



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 20, 2010

Cathy Minnich, General Manager
Holiday Inn - Allentown
904 West Hamilton Street
Allentown, PA 18101

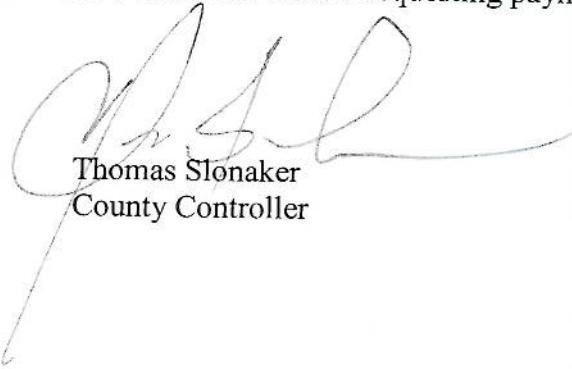
Brian Kahler, Fiscal Officer
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

To Ms. Minnich and Mr. Kahler:

We have recently completed an agreed-upon procedures engagement of hotel room rental tax remitted by Holiday Inn - Allentown for the period January 1 to December 31, 2009. Our report number 10-56 is attached.

The result of our review is \$4,573.17 in hotel room rental tax was assessed.

The corresponding HOTEL TAX "DETERMINATION" from Mr. Kahler requesting payment of \$4,573.17 is also attached.



Thomas Slonaker
County Controller

Attachments (2)

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
HOLIDAY INN - ALLENTOWN

*Independent Controller's Office Report on
Applying Agreed-Upon Procedures
For the Period January 1 to December 31, 2009*

REPORT NO. 10-56

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
HOLIDAY INN - ALLENTOWN

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904 West Hamilton Street
Allentown, PA 18101

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

To Ms. Minnich and Mr. 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 Holiday Inn - Allentown management for the period January 1 to December 31, 2009. 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.

Note: We were unable to verify revenues reported on Form PA-3. As an alternative procedure, we compared reported room revenues to reported gross revenues.

- 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 \$1,595,291.00 resulted in \$63,811.64 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 a revenue adjustment of \$4,573.17.

An issue regarding exemption reporting compliance is detailed on the attached page titled "*Exemption Reporting Compliance*".

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

August 19, 2010
Allentown, PA

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

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
HOLIDAY INN - ALLENTOWN

Exemption Reporting Compliance

Condition: The hotel is utilizing an outdated form to report monthly hotel room rental tax exemptions. This outdated form comingles the exemptions for non-permanent and permanent residents. In January 2008, the office of fiscal affairs revised the exemption form, requiring the permanent residents and non-permanent residents to be reported separately. The Lehigh County fiscal officer sent a letter to all hotels instructing them to start using the revised forms with the January 2008 reporting cycle.

This condition was reported in our audit report #09-58 issued December 2, 2009 for the period January 1 to December 31, 2008.

Recommendation: The hotel management should start using the revised reporting forms with the next reporting cycle.

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
HOLIDAY INN - ALLENTOWN

Unreported Income

Condition: The hotel operator reported \$88,419.85 in gross 2009 revenue to the Commonwealth of Pennsylvania on Form PA-3 during 2009 that was not identified as excludable from hotel room rental tax. Hotel accounting records indicate total revenue consists of room revenue, food and beverage revenue and other revenue. For 2009, the hotel's accounting records show \$2,259,952.99 in total revenue while the operator reported \$2,348,372.84 as gross state revenue, an excess of \$88,419.85. Without documentation to the contrary, the excess is deemed subject to Lehigh County hotel room rental tax.

Recommendation: Remit \$4,573.17 in hotel room rental tax for under-reported revenue by October 20, 2010.



COUNTY OF LEHIGH
Office of Fiscal Affairs

Brian L. Kahler
Fiscal Officer

September 20, 2010

Cathy Minnich, General Manager
Holiday Inn - Allentown
904 West Hamilton Street
Allentown, PA 18101

RE: HOTEL TAX "DETERMINATION"
HOLIDAY INN - ALLENTOWN

Dear Ms. Minnich:

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, 2009.

In accordance with Section G of the Hotel Tax Rules and Regulations, you are hereby requested to remit the sum of \$4,573.17. 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

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Allentown, Pennsylvania 18101-2401*

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