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

August 15, 2008

Mr. Nick Bizati, General Manager
Days Inn and Conference Center
1151 Bulldog Drive
Allentown, PA 18104

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

To Messrs. Bizati and Kahler:

We have recently completed an agreed-upon procedures engagement of hotel room rental tax remitted by the Days Inn and Conference Center for the period January 1 to December 31, 2007. Our report number 08-62 is attached.

The result of our review is $996.17 in hotel room rental tax was assessed.

The corresponding HOTEL TAX "DETERMINATION" from Mr. Kahler requesting payment of the remaining balance of $187.90 is also attached.

Thomas Slonaker
County Controller

Attachment

DAYS INN #33313

COUNTY OF LEHIGH, PENNSYLVANIA

HOTEL ROOM RENTAL TAX REMITTANCES

DAYS INN AND CONFERENCE CENTER

Independent Controller's Office Report on
Applying Agreed-Upon Procedures
For the Period January 1 to December 31, 2007

REPORT NO. 08-62

COUNTY OF LEHIGH, PENNSYLVANIA
HOTEL ROOM RENTAL TAX REMITTANCES
DAYS INN AND CONFERENCE CENTER

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Days Inn and Conference Center
1151 Bulldog Drive
Allentown, PA 18104

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

To Messrs. Bizati 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 Days Inn and Conference Center management for the period January 1 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 $2,152,754.77 resulted in $86,110.19 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 a revenue adjustment of $996.17 (see Exhibit A). As of the date of this report, $808.27 has been paid toward the adjustment leaving a remaining balance due of $187.90.

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 20, 2008
Allentown, PA

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

COUNTY OF LEHIGH, PENNSYLVNIA
HOTEL ROOM RENTAL TAX REMITTANCES
DAYS INN AND CONFERENCE CENTER

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: The hotel only reported 93% of room rents for January and February. The remaining 7% was allocated to meals provided to guests. This practice was disallowed when new hotel tax rules and regulations went into effect September 4, 2005.

  RECOMMENDATION: The hotel has discontinued this practice.

- **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

August 15, 2008

Nick Bazati, General Manager
Days Inn and Conference Center
1151 Bulldog Drive
Allentown, PA 18104

RE: HOTEL TAX "DETERMINATION"
Days Inn and Conference Center

Dear Mr. Bazati:

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, 2007.

In accordance with Section G of the Hotel Tax Rules and Regulations, you are hereby requested to remit the sum of $187.90. 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
Fax: 610-820-3690