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Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**HOLIDAY INN EXPRESS -
LVIA**

For the Period
January 1, 2020 through
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 from License #128 Holiday Inn Express LVIA for the period January 1, 2020 to December 31, 2021. 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 correctly calculated the hotel room revenue tax amount in all months except May 2021.
- The Operator submitted the higher of tax due or tax collected in every month.
- The Operator submitted their monthly remittance reports on time in all 24 months.
- The Operator used the latest version of the remittance report.

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 one month in 2020 totaling \$1,200 and in two months in 2021 totaling \$209.

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

Findings: We reviewed a sample of 50 exemptions that the hotel claimed in 2020 and 2021. The hotel claimed an ineligible exemption in November 2020 for \$1,200 and overstated two exemptions in March and July 2021 totaling \$209.

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 #128 Holiday Inn Express LVIA owes Northampton County \$69.19 in additional 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 #128 Holiday Inn Express LVIA for the period January 1, 2020 to December 31, 2021. 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 #128 Holiday Inn Express LVIA
January 1, 2020 – December 31, 2021
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Richard J. Szulborski
County of Northampton Controller
Easton, Pennsylvania

June 29, 2022

cc: S. Barron, Director of Fiscal Affairs
W. Nicklas, Revenue Manager
T. Smith, Director of Department of Community and Economic Development
K. Collis, Community and Economic Development Specialist
J. Hutchison, General Manager Holiday Inn Express LVIA

COUNTY OF NORTHAMPTON
 Hotel Room Rental Tax Remittances
 License #128 Holiday Inn Express LVIA
 January 1, 2020 – December 31, 2021

Exhibit 1

	<u>Tax Remitted</u>	<u>Tax Calculated</u>	<u>Over/(Under) Payment</u>	<u>Interest</u>	<u>Amount Due to County</u>
November 2020	4,834.21	4,881.86	(47.65)	(13.58)	(61.23)
Subtotal 2020	\$4,834.21	\$4,881.86	(47.65)	(13.58)	(61.23)
July 2021	12,850.97	12,857.80	(6.83)	(1.13)	(7.96)
Subtotal 2021	\$12,850.97	\$12,857.80	(6.83)	(1.13)	(7.96)
Grand Total	\$17,685.18	\$17,739.66	(54.48)	(14.71)	(69.19)
Total Due					<u>(69.19)</u>

Please send a check payable to the County of Northampton in the amount of \$69.19 and a copy of this statement to:

County of Northampton
 Revenue Division, Attn. Wayne Nicklas
 669 Washington Street
 Easton, PA 18042

If you have any questions, call Wayne Niklas at 610-829-6138.

Hotel License #128	Holiday Inn Express LVIA 3375 High Point Blvd. Bethlehem, PA 18017
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Contact:	John Hutchison, General Manager
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