



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

December 17, 2009

Mr. Yogi Gandhi  
Executive Inn  
321 Route 309 South  
Coopersburg, PA 18036

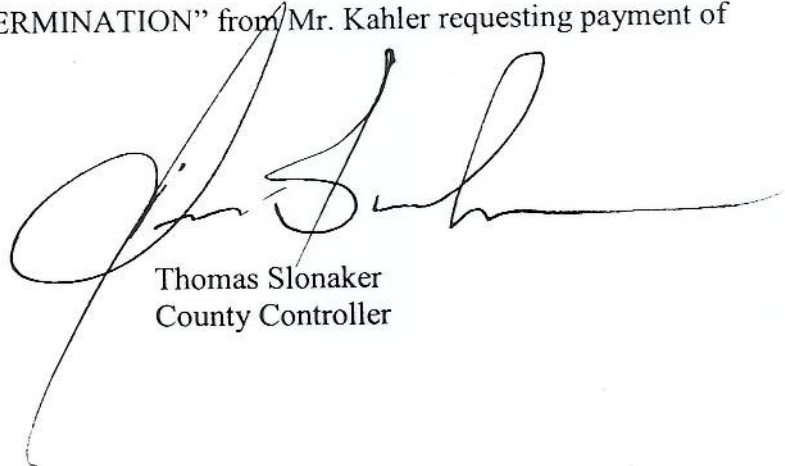
Brian L. Kahler, Fiscal Officer  
Lehigh County Government Center  
17 South Seventh Street  
Allentown, PA 18101-2400

To Messrs. Gandhi and Kahler:

We have recently completed an agreed-upon procedures engagement of hotel room rental tax remitted by the Executive Inn for the period January 1 to December 31, 2008. Our report number 09-51 is attached.

The result of our review is \$2,843.98 in hotel room rental tax was assessed.

The corresponding HOTEL TAX "DETERMINATION" from Mr. Kahler requesting payment of \$2,843.98 is also attached.



Thomas Slonaker  
County Controller

Attachment

**COUNTY OF LEHIGH, PENNSYLVANIA**  
**HOTEL ROOM RENTAL TAX REMITTANCES**  
**EXECUTIVE INN**

*Independent Controller's Office Report on  
Applying Agreed-Upon Procedures  
For the Period January 1 to December 31, 2008*

REPORT NO. 09-51

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

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COUNTY CONTROLLER

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Mr. Yogi Gandhi  
Executive Inn  
321 Route 309 South  
Coopersburg, PA 18036

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

To Messrs. Gandhi 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 Executive Inn management for the period January 1 to December 31, 2008. 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.

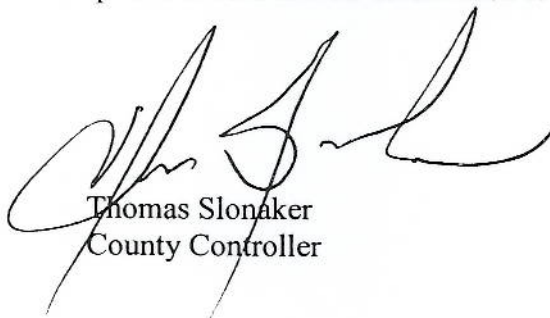


Reported taxable revenues of \$152,713.18 resulted in \$6,108.53 in hotel tax payable to the County of Lehigh during the period under review. We found several exceptions when performing the agreed-upon procedures, which are detailed in the accompanying "Schedule of Agreed-Upon Procedures and Results". Based on our review, additional tax and interest is due for:

Revenue adjustment	\$ 205.34
Exemption adjustment	<u>2,638.64</u>
Total additional tax and interest due .....	<u>\$2,843.98</u>

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

September 24, 2009  
Allentown, PA

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

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

*Schedule of Agreed-Upon Procedures and Results*

**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."*

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

*Schedule of Agreed-Upon Procedures and Results*

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

**Result:** The hotel did not submit the "Hotel Room Rental Tax – Exemption" form to Fiscal showing support for 30-day exemptions claimed.

**Recommendation:** The hotel should submit the following form as described in Section F of the Rules and Regulations as follows:

*"Operators should furnish a copy of the "Hotel Room Rental Tax – Exemptions" form (or an acceptable substitute) with the monthly tax reporting form. Documentation supporting exempt revenues shall be retained at the local hotel (copies of the PA exemption form, individual identification, and folio for each exempt stay claimed.)"*



**COUNTY OF LEHIGH**  
 17 South Seventh Street  
 Allentown, PA 18101-2400

**HOTEL ROOM RENTAL TAX**

For Period Ended \_\_\_\_\_

HOTEL INFORMATION

Facility Name \_\_\_\_\_  
 Address \_\_\_\_\_

**Capacity and Rooms Occupied**

1	Number of Rooms	
2	Days in Period	
3	<b>CAPACITY</b>	
4	Number of Rooms Occupied for Period	

**Tax Due**

5	Gross Revenue	
6	Exemptions- Permanent Residents	
7	Exemptions- Non-Permanent Residents	
8	<b>TAXABLE REVENUES</b>	
	Tax Rate	0.04
9	<b>TAX DUE FROM TAXABLE REVENUES</b>	
10	Actual Tax Collected	
11	<b>Tax Due (Greater of Line 9 or 10)</b>	

TAXPAYER INFORMATION

Hotel Room Rental Tax is imposed at the rate of 4.0% of the consideration received by each operator of a facility within Lehigh County from each transaction of renting a room or rooms. The tax is to be collected by the operator of each facility from each patron who rents a room. Each operator is required to file a tax return and remit tax due on or before the 20th day of the month subsequent to the month in which the tax was levied.

CERTIFICATION

I hereby certify that this return has been examined by me and that the information contained herein is true, correct and complete, to the best of my knowledge and belief. This information is provided subject to the penalties of the Pennsylvania Criminal Code, 18 Pa.C.S. Ss 4904, relating to unsworn falsification to authorities.

\_\_\_\_\_  
 Signature \_\_\_\_\_  
 Date



COUNTY OF LEHIGH  
17 South Seventh Street  
Allentown, PA 18101-2400

HOTEL ROOM RENTAL TAX

INSTRUCTION SHEET

Capacity and Rooms Occupied

- Line 1. Enter number of rooms available
- Line 2. Enter number of days in period, e.g. January = 31, February = 28
- Line 3. Compute capacity: Line 1 times Line 2
- Line 4. Enter actual number of rooms occupied for the period

Tax Due

- Line 5. Enter gross room revenues, both taxable and exempt. **Do not include tax collected.**
- Line 6. Enter exempt revenues for permanent stay residents.\*
- Line 7. Enter exempt revenues for all exemptions other than permanent residents.\*
- Line 8. Compute taxable revenues: Subtract Lines 6 and 7 from Line 5.
- Line 9. Compute Tax Due from Taxable Revenues: Line 8 times the Tax Rate (.04).
- Line 10. Enter the actual room rental tax collected.
- Line 11. Enter Actual Tax Due: Greater of Line 9 or Line 10.

\* The detail of exempt revenues are to be reported on the supplementary "Hotel Room Rental Tax Exemptions- Permanent Residents" and/or "Hotel Room Rental Tax Exemptions- Non-Permanent Residents." Note that the *County Rules and Regulations, Part II, Section I. Records*, specifies that "The burden of proving that the Transaction is not taxable is upon the Operator and the Operator must demonstrate the same through accurate records."

Make Check payable to "County of Lehigh" (your canceled check is your receipt).

Mail completed forms and payment to:

County of Lehigh  
Fiscal Office  
17 South Seventh Street  
Allentown, PA 18101-2400







COUNTY OF LEHIGH  
Office of Fiscal Affairs

Brian L. Kahler  
Fiscal Officer

December 17, 2009

Mr. Yogi Gandhi  
Executive Inn  
321 Route 309 South  
Coopersburg, PA 18036

RE: HOTEL TAX "DETERMINATION"  
Executive Inn

Dear Mr. Gandhi:

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, 2008.

In accordance with Section G of the Hotel Tax Rules and Regulations, you are hereby requested to remit the sum of \$2,843.98. 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,

A handwritten signature in black ink, appearing to read "B. L. Kahler", is written over a horizontal line.

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  
Fax: 610-820-3690*