

County Controller

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Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**LEHIGH VALLEY HOTEL
AND CONFERENCE
CENTER**

For the Period January 1, 2017 to
December 31, 2018

**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 from License #104 Lehigh Valley Hotel and Conference Center, formally the Best Western for the period January 1, 2017 to December 31, 2018. 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 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 taxable revenues, exempt revenues, and taxes due as reported are accurate.
 - Where the population of exemptions claimed by a hotel is 200 or more in the period being reviewed, a sample of exemptions not to exceed 50 per hotel will be tested.
 - Underpayment or overpayment of hotel tax by operators of \$5 or less determined during audits will be considered immaterial and will not be collected from nor paid to hotel operators.

Findings: We recalculated all remittance forms submitted during the period, inspected exemption documentation, and found:

- The Operator was not including pet fees, cots or cancellation fees in their revenue amounts which resulted in underreported revenue.
- Forty-seven of the 50 exemptions tested were valid exemptions. There were two exemption forms missing from the 50 exemptions tested. One of the exemptions submitted was not a valid exemption.
- The Operator submitted 112 exemptions in 2017 and 335 exemptions in 2018.
- The Operator was inadvertently waiting 60 days before submitting permanent exemptions instead of after 30 days.

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

Hotel Room Rental Tax Remittances – License #104 Lehigh Valley Hotel and Conference Center
January 1, 2017 – December 31, 2018
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- 2. Procedure:** Determine whether the Operator is using the latest version of the remittance form and that the form was fully completed in a proper and accurate manner.

Findings: We inspected all remittance forms submitted during the audit period and found:

- The Operator is using this most current remittance form.
- Calculations were correct for 16 of the 24 months submitted. In February 2018, the Operator entered the incorrect exemption amount. For seven months, the Operator did not submit the greater amount of the taxes collected or taxes due.
- The Operator did not submit a detailed exemption form for the deductions taken for 10 of the 24 months.
- The Operator included the permanent and non-permanent exemption on one form for the months of May and June 2017.
- There was a decrease in revenue from 2017 to 2018 due to the hotel making room renovations.
- The Operator was late submitting their remittance forms for three months in 2017 and one month in 2018.

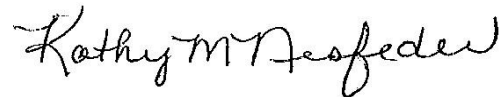
Based on the findings above, we determined that License #104 Lehigh Valley Hotel and Conference Center owes Northampton County \$799.06 in hotel room taxes. See Exhibit 1 for additional tax due from the hotel.

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 #104 Lehigh Valley Hotel and Conference Center for the period January 1, 2017 to December 31, 2018. 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.



Richard J. Szulborski
County of Northampton Controller
Easton, Pennsylvania



Kathy M. Nesfeder, CFE, CRMA
Auditor II

December 27, 2019

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, Lehigh Valley Hotel and Conference Center

