



**RICHARD J. SZULBORSKI**

**CONTROLLER OF NORTHAMPTON COUNTY**

NORTHAMPTON COUNTY COURTHOUSE  
669 WASHINGTON STREET  
EASTON, PENNSYLVANIA 18042

**PAUL L. ALBERT, CIA**  
Audit Manager

**MICHAEL P. SHAY, ESQ.**  
Solicitor

**PHONE (610) 829-6615**  
**FAX (610) 559-3137**

**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 Executive, on the Hotel Room Rental Tax Remittances from License #120 – The Sayre Mansion for the period January 1, 2015 through December 31, 2016. County management is responsible for ensuring that hotel operators within Northampton County are collecting the hotel tax from their guests and that it is remitted 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 that 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:**

- The Operator used an outdated version of the remittance form for all 24 months.
- The Operator remitted two payments that included miscalculations for the Hotel Room Rental Tax and remitted incorrect amounts to the County for payment.

2. **Procedure:** Determine that late payment penalties are assessed for delinquent payments and collected in a timely fashion by the Revenue Division.

**Findings:** In 22 of 24 months, the remittance form was not submitted by the 20<sup>th</sup> of the month. All late payments were sent properly with that month's remittance form, or the Revenue Division sent delinquent notices for the properly-assessed late payment penalty when necessary. In seven of these months the Operator remitted the payment two months late but only paid one month's late fees. No delinquent notices were sent because it was not cost effective. All additional late fees owed were under \$1.

3. **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 will be tested.

- Underpayment or overpayment of hotel tax by operators of \$5 or less determined during the audit will be considered immaterial and will not be collected from or paid to hotel operators.

**Findings:**

- In eight months, taxable revenue per the Operator's financial records calculated by the auditor was greater than the taxable revenue reported to the County due to incorrect amounts recorded from the financial statements and invalid/undocumented exemptions. In one of the months, the Operator remitted the greater of actual taxes collected or taxes due to the County.
- In five months, the taxable revenue per the Operator's financial records calculated by the auditor was less than taxable revenue reported and paid to the County, resulting in an overpayment by the Operator.

Based on the findings above, we determined that the Sayre Mansion owes the County \$545.12 in unpaid hotel room rental taxes and interest. See Exhibit 1 for additional tax due to the County including the calculation of interest.

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 the Hotel Room Rental Tax Remittances from License #120 – The Sayre Mansion for the period January 1, 2015 through December 31, 2016. 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 Controller



Stacy L. Duke  
Staff Auditor

July 20, 2018

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

COUNTY OF NORTHAMPTON  
 Hotel Room Rental Tax Remittances  
 License #120 -The Sayre Mansion  
 January 1, 2015 through December 31, 2016

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 Northampton County</u>
January 2015	1,417.92	1,408.28	9.64	0.00	9.64
February 2015	1,380.92	1,382.92	(2.00)	(1.20)	(3.20)
March 2015	1,955.04	2,034.01	(78.97)	(46.20)	(125.17)
April 2015	2,223.88	2,232.42	(8.54)	(4.87)	(13.41)
September 2015	2,474.36	2,616.89	(142.53)	(70.55)	(213.08)
October 2015	3,436.42	3,418.46	17.96	0.00	17.96
November 2015	2,583.25	2,560.25	23.00	0.00	23.00
February 2016	2,028.86	2,075.02	(46.16)	(19.39)	(65.55)
March 2016	1,814.38	1,780.45	33.93	0.00	33.93
May 2016	2,999.63	3,154.03	(154.40)	(57.90)	(212.30)
July 2016	2,801.22	2,809.11	(7.89)	(2.72)	(10.61)
November 2016	2,441.13	2,427.46	13.67	0.00	13.67
<b>Subtotal</b>	27,557.01	27,899.30	(342.29)	(202.83)	(545.12)
<b>Total Due</b>					(545.12)

Please send a check payable to the County of Northampton in the amount of \$545.12 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 # 120

The Sayre Mansion

250 Wyandotte St.  
 Bethlehem, PA 18015

Contact:

610-882-2100  
 Timothy Bobb