

County Controller

Richard J. Szulborski

Audit Manager

Anthony Sabino, CIA

Solicitor

Robert A. Nitchkey, Jr., Esq.

County Executive

Lamont G. McClure, Jr.

County Council

Lori Vargo Heffner, President
William B. McGee, Vice-President
John Cusick
Margaret L. Ferraro
Thomas A. Giovanni
Ronald R. Heckman
Kevin Lott
Kerry L. Myers
Tara M. Zrinski

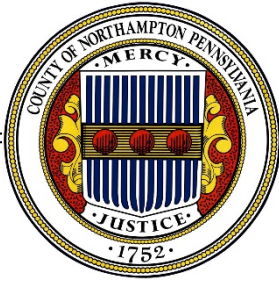
Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**HAMPTON INN &
SUITES - BETHLEHEM**

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

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 #105 Hampton Inn & Suites in Bethlehem 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:

- The Operator used the latest version of the remittance report.
- The Operator correctly calculated the hotel room rental tax amount in all 24 months.

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

Hotel Room Rental Tax Remittances – License #105 Hampton Inn & Suites - Bethlehem
January 1, 2019 – December 31, 2020

Page 2

- The Operator submitted the higher of the tax collected/tax due every month.
- The Operator was late submitting their monthly remittance reports only once in 24 months and paid a late payment penalty for March 2019.

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 hotel underreported taxable room revenue when compared to their financials in 14 months totaling \$6,871. The majority of this amount was in 2019.
- The hotel's financials do not list sufficient detail to identify the source of the higher room revenue.

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

Findings: We reviewed a sample of 50 exemptions taken by the hotel operator over the two years tested. The hotel overstated allowable exemptions by \$525 in 2019 and by \$2,220 in 2020.

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.)

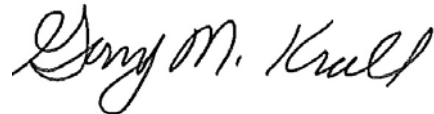
Findings: We determined that the Hampton Inn & Suites - Bethlehem, License #105, owes Northampton County \$378.98 in additional tax and penalty. See Exhibit 1 for a detailed breakdown of the tax and penalty owed to the County.

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 & Suites - Bethlehem 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 #105 Hampton Inn & Suites - Bethlehem
January 1, 2019 – December 31, 2020
Page 3



Richard J. Szulborski
County of Northampton Controller
Easton, Pennsylvania



Gary M. Krall, CMA
Lead Auditor

October 24, 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
B. Collier, Hotel Controller

COUNTY OF NORTHAMPTON
 Hotel Room Rental Tax Remittances
 License #105 Hampton Inn & Suites - Bethlehem
 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	8,811.08	8,831.37	(20.29)	(9.74)	(30.03)
February 2019	10,129.10	10,163.56	(34.46)	(16.02)	(50.48)
March 2019	12,583.47	12,593.38	(9.91)	(4.46)	(14.37)
April 2019	13,194.79	13,205.23	(10.44)	(4.54)	(14.98)
July 2019	15,842.77	15,857.27	(14.50)	(5.66)	(20.16)
August 2019	17,286.10	17,297.53	(11.43)	(4.29)	(15.72)
September 2019	15,156.38	15,196.59	(40.21)	(14.48)	(54.69)
November 2019	13,267.81	13,284.49	(16.68)	(5.50)	(22.18)
Subtotal 2019	\$106,271.50	\$106,429.42	(\$157.92)	(\$64.69)	(\$222.61)
January 2020	10,440.66	10,449.32	(8.66)	(2.60)	(11.26)
February 2020	12,459.07	12,479.44	(20.37)	(5.81)	(26.18)
March 2020	5,738.80	5,741.26	(2.46)	(0.66)	(3.12)
May 2020	2,821.00	2,831.72	(10.72)	(2.57)	(13.29)
July 2020	5,455.98	5,489.10	(33.12)	(6.96)	(40.08)
October 2020	7,588.34	7,616.67	(28.33)	(4.67)	(33.00)
December 2020	4,181.36	4,207.30	(25.94)	(3.50)	(29.44)
Subtotal 2020	\$48,685.21	\$48,814.81	(\$129.60)	(\$26.77)	(\$156.37)
Grand Total	\$154,956.71	\$155,244.23	(\$287.52)	(\$91.46)	(\$378.98)

Total Due (\$378.98)

Please remit a check payable to the County of Northampton in the amount of \$378.98 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 #105 Hampton Inn & Suites - Bethlehem
 200 Gateway Drive
 Bethlehem, Pa 18017

Contact: Bruce Collier, Hotel Controller