

County Controller

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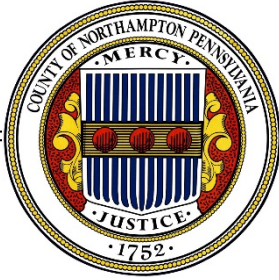
Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

HOTEL 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

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**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 #101 Hotel 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 but two months: January 2019 and November 2020.
- 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 February 2020.

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 and compared revenue on their financial statements to remittance forms, and found:

- In January 2019, the operator overpaid tax by \$27 due to a mathematical error.
- In November 2020, the hotel understated exemptions by \$90 resulting in an overpayment of hotel tax.
- The hotel underreported taxable room revenue in 19 months failing to report \$42,456 of no-show room revenue 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 examined 19 exemptions and all were valid exemptions. The hotel operator understated permanent exemptions totaling \$16,318 from long-term guests in 2020. This, however, does not result in additional revenue owed to the County.

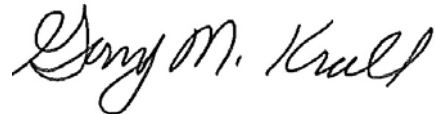
5. **Procedure:** Calculate any additional tax owed or refund due to the Operator. (Underpayment or overpayment of hotel tax by operators of \$5 or less determined during the audits are considered immaterial and will not be collected from nor paid to hotel Operators.)

Findings: We determined that License #101 Hotel Bethlehem owes Northampton County \$1,888.77 in hotel room taxes and penalty interest. 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 #101 Hotel 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.



Richard J. Szulborski
County of Northampton Controller
Easton, Pennsylvania



Gary M. Krall, CMA
Lead Auditor

October 18, 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. Garcia, Director of Accounting Hotel Bethlehem

COUNTY OF NORTHAMPTON
 Hotel Room Rental Tax Remittances
 License #101 Hotel 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	14,241.06	14,289.64	(48.58)	(23.32)	(71.90)
February 2019	16,239.26	16,380.08	(140.82)	(65.48)	(206.30)
March 2019	19,610.54	19,683.64	(73.10)	(32.89)	(105.99)
April 2019	20,417.05	20,548.76	(131.71)	(57.29)	(189.00)
May 2019	20,465.51	20,535.96	(70.45)	(29.59)	(100.04)
June 2019	20,152.60	20,254.72	(102.12)	(41.36)	(143.48)
July 2019	19,733.37	19,870.28	(136.91)	(53.39)	(190.30)
August 2019	27,389.43	27,442.08	(52.65)	(19.74)	(72.39)
September 2019	21,062.39	21,169.84	(107.45)	(38.68)	(146.13)
October 2019	24,589.38	24,675.92	(86.54)	(29.86)	(116.40)
November 2019	22,757.15	22,884.00	(126.85)	(41.86)	(168.71)
December 2019	30,768.02	30,922.96	(154.94)	(48.81)	(203.75)
Subtotal 2019	\$257,425.76	\$258,657.88	(\$1,232.12)	(\$482.27)	(\$1,714.39)
January 2020	17,079.98	17,168.02	(88.04)	(26.41)	(114.45)
February 2020	18,670.31	18,717.48	(47.17)	(13.44)	(60.61)
March 2020	7,595.62	7,642.77	(47.15)	(12.73)	(59.88)
August 2020	7,784.67	7,430.93	353.74	0.00	353.74
September 2020	9,012.06	9,053.88	(41.82)	(7.53)	(49.35)
October 2020	12,003.46	12,105.24	(101.78)	(16.79)	(118.57)
November 2020	10,687.91	10,748.20	(60.29)	(9.04)	(69.33)
December 2020	11,089.56	11,138.84	(49.28)	(6.65)	(55.93)
Subtotal 2020	\$93,923.57	\$94,005.36	(\$81.79)	(\$92.59)	(\$174.38)
Grand Total	\$351,349.33	\$352,663.24	(\$1,313.91)	(\$574.86)	(\$1,888.77)
Total Due					<u>(\$1,888.77)</u>

Please send a check payable to the County of Northampton in the amount of \$1,888.77 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 #101

Hotel Bethlehem
 457 Main St.

Contact:

Bethlehem, PA 18018
 Brianna Garcia, Director of Accounting