

County Controller

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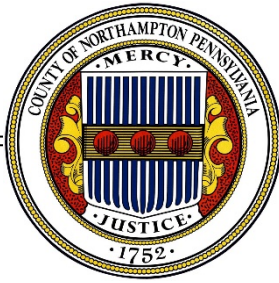
Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

NON-SITE VISITS

For the period January 1, 2018 to
December 31, 2019

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



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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 for the following hotels which reported less than \$8,000 annually in hotel tax for the calendar years 2018 and 2019:

Kirkridge Inn Motel #139	Rustic Dreams #150
Riverton Hotel #145	Hanover Eatery #151
Hotel Hampton #146	

County management is responsible for ensuring that Operators within Northampton County are collecting this tax from their guests and remitting the tax collected to the County. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. 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.

Procedures and Findings

1. **Procedure:** Determine if hotel tax revenue reported to the Controller's Office by the hotel operators is comparable to the tax remitted to the County:

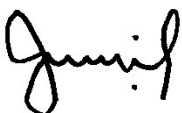
Findings: We collected, summarized and calculated tax for all 24 months of remittances submitted for the 2018 and 2019 calendar years. The summarized remittance information for each year was compared to the verification forms requested from the hotel operators and we found:

- The verification and exemption forms returned by the Riverton Hotel #145, the Rustic Dreams B&B #150 and the Hanover Eatery #151, agreed to the remittance forms submitted to the County indicating that revenue and taxes appear to be reasonably stated.

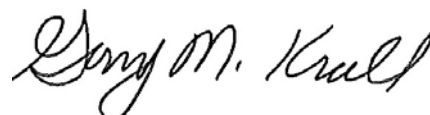
- The Hampton Hotel #146 overstated gross revenue on their 2019 Q3 and Q4 remittances due to a clerical error. The hotel's accountant caught this error when compiling the information for our verification form. The tax calculated and paid on the two remittances reflected the correct gross revenue amounts that were verified later by their accountant during the audit process.
- The accountant working for the Kirkridge Inn #139 did not return the verification form that we requested despite repeated requests. Consequently, we were unable to compare their remittances to their records.
- The operators of the Kirkridge Inn #139, Riverton Hotel #145 and the Hanover Eatery #151 did not return a signed copy of the Management Representation Letter that we provided to them which is a requirement under Government Auditing Standards.

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, 2018 to December 31, 2019. 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 M. Krall, CMA
Lead Auditor

June 9, 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
Hotel Managers/Operators