



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

July 7, 2008

Mr. Abe Deh
Gauri Nandan, LP
d/b/a Holiday Inn
904 Hamilton Street
Allentown, PA 18101

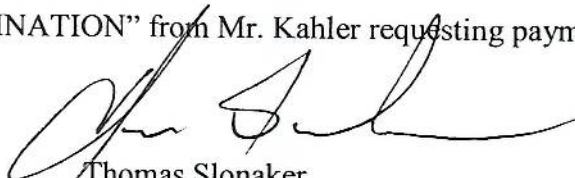
Brian Kahler, Fiscal Officer
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

To Messrs. Deh and Kahler:

We have recently completed an agreed-upon procedures engagement of hotel room rental tax remitted by Holiday Inn for the period August 30 to December 31, 2007. Our report number 08-49 is attached.

The result of our review is \$2,742.34 in hotel room rental tax was assessed.

The corresponding HOTEL TAX "DETERMINATION" from Mr. Kahler requesting payment of \$2,742.34 is also attached.



Thomas Slonaker
County Controller

Attachment

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
GUARI NANDAN, LP d/b/a HOLIDAY INN

*Independent Controller's Office Report on
Applying Agreed-Upon Procedures
For the Period August 30 to December 31, 2007*

REPORT NO. 08-49

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
GUARI NANDAN, LP d/b/a HOLIDAY INN

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Mr. Abe Deh
Gauri Nandan, LP
d/b/a Holiday Inn
904 Hamilton Street
Allentown, PA 18101

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

To Messrs. Deh 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 Holiday Inn management for the period August 30 to December 31, 2007. The fiscal officer, as the delegate for the County Executive, is responsible for the collection of the hotel room rental tax.

Procedures performed included:

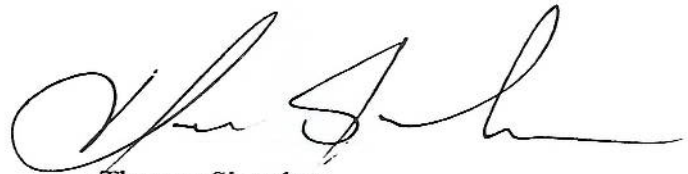
- Verification of reported revenue to Form PA-3 submitted to the Commonwealth of Pennsylvania, Department of Revenue.
- Compliance to the County of Lehigh Rules and Regulations for hotel room rental tax collection.
- Verification of reported revenue and hotel room rental tax collections to hotel operator 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 \$758,115.01 resulted in \$30,349.70 in hotel tax payable to the County of Lehigh during the period under review (before adjustments). We found several exceptions when performing the agreed-upon procedures, which are detailed in the accompanying "*Schedule of Agreed-upon Procedures and Results*". Based on our review, additional tax and interest is due for an exemption adjustment of \$2,742.34.

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 12, 2008
Allentown, PA

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

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL TAX
GAURI NANDAN, L.P. d/b/a HOLIDAY INN

Schedule of Agreed-Upon Procedures and Results

- **PROCEDURE:** Verification of reported revenue to Form PA-3 submitted to the Commonwealth of Pennsylvania, Department of Revenue.

RESULT: We were unable to verify revenues reported on Form PA-3. As an alternative procedure, we compared reported room revenues to reported gross revenues and found the results to be consistent.

RECOMMENDATION: Revenues reported on Form PA-3 should match revenues per hotel records.

- **PROCEDURE:** Compliance to the County of Lehigh Rules and Regulations for hotel room rental tax collection.

RESULT: Exemptions claimed were not adequately documented.

RECOMMENDATION: The hotel should maintain records documenting exemptions as described in Section I of the Rules and Regulations as follows:

“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.

It shall be the duty of every Operator liable for the collection of the Hotel Room Rental Tax to keep and preserve for a period of three (3) years, all records as may be necessary to determine the amount of such tax which the Operator was liable to collect and pay to the County. The records shall be maintained at the place of business where the subject Rooms were rented. The records shall include but are not limited to folios; lease agreements; general ledgers; night auditor and housekeeper reports; traffic summaries; source of business reports; and any other documents that support Room revenues and exemptions. The records shall be filed in a manner that allows ready access by the Fiscal Officer or the Fiscal Officer’s authorized agents, who shall have the right to inspect the records during regular business hours of Operator and perform an audit thereon.

In all instances where an Operator claims an exemption to the Ordinance pursuant to Rules and Regulations section E., the Operator shall retain copies of identification cards of the Patron or other records indicating the exempt Patron's job number, employer, place of employment or other identifying information.

Hotel operators should make copies of each exempt stay folio and attach a separate, signed PA exemption form for each exempt stay. Also, a copy of the employee photo ID or business card documenting the guest's affiliation to the exempt organization is required. Lehigh County form "Hotel Room Rental Tax – Exemptions" should be a summary of exempt stays for each month and should be supported by individual guest stay documentation."

- **PROCEDURE:** Verification of reported revenue and hotel room rental tax collection to hotel operator accounting records.

RESULT: No exceptions found.



COUNTY OF LEHIGH
Office of Fiscal Affairs

Brian L. Kahler
Fiscal Officer

July 7, 2008

Mr. Abe Deh
Gauri Nandan, LP
d/b/a Holiday Inn
904 Hamilton Street
Allentown, PA 18101

RE: HOTEL TAX "DETERMINATION"
HOLIDAY INN

Dear Mr. Deh:

According to the recent agreed-upon procedures performed by the Lehigh County controller's office, hotel tax and interest is due for the period August 30 to December 31, 2007.

In accordance with Section G of the Hotel Tax Rules and Regulations, you are hereby requested to remit the sum of \$2,742.34. 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
Fax: 610-820-3121

Fiscal Administration
Phone: 610-782-3115
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