



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 820-3335

THOMAS SLONAKER
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

September 26, 2011

Mr. Minu Desai
Best Western Plus Allentown Inn & Suites
5630 West Tilghman Street
Allentown, PA 18104

Mr. Brian Kahler, Fiscal Officer
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

**RE: Follow-Up to Audit Report #11-47
Lehigh Motor Inn
5828 Memorial Road
Allentown, PA 18104**

To Messrs. Desai and Kahler:

On August 5, 2011, the Controller's Office issued an audit report for hotel room rental tax remittances for the Lehigh Motor Inn for the period January 1 to December 31, 2010 (11-47). In the audit report there was a finding that over 1000 manual receipts were missing and it was recommended the hotel operator produce all the missing receipts. The hotel operator was assessed a revenue adjustment of \$3,409.99 for the missing receipts and \$249.32 for exemption adjustments.

On September 1, 2011, Mr. Desai (the hotel operator) produced the missing receipts. The receipts were issued for items such as long distance phone calls, wireless, laundry and laundry detergent. Based on our review of those receipts, we have determined the hotel operator is no longer required to pay the revenue adjustment of \$3,409.99. However, the hotel operator is still required to pay the exemption adjustment of \$249.32.



Thomas Slonaker
County Controller

Attachment – Report #11-47 issued August 5, 2011

XC: Board of Commissioners
Donald T. Cunningham, Jr., County Executive



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August 5, 2011

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Best Western Plus Allentown Inn & Suites
5630 West Tilghman Street
Allentown, PA 18104

Mr. Brian Kahler, Fiscal Officer
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

**RE: Lehigh Motor Inn
5828 Memorial Road
Allentown, PA 18104**

To Messrs. Desai and Kahler:

We have recently completed an agreed-upon procedures engagement of hotel room rental tax remitted by Lehigh Motor Inn for the period January 1 to December 31, 2010. Our report number 11-47 is attached.

The result of our review is \$3,659.31 in hotel room rental tax was assessed.

The corresponding HOTEL TAX "DETERMINATION" from Mr. Kahler requesting payment of \$3,659.31 is also attached.

Thomas Slonaker
County Controller

Attachments (2)

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
LEHIGH MOTOR INN

*Independent Controller's Office Report on
Applying Agreed-Upon Procedures
For the Period January 1 to December 31, 2010*

REPORT NO. 11-47

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
LEHIGH MOTOR INN

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Mr. Brian Kahler, Fiscal Officer
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

**RE: Lehigh Motor Inn
5828 Memorial Road
Allentown, PA 18104**

To Messrs. Desai and Kahler:

Pursuant to Act 12 of 2005, section 1770.8 to the County Code, Lehigh County Ordinance #2005-180 and the Lehigh County Hotel Room Rental Tax Rules and Regulations effective September 4, 2005, a four percent hotel room rental tax shall be collected and remitted to the Lehigh County fiscal officer. We have performed certain procedures enumerated below, which were agreed to by the Lehigh County fiscal officer, solely to assist the county fiscal officer in determining the accuracy of hotel room rental tax remittances made by the Lehigh Motor Inn management for the period January 1 to December 31, 2010. The fiscal officer, as the delegate for the County Executive, is responsible for the collection of the hotel room rental tax.

Procedures performed included:

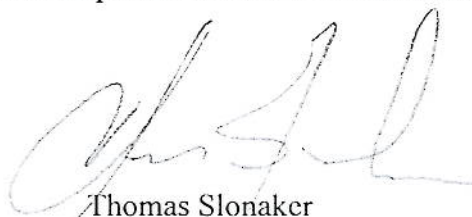
- Verification of reported revenue to Form PA-3 submitted to the Commonwealth of Pennsylvania, Department of Revenue.
- Compliance to the County of Lehigh Rules and Regulations for hotel room rental tax collection.
- Verification of reported revenue and hotel room rental tax collections to hotel operator accounting records.

This agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards and "Government Auditing Standards" as issued by the United States Government Accountability Office (GAO) and "Statements on Standards for Attestation Engagements" as issued by the American Institute for Certified Public Accountants (AICPA). 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 performed.

Reported taxable revenues of \$10,016.00 resulted in \$400.64 in hotel tax payable to the County of Lehigh during the period under review (before adjustments). Based on our review, additional tax and interest is due for an exemption adjustment of \$249.32. The exemption revenue claimed exceeded the total amount of hotel revenue reported to the county. Due to lack of proper operator recordkeeping, additional tax and interest is due for a revenue adjustment of \$3,409.99. **The total amount due from the operator is \$3,659.31.**

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on hotel room rental tax collections. 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 county fiscal officer and management of the County of Lehigh and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Thomas Slonaker
County Controller

Attachment

June 15, 2011
Allentown, PA

Final Distribution
Board of Commissioners
Donald T. Cunningham, Jr., County Executive

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
LEHIGH MOTOR INN

Records Not Complete

Condition: The hotel operator reported \$169,430.00 in gross revenue for 2010 to the Commonwealth of Pennsylvania on Form PA-3. The hotel operator tracks daily revenue by issuing pre-numbered receipts to the hotel's guests. During 2010, the hotel operator issued 1,648 receipts of which 568 (34%) are accounted for and 1,080 (66%) are missing. The hotel operator failed to keep track of all the receipt numbers issued during 2010. When a manual receipt system is utilized, all receipts should be issued in strict numerical sequence and all missing receipt numbers should be accounted for with an explanation as to why they are missing. All unused and void receipts should be maintained.

Recommendation: The hotel operator is responsible for producing all 1080 missing receipts (used and unused). Also, the hotel operator is responsible for keeping an accurate set of accounting records per the County of Lehigh – Hotel Room Rental Tax Rules and Regulations- Section I “Records”.

“It is presumed that all Rooms are subject to the Hotel Room Rental Tax until the contrary is established by accurate records of the Operator. The burden of proving that the Transaction is not taxable is upon the Operator and the Operator must demonstrate the same through accurate records. In any case where an Operator fails to maintain adequate records as required under these Rules and Regulations, any Room for which there is not adequate records shall be deemed to be Occupied for the entire period for which the supporting records are lacking.”

For the period January 1 to December 31, 2010, we compiled a total of 109 rooms, totaling \$73,260 in hotel room rental revenue for rooms “deemed to be occupied”. This results in \$2,930.40 in hotel room rental tax plus interest. The hotel operator should remit the \$3,409.99 for under-reported revenue.



COUNTY OF LEHIGH
Office of Fiscal Affairs

Brian L. Kahler
Fiscal Officer

August 5, 2011

Mr. Minu Desai
Best Western Plus Allentown Inn & Suites
5630 West Tilghman Street
Allentown, PA 18104

RE: HOTEL TAX "DETERMINATION"
Lehigh Motor Inn
5828 Memorial Road
Allentown, PA 18104

Dear Mr. Desai:

According to the recent agreed-upon procedures performed by the Lehigh County controller's office, hotel tax and interest is due for the period January 1 to December 31, 2010.

In accordance with Section G of the Hotel Tax Rules and Regulations, you are hereby requested to remit the sum of \$3,659.31. The calculations of the "determination" (as stated in Section G) were included in the Lehigh County controller's office draft report. Failure to remit the payment within ten (10) days will result in additional penalties, attorney fees, and fines as stated in Section G.

Very truly yours,

Brian L. Kahler
Fiscal Officer

xc: Thomas Slonaker, County Controller

HOTEL TAX/HOTEL TAX DETERMINATION LETTER

*Government Center
17 South Seventh Street
Allentown, Pennsylvania 18101-2401*

*Accounts Receivable
Phone: 610-782-3112
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