determined that License #121 Hampton Inn Easton owes Northampton County \$205.46 in hotel room taxes. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

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 #121 Hampton Inn Easton for the period January 1, 2019 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.

INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
Hotel Room Rental Tax Remittances – License # 121 Hampton Inn Easton
January 1, 2019 – December 31, 2020
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Richard J. Szulborski
County of Northampton Controller
Easton, Pennsylvania



Kathy M. Nesfeder, CRMA, CFE
Auditor II

October 22, 2021

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
J. Yellak, Hotel Manager

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #121 Hampton Inn Easton
January 1, 2019 – December 31, 2020

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 2019	8,659.53	8,663.53	(4.00)	(1.92)	(5.92)
February 2019	10,497.00	10,476.59	20.41	0.00	20.41
March 2019	12,747.04	12,712.08	34.96	0.00	34.96
April 2019	13,980.11	13,945.55	34.56	0.00	34.56
May 2019	13,282.31	13,267.69	14.62	0.00	14.62
June 2019	14,042.91	14,013.68	29.23	0.00	29.23
July 2019	14,168.06	14,121.94	46.12	0.00	46.12
August 2019	15,534.33	15,517.22	17.11	0.00	17.11
September 2019	13,906.33	13,880.23	26.10	0.00	26.10
October 2019	15,173.16	15,126.34	46.82	0.00	46.82
November 2019	12,584.37	12,543.76	40.61	0.00	40.61
December 2019	11,330.00	11,351.64	(21.64)	(6.82)	(28.46)
Subtotal 2019	\$155,905.15	\$155,620.25	\$284.90	(\$8.74)	\$276.16
January 2020	9,338.00	9,355.12	(17.12)	(5.14)	(22.26)
March 2020	5,789.00	5,798.68	(9.68)	(2.61)	(12.29)
April 2020	2,145.00	2,153.18	(8.18)	(2.09)	(10.27)
May 2020	2,848.00	2,855.83	(7.83)	(1.88)	(9.71)
June 2020	5,864.00	5,899.47	(35.47)	(7.98)	(43.45)
August 2020	9,149.00	9,216.44	(67.44)	(13.15)	(80.59)
September 2020	7,938.00	8,002.38	(64.38)	(11.59)	(75.97)
October 2020	8,528.00	8,598.48	(70.48)	(11.63)	(82.11)
November 2020	6,790.00	6,836.20	(46.20)	(6.93)	(53.13)
December 2020	4,506.00	4,586.92	(80.92)	(10.92)	(91.84)
Subtotal 2020	\$62,895.00	\$63,302.70	(\$407.70)	(\$73.92)	(\$481.62)
Grand Total	\$218,800.15	\$218,922.95	(\$122.80)	(\$82.66)	(\$205.46)
Total Due					<u>(\$205.46)</u>

Please send a check payable to the County of Northampton in the amount of \$205.46 and a copy of this statement to:

County of Northampton
Revenue Division, Attn. Nancy Poplawski
669 Washington Street
Easton, PA 18042

COUNTY OF NORTHAMPTON
Hotel Room Rental Tax Remittances
License #121 Hampton Inn Easton
January 1, 2019 – December 31, 2020

Exhibit 1

If you have any questions, call Nancy Poplawski at 610-829-6187.

Hotel License #121

Hampton Inn Easton
3723 Nazareth Easton Highway
Easton, PA 18045

Contact:

Joseph Yellak, Hotel Manager