



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY

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**INDEPENDENT INTERNAL AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Northampton County Council
John A. Brown, 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 Airport in Bethlehem for the period January 1, 2014 through December 31, 2015. 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. This Agreed-Upon Procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. **Procedure:** Determine if proper remittance forms are being used and completed correctly.

Findings: We reviewed all 24 remittance forms submitted during the period and found:

- The hotel Operator used an outdated version of the remittance form for 9 months in 2014 but switched to the most recent version for all monthly remittances from October 2014 forward. All payments were filed on time with the County.
- All 24 remittance forms were footed and recalculated and there were no errors or inconsistencies noted.

2. **Procedure:** Determine if taxable revenues, exempt revenues and taxes due as reported are accurate.

Findings: We reviewed all 24 remittance forms submitted during the period and found:

- In 13 months, taxable revenue per the Operator's financial records did not match taxable revenue reported to the County but the greater of tax collected or tax due was properly remitted.

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Hotel Room Rental Tax Remittances – License #128
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- In one month, taxable revenue per the Operator's financial records matched taxable revenue reported to the County but tax collected was greater than taxes remitted.
- We reviewed a sample of 4 months of exemptions related to redemptions of IHG Rewards for complimentary rooms and verified the validity of these exemptions to the guest folio without any exceptions.
- Two exemptions were for guests of a religious organization which is not exempt from hotel occupancy tax.
- The hotel overlooked 4 eligible and valid exemptions totaling \$657 and \$26 in tax.

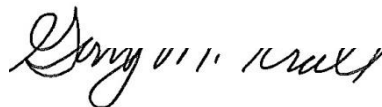
Based on the findings above, we determined that the Holiday Inn Express Airport in Bethlehem is eligible for a credit of \$21.21 from the County on a future tax remittance. See Exhibit 1 for additional tax due the Holiday Inn Express Airport.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Hotel Room Rental Tax Remittances from License #128 Holiday Inn Express Airport in Bethlehem for the period 1/1/2014 to 12/31/2015. Accordingly, we do not express such an opinion. 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.



Stephen J. Barron, Jr., CFE
County Controller



Gary Krall, CMA
Staff Auditor

October 19, 2016

cc: J. Hunter, Director of Fiscal Affairs
N. Poplawski, Revenue Manager
T. Herrlinger, Interim Director of Department Community and Economic Development
K. Collis, Community and Economic Development Specialist

COUNTY OF NORTHAMPTON
 Hotel Room Rental Tax Remittances
 License #128 Holiday Inn Express- Airport-Bethlehem
 January 1, 2014 to December 31, 2015

Exhibit 1

<u>Date</u>	<u>Tax Remitted</u>	<u>Tax Calculated</u>	<u>Over/(Under) Payment</u>	<u>Interest</u>	<u>Amount Due to Hotel</u>
March 2014	7,214.94	7,193.70	21.24	0.00	21.24
May 2014	9,451.25	9,451.28	(0.03)	(0.01)	(0.04)
May 2015	10,244.49	10,244.48	0.01	0.00	0.01
Subtotal	\$26,910.68	\$26,889.46	\$21.22	(\$0.01)	\$21.21
Total Due					<u>\$21.21</u>

Please deduct \$21.21 from your next Hotel Room Rental Tax remittance along with a copy of this letter and remit 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 # 128

Holiday Inn Express (LVIA)
 3375 High Point Blvd
 Bethlehem, PA 18017

610-882-2255
 Contact: John Hutchison