

**The Hotel Room Rental Tax
Holiday Inn, Conley-Super 8 and Beaver Falls Motel
Audit Reports
For the period January 2008 through December 2008**

**David A. Rossi
Beaver County Controller**

Table of Contents

Audit Letter	2
Planning Memo	3
Risk Assessment	6
Holiday Inn	11
Conley-Super 8 Motel	16
Beaver Falls Motel	21

DAVID A. ROSSI
CONTROLLER



WILLIAM CALHOON
CHIEF DEPUTY CONTROLLER
ALBERT A. TORRENCE
SOLICITOR

BEAVER COUNTY COURTHOUSE
THIRD STREET - BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700
FAX: 724-728-1024

March 31, 2010

Mr. Tom King, Director
Beaver County Recreation & Tourism
526 Bradys Run Road
Beaver Falls, Pa 15010

Dear Mr. King:

The audit of the Hotel Room Rental Tax for Holiday Inn, Conley-Super 8 and Beaver Falls Motel for the period January 1, 2008 through December 31, 2008 has been completed.

Enclosed is the audit report for your review. If you have any questions please contact the Controller's office at 728-5700 ext 4521.

Sincerely,

David A. Rossi
Beaver County Controller

**Beaver County Hotel Room Rental Tax Audits
For the Calendar year 2008
Planning Memo**

Overview

Per Ordinance No. 050702-Tour the county of Beaver has imposed a tax on hotel room rentals to fund County-wide Tourist Promotion. The tax was determined to be 3% on taxable room rentals. The ordinance allows the County to perform an audit of the taxes paid by the hotels and the County has elected to perform such audits.

Planning

Objective:

The County's objectives in performing these hotel tax audits are:

- To determine that the hotels are abiding by the ordinance.
- The monthly tax returns submitted to the County are representative of all the hotels room revenue earned for that month.
- The exemptions reported on the monthly tax return are valid per the ordinance.

Scope:

The County will review the calendar year revenues and exemptions reported in the hotel's respective monthly tax returns and related documentation.

Risk Assessment:

These are three main risks associated with these audits:

1. Incompleteness of revenue reported
2. Invalid exemptions reported
3. Misunderstanding of Rules (Ordinance)

The following procedures were performed as part of the risk assessment evaluation for each hotel that paid over \$4,000 in taxes for 2008. See documentation at Risk Assessment.

- The 2008 and 2007 taxes paid were analytically compared to look for any trending of significant increases/decreases.
- The monthly Beaver County Hotel Room Rental Tax forms were reviewed to determine any changes in personnel that certified the tax return.
- Hotels with similar demographics (i.e. size, location, occupancy rates) were compared for exemptions and usage.
- The last time an audit was performed and when it occurred.

Results of Risk Assessment / Selection of Hotels to Audit in 2008:

Based on the procedures noted above, the County decided to select 3 hotels to audit.

The following hotels were selected based on the fact that they had significant revenues and that they never been audited by the County before.

1. Beaver Falls Motel-In 2008, the hotel paid \$6,960 in hotel room rental tax.
2. Conley Super 8 Motel-In 2008, the hotel paid \$9,429 in hotel room rental tax.

The remaining hotel was selected due to significant amount of taxes paid to the County during 2008.

3. Holiday Inn-In 2008, the hotel paid \$72,923 in hotel room rental tax. Their last audit in December 2006 had several findings including, but not limited to, lack of documentation for the exemptions. Several personal changes have occurred during 2008.

Planning with the Hotels Selected for Audit:

The County will prepare a letter, signed by Tom King, Director of Tourist Promotion, to send out to the hotels selected to inform them they have been selected for audit.

See letters sent out to the hotels by Tom King at each of the hotel's respective audit report.

The hotels will receive a phone call shortly after the letter is sent to set up a meeting for the County can gain an understanding of the hotel's daily and monthly reconciliation process and exemption process as well as what reports and supporting documentations will provide for the audit. After the meeting, the County will set up testing dates at the hotel to perform the audit procedures.

At the conclusion of the audit, the County will decide what they feel is necessary to be communicated.

Audit Procedures:

The procedures that the County will be performing at the hotels will revolved around addressing the areas of risk mentioned above. The areas of risk and related procedures are:

1. Incomplete revenue reported – The County will trace and agree daily receipts to the hotel’s monthly general ledger and the monthly tax returns submitted to ensure all revenue is being captured on the tax return.
2. Invalid exemptions reported – The County will select exemptions reported on the monthly return and review the hotels supporting documentation to determine whether the exemption is valid per the ordinance.
3. Misunderstanding of Rules (Ordinance) – The County will review hotel policy procedures as it pertains to the Hotel Room Rental Tax Ordinance to ensure compliance.

For a detailed list of procedures performed at each hotel, including what reports and supporting documentation was used, see the testing work papers and lead sheets for each.

RISK ASSESSMENT

Holiday Inn-Beaver Falls

Last Audit-Dec. 2006

Late Fees-2007-None 2008-None

Signatures-4 Different

2008

	Income		Rooms	Rooms				Taxable	Tax	
	2008	2007	Avail	Occupied	% Used	Gross Rept	Exemptions	Receipts	Due	Signature
Jan	4346.10	3843.90	4836	2787	57.63%	215430.00	70560.00	144870.00	4346.10	M.H.
Feb	4359.57	4348.91	4524	2540	56.15%	215728.00	70409.00	145319.00	4359.57	M.H.
Mar	4672.56	6460.89	4836	2792	57.73%	226082.00	70330.00	155752.00	4672.56	M.H.
Apr	7412.91	6565.56	4680	3413	72.93%	298883.00	51786.00	247097.00	7412.91	M.H.
May	7466.22	7448.61	4836	3303	68.30%	298493.00	49619.00	248874.00	7466.22	G.H.
June	7477.95	12351.45	4680	3512	75.04%	298684.00	49419.00	249265.00	7477.95	G.H.
July	8266.11	11129.10	4836	3644	75.35%	334307.00	58770.00	275537.00	8266.11	M.B.
Aug	7962.18	9913.19	4836	3930	81.27%	320964.00	55558.00	265406.00	7962.18	D.C.
Sept	5768.28	8742.86	4680	3110	66.45%	241820.00	49544.00	192276.00	5768.28	D.C.
Oct	6986.76	9028.02	4836	3405	70.41%	281317.00	48425.00	232892.00	6986.76	D.C.
Nov	4051.71	7361.34	4680	2256	48.21%	186507.00	51450.00	135057.00	4051.71	D.C.
Dec	4153.08	4597.91	4836	2050	42.39%	181836.00	43400.00	138436.00	4153.08	D.C.
									<u>72923.43</u>	

The Inn-Center Twp.

Last Audit-July 2008

Late Fees-2007-None 2008-None

Signatures-same

2008

	Income		Rooms	Rooms				Taxable	Tax	
	2008	2007	Avail	Occupied	% Used	Gross Rept	Exemptions	Receipts	Due	Signature
Jan	680.22	0.00	620	435	70.16%	22674.00	0.00	22674.00	680.22	J.S.
Feb	686.79	0.00	580	389	67.07%	22893.00	0.00	22893.00	686.79	J.S.
Mar	951.51	0.00	620	499	80.48%	31717.00	0.00	31717.00	951.51	J.S.
Apr	900.84	0.00	600	105	17.50%	30027.95	0.00	30027.95	900.84	J.S.
May	947.55	0.00	620	576	92.90%	31585.00	0.00	31585.00	947.55	J.S.
June	948.87	876.15	600	585	97.50%	32828.96	0.00	32828.96	984.87	J.S.
July	1000.36	741.87	620	507	81.77%	32145.20	0.00	32145.20	964.36	J.S.
Aug	1014.44	703.82	620	539	86.94%	33814.65	0.00	33814.65	1014.44	J.S.
Sept	1183.70	706.44	630	606	96.19%	39456.50	0.00	39456.50	1183.70	J.S.
Oct	980.82	595.23	651	522	80.18%	32693.99	0.00	32693.99	980.82	J.S.
Nov	552.09	446.55	630	324	51.43%	20307.92	1905.00	18402.92	552.09	J.S.
Dec	340.80	431.27	651	169	25.96%	11423.95	64.00	11359.95	340.80	J.S.
									<u>10187.97</u>	

Added 1 room in Sept-08

Beaver Falls Motel-Beaver Falls

Last Audit-Unknown

Late Fees-None

Signatures-Same

		2008									
	Income		Rooms	Rooms		Gross Rept	Exemptions	Taxable	Tax	Signature	
	2008	2007	Avail	Occupied	% Used			Receipts	Due		
Jan	287.54	389.00	837	225	26.88%	10484.78	900.00	9584.78	287.54	K.M.	
Feb	384.96	430.86	783	267	34.10%	13732.02	900.00	12832.02	384.96	K.M.	
Mar	438.48	625.75	837	270	32.26%	15516.17	900.00	14616.17	438.49	K.M.	
Apr	652.84	587.52	810	479	59.14%	22561.61	800.00	21761.61	652.85	K.M.	
May	754.30	729.00	837	489	58.42%	25943.40	800.00	25143.40	754.30	K.M.	
June	671.74	863.02	810	420	51.85%	23191.35	800.00	22391.35	671.74	K.M.	
July	865.11	811.98	837	549	65.59%	29637.06	800.00	28837.06	865.11	K.M.	
Aug	808.96	1111.10	837	539	64.40%	27765.23	800.00	26965.23	808.96	K.M.	
Sept	681.74	979.30	810	440	54.32%	23524.61	800.00	22724.61	681.74	K.M.	
Oct	701.85	822.97	837	493	58.90%	23394.73	0.00	23394.73	701.84	K.M.	
Nov	372.87	447.53	810	258	31.85%	12429.00	0.00	12429.00	372.87	K.M.	
Dec	339.82	512.25	837	205	24.49%	11327.50	0.00	11327.50	339.83	K.M.	
									<u>6960.21</u>		

Conley-Super 8 Motel-Beaver Falls

Last Audit-Unknown

Late Fees-None

Signatures-Same

		2008									
	Income		Rooms	Rooms		Gross Rept	Exemptions	Taxable	Tax	Signature	
	2008	2007	Avail	Occupied	% Used			Receipts	Due		
Jan	294.69	413.43	1116	204	18.28%	9823.00	0.00	9823.00	294.69	R.C.	
Feb	319.68	371.16	1044	242	23.18%	10656.00	0.00	10656.00	319.68	R.C.	
Mar	348.72	437.46	1116	250	22.40%	11624.00	0.00	11624.00	348.72	R.C.	
Apr	427.29	481.95	1080	296	27.41%	14243.00	0.00	14243.00	427.29	R.C.	
May	417.18	425.13	1116	289	25.90%	13906.00	0.00	13906.00	417.18	R.C.	
June	715.65	828.57	1350	411	30.44%	23855.00	0.00	23855.00	715.65	R.C.	
July	1262.73	552.60	1395	700	50.18%	42091.00	0.00	42091.00	1262.73	R.C.	
Aug	1564.41	547.53	1395	860	61.65%	52147.00	0.00	52147.00	1564.41	R.C.	
Sept	1223.70	426.57	1350	784	58.07%	40790.00	0.00	40790.00	1223.70	R.C.	
Oct	1242.09	439.38	1395	729	52.26%	41403.00	0.00	41403.00	1242.09	R.C.	
Nov	727.44	357.72	1350	404	29.93%	24248.00	0.00	24248.00	727.44	R.C.	
Dec	885.69	317.10	1395	590	42.29%	29523.00	0.00	29523.00	885.69	R.C.	
									<u>9429.27</u>		

Hampton Inn-Center Twp.
 Last Audit-Dec. 2007
 Late Fees-2007-None 2008-None
 Signatures-Same

	Income		Rooms			2008			Taxable	Tax	Signature
	2008	2007	Avail.	Occupied	% Used	Gross Rept.	Exemptions	Receipts	Due		
Jan	3266.75	3554.04	1767	1095	61.97%	108891.65	0.00	108891.7	3266.75	M.F.	
Feb	3556.73	2888.69	1653	1188	71.87%	118557.75	0.00	118557.8	3556.73	M.F.	
Mar	3783.98	3731.41	1767	1281	72.50%	126132.66	0.00	126132.7	3783.98	M.F.	
Apr	4200.58	3435.26	1710	1440	84.21%	140019.47	0.00	140019.5	4200.58	M.F.	
May	4353.51	3845.32	1767	1462	82.74%	146222.97	1106.00	145117	4353.51	M.F.	
June	4430.60	4661.57	1710	1431	83.68%	147688.77	0.00	147688.8	4430.66	M.F.	
July	4527.71	4419.58	1767	1466	82.97%	150923.54	0.00	150923.5	4527.71	M.F.	
Aug	4577.22	4555.41	1767	1489	84.27%	152573.87	0.00	152573.9	4577.22	M.F.	
Sept	4072.55	4413.88	1710	1302	76.14%	135751.75	0.00	135751.8	4072.55	M.F.	
Oct	4590.96	4142.48	1767	1510	85.46%	153032.04	0.00	153032	4590.96	M.F.	
Nov	3354.40	3436.82	1710	1156	67.60%	114295.19	2482.00	111813.2	3354.40	M.F.	
Dec	3133.23	3404.99	1767	1085	61.40%	109133.08	4692.00	104441.1	3133.23	M.F.	
									<u>47848.28</u>		

Holiday Inn Express-Center Twp.
 Last Audit-Dec. 2006
 Late Fees-2007-None 2008-April
 Signatures-2 different

	Income		Rooms			2008			Taxable	Tax	Signature
	2008	2007	Avail	Occupied	% Used	Gross Rept	Exemptions	Receipts	Due		
Jan	2777.44	3515.25	2046	946	46.24%	93599.39	1018.00	92581.39	2777.44	J.K.	
Feb	3171.02	3033.80	1914	1127	58.88%	111893.69	6193.00	105700.69	3171.02	J.K.	
Mar	3970.91	3794.75	2046		0.00%	135822.83	3459.00	132363.83	3970.91	J.K.	
Apr	4485.15	3473.42	1980	1698	85.76%	152821.11	3316.00	149505.11	4485.15	J.K.	
May	4648.75	3972.79	2046	1719	84.02%	157950.18	2992.00	154958.18	4648.75	J.K.	
June	4850.22	4493.91	1980	1707	86.21%	165064.12	3390.00	161674.12	4850.22	J.K.	
July	4917.47	4635.92	2046	1707	83.43%	164075.76	160.00	163915.76	4917.47	J.K.	
Aug	4743.83	5110.67	2046	1608	78.59%	160601.53	2474.00	158127.53	4743.83	J.K.	
Sept	4584.59	4791.42	1980	1587	80.15%	156531.73	3712.00	152819.73	4584.59	Controller	
Oct	4549.72	4914.90	2046	1644	80.35%	154106.28	2449.00	151657.28	4549.72	Controller	
Nov	3716.43	3827.03	1980	1293	65.30%	124239.04	358.00	123881.04	3716.43	Controller	
Dec	3148.30	3345.37	2046	1110	54.25%	105712.38	769.00	104943.38	3148.30	Controller	
									<u>49563.83</u>		

The Willows-Industry

Last Audit-Unknown

Late Fees-None

Signatures-Same

Income		Rooms				2008			Taxable	Tax	Signature
2008	2007	Avail	Rooms Occupied	% Used	Gross Rept	Exemptions	Receipts	Due			
Jan	445.11	930	242	26.02%	14901.00	64.00	14837.00	445.11	J.D.		
Feb	432.33	870	241	27.70%	14475.00	64.00	14411.00	432.33	J.D.		
Mar	704.04	930	394	42.37%	23468.00	0.00	23468.00	704.04	J.D.		
Apr	1309.80	900	795	88.33%	43660.00	0.00	43660.00	1309.80	J.D.		
May	1149.12	930	664	71.40%	38304.00	0.00	38304.00	1149.12	J.D.		
June	840.81	900	664	73.78%	28027.00	0.00	28027.00	840.81	J.D.		
July	1122.75	930	580	62.37%	37425.00	0.00	37425.00	1122.75	J.D.		
Aug	891.05	930	525	56.45%	30670.69	969.00	29701.69	891.05	J.D.		
Sept	923.85	900	538	59.78%	32376.00	1581.00	30795.00	923.85	J.D.		
Oct	1028.88	930	614	66.02%	35877.06	1581.00	34296.06	1028.88	J.D.		
Nov	601.50	900	342	38.00%	20050.00	0.00	20050.00	601.50	J.D.		
Dec	534.96	930	311	33.44%	17832.00	0.00	17832.00	534.96	J.D.		
								<u>9984.20</u>			

Comfort Suites-Center Twp.

Last Audit-July 2008

Late Fees-None

Signatures-Same

Income		Rooms				2008			Taxable	Tax	Signature
2008	2007	Avail	Rooms Occupied	% Used	Gross Rept	Exemptions	Receipts	Due			
Jan	901.71	1240	348	28.06%	30057.06	0.00	30057.06	901.71	J.S.		
Feb	1667.01	1160	588	50.69%	55566.93	0.00	55566.93	1667.01	J.S.		
Mar	2315.78	1240	958	77.26%	77192.72	0.00	77192.72	2315.78	J.S.		
Apr	2570.25	1200	1004	83.67%	85675.15	0.00	85675.15	2570.25	J.S.		
May	2716.15	1240	1073	86.53%	90538.25	0.00	90538.25	2716.15	J.S.		
June	2269.16	1200	1036	86.33%	75638.81	0.00	75638.81	2269.16	J.S.		
July	2597.04	1240	937	75.56%	86567.91	0.00	86567.91	2597.04	J.S.		
Aug	2717.11	1097.02	1240	1063	85.73%	90570.36	0.00	90570.36	2717.11	J.S.	
Sept	2506.10	2164.49	1200	1029	85.75%	83536.75	0.00	83536.75	2506.10	J.S.	
Oct	2813.52	2317.21	1240	1023	82.50%	93783.95	0.00	93783.95	2813.52	J.S.	
Nov	1847.20	1522.25	1230	780	63.41%	68972.32	7398.98	61573.34	1847.20	J.S.	
Dec	1688.21	1273.30	1240	684	55.16%	61237.30	4963.56	56273.74	1688.21	J.S.	
								<u>26609.25</u>			

HOLIDAY INN

November 5, 2009

Mr. Chad E. Baylor, Manager
Holiday Inn Beaver Falls
7195 Eastwood Road
Beaver Falls, PA 15010

Re: Hotel Room Rental Tax

Dear Mr. Babaylor,

As part of Beaver County's process of monitoring collections of the Hotel Room Rental Tax (Hotel Tax) enacted by ordinance No. 050702-Tour (Ordinance), The County Controller's Office will be performing reviews of financial records and other supporting documentation pertinent to the collection and expenditure of the Hotel tax at several lodging facilities in accordance with Section 11 of the Ordinance.

The County Controller's Office procedures will be performed on the financial records and other supporting documentation pertinent to the Hotels Name collection and expenditure of the Hotel tax during the period of January 1, 2008 to December 31, 2008. However, records and documentation for other periods may be requested as permitted by the Ordinance and considered necessary by the County. The County Controller's Office anticipates the execution of its on-site procedures will take 2-3 business days based on the full cooperation of your organization, relevant records readily being made available and adequate working space being provided. A representative from County Controller's Office will be contacting you in the near future to schedule the commencement of their procedures and the records necessary to complete their work.

We appreciate your cooperation with our review and should you have any questions, please contact Willie Hoenig in the County Controller's Office at 724-770-4526.

Sincerely,

Thomas F. King, Jr.
Director

Holiday Inn
Hotel Room Rental Tax Audit
March 2010

Purpose/Objective:

The purpose is to determine that the Holiday Inn is abiding by Hotel Room Rental Tax Ordinance. Additionally, the second objective is to ensure the monthly tax returns submitted to the County are representative of all the hotel room revenue earned for that month and exemptions are valid.

Scope:

The scope of the engagement was limited to assessing and reviewing the process and internal controls to assure proper collections of the County Hotel Room Rental Tax for the year of 2008.

Procedure 1: Judgmentally selected forty days on the Hotel's Sales Tax Reconciliation Worksheet and trace and agree selected amounts to the corresponding amounts on the Hotel's Daily Revenue Report.

Findings 1: No findings were found as result of applying the procedures with the Sales Tax Reconciliation Worksheet.

Procedure 2: Judgmentally selected 3 months on the Hotel's Monthly Sales Reconciliation Worksheet. Recalculate the Sales Reconciliation Worksheet total for the month to ensure all the daily revenue is being included in the monthly total. Trace and agree the monthly total to the corresponding monthly amount on the Beaver County Hotel Room Tax Form to ensure completeness of revenue.

Findings 1: During the recalculation of July's Sales Reconciliation Worksheet, it was discovered that the reported revenue was overstated by \$21,403. The gross receipts amount on the tax return was therefore overstated by \$21,403 which resulted in the overpayment of \$642.09 in taxes.

Conclusion: Because the finding seems to be an isolated instance and was in the County's favor further testing wasn't necessary.

Procedure 3: Judgmentally selected all exempt receipt amounts reported on the Beaver County Hotel Room Tax Form for May, June and December 2008 and reviewed the Hotel's documentation supporting the exclusion of such amounts from taxable receipts in accordance with ordinance.

Findings 1: Documentation supporting the exclusions for May, June, and December 2008 were reviewed without exceptions.

Procedure 4: Judgmentally selected all exempt receipt amounts on the Hotel's Reconciliation Worksheet for June and December. Trace and agree the monthly total to the corresponding monthly amount on the Beaver County Hotel Room Tax Form to ensure completeness of exemptions.

Finding 1: During the recalculation of December's exemption receipts, it was discovered that the reported exemption receipt amounts was understated by \$159.00 which resulted in the overpayment of \$4.77 in taxes.

Conclusion: The finding was a result of posting errors and in the County's favor. The hotel had the proper documentation for the exemption therefore further testing wasn't necessary.

Conclusion: It was determine that tax analysts from Archon Hospitality (Corporate Office) reviews all monthly revenues, guest folios and exemption documentation submitted by the hotel and would make appropriate adjustments to the hotel's sales reconciliation worksheet without proper documenting the adjustments. It was recommended to Gaye Jackson, Tax Analyst for Archon Hospitality that any adjustments should be documented.

An exit conference was held on February December 25, 2010 for the purpose of discussing the items presented in this report. Those in attendance were:

Holiday Inn

Mike Pochetik – Manager
Paul Breakiron – Administration Assistant
Gaye Jackson (conference call) – Tax Analyst

Beaver County Controller's Office

Willie Hoenig – Auditor

The results of the audit were discussed in there entirety during this conference.

CONLEY-SUPER 8 MOTEL

November 9, 2009

Mr. Robert Conley, Manager
Super 8
7099 Big Beaver Boulevard
Route 18 North
Beaver Falls, PA 15010

Re: Hotel Room Rental Tax

Dear Mr. Conley,

As part of Beaver County's process of monitoring collections of the Hotel Room Rental Tax (Hotel Tax) enacted by ordinance No. 050702-Tour (Ordinance), The County Controller's Office will be performing reviews of financial records and other supporting documentation pertinent to the collection and expenditure of the Hotel tax at several lodging facilities in accordance with Section 11 of the Ordinance.

The County Controller's Office procedures will be performed on the financial records and other supporting documentation pertinent to the Hotels Name collection and expenditure of the Hotel tax during the period of January 1, 2008 to December 31, 2008. However, records and documentation for other periods may be requested as permitted by the Ordinance and considered necessary by the County. The County Controller's Office anticipates the execution of its on-site procedures will take 2-3 business days based on the full cooperation of your organization, relevant records readily being made available and adequate working space being provided. A representative from County Controller's Office will be contacting you in the near future to schedule the commencement of their procedures and the records necessary to complete their work.

We appreciate your cooperation with our review and should you have any questions, please contact Willie Hoenig in the County Controller's Office at 724-770-4526.

Sincerely,

Thomas F. King, Jr.
Director

Conley-Super 8 Motel
Hotel Room Rental Tax Audit

December 2009

Purpose/Objective:

The purpose is to determine that the Conley-Super 8 Motel is abiding by Hotel Room Rental Tax Ordinance. Additionally, the second objective is to ensure the monthly tax returns submitted to the County are representative of all the hotel room revenue earned for that month and exemptions are valid.

Scope:

The scope of the engagement was limited to assessing and reviewing the process and internal controls to assure proper collections of the County Hotel Room Rental Tax for the year of 2008.

Procedure 1: Judgmentally selected forty 45 days on the Hotel's Daily Recap Report and trace and agree the selected amounts to the corresponding amounts on the Corporate Daily Statistics Recap Report to ensure completeness of revenue.

Findings 1: Twenty days on the Hotel's Daily Recap Report were traced and agreed with exception to amounts on the Corporate Statistics Report. This resulted in understating reported revenue by 780.21 which resulted in the underpayment of \$23.41 in taxes.

Conclusion: Because of the hotel being franchised, the hotel had to implement a new computer system. The implementation caused several systematic problems which management addressed and fixed. The underpayment was determine to be immaterial to do further testing. The owner of the hotel was made aware of the finding.

Procedure 2: Trace and agree the total amounts recorded from August, September, October, November and December on the Corporate Statistics Recap Report to the gross receipts amount reported on the Owner's Operating Report (same amount on the Beaver County Hotel Tax Form) to ensure completeness of revenue.

Findings 1: During the recalculation of August Owner's Operating Recap Report, it was discovered that the reported revenue was overstated by \$610.04. The gross receipt amount on the tax return was therefore overstated by \$610.04 which resulted in an overpayment of \$18.30 in taxes.

Conclusion: Because of the hotel being franchised, the hotel had to implement a new computer system. The implementation caused several systematic problems which management addressed and fixed. The underpayment was determine to be immaterial to do further testing. The owner of the hotel was made aware of the finding.

Findings 2: During the recalculation of September, October, November and December Owner's Operating Recap Report, it was discovered that the reported revenues was understated by \$5,425.00, \$3,063.47, \$3,433.96 and \$3,144.88 respectively. The gross receipt amounts on the tax return was therefore understated by \$5,425.00, \$3,063.47, \$3,433.96 and \$3,144.88 which resulted in an underpayment of \$162.75, \$91.90, \$103.02 and \$94.35 respectively in taxes.

Conclusion: Because of the hotel being franchised, the hotel had to implement a new computer system. The implementation caused several systematic problems which management addressed and fixed. The underpayment was determine to be immaterial to do further testing. The owner of the hotel was made aware of the finding.

Procedure 3: Judgmentally selected all exempt receipt amounts reported on the Beaver County Hotel Room Tax Form for September, October, and December and reviewed the Hotel's documentation supporting the exclusion of such amounts from taxable receipts in accordance with the ordinance.

Findings 1: During the review it was discovered the owner deducted exemption receipt amounts from gross amount receipts resulting in incorrectly reporting gross receipts amounts on the Beaver County Hotel Room Tax Form.

Conclusion: Further testing was deemed necessary. All guest folio exempt amounts were examined on the Corporate Daily Statistics Recap Report and reviewed with the hotel's documentation supporting the exclusions in accordance with the ordinance. No findings were found.

Conclusion: Conley Hotel was franchised and became Conley-Super 8 Motel in June 2008. Therefore our sample was taken from June 2008-December 2008. Mr. Conley remained the owner but now had to pay franchise royalties to Super 8 Corporation based on the Corporate Daily Statistics Recap Report. During the review the owner made adjustments without documenting to his Owners Operating Recap Report for such items as cancelations, exemptions, invalid room charges and refunds without making the proper adjustments to the Corporate Daily Statistics Recap Report. Because of the lack of documentation, the gross receipts was understated by \$14,457.27 14 which resulted in an underpayment \$433.72 in taxes. It was determine the tax owed to the county would be much less if further testing was to be done on the adjustments made by the owner.

The findings were addressed to the owner. The following recommendations were made:

1. All adjustments made to the Owner's Operating Report are done daily along with supporting documentation.
2. All exemption receipts should be listed separately on Beaver County Hotel Room Rental Tax Form.

An exit conference was held on December 11, 2009 for the purpose of discussing the items presented in this report. Those in attendance were:

Conley-Super 8 Motel

Robert Conley – Owner

Beaver County Controller's Office

Willie Hoenig – Auditor

The results of the audit were discussed in there entirety during this conference.

BEAVER FALLS MOTEL

November 9, 2009

Krishan Marwak, Manager
Beaver Falls Motel
7257 Big Beaver Boulevard
Route 18 North
Beaver Falls, Pa 15010

Re: Hotel Room Rental Tax

Dear Mr. Marwak,

As part of Beaver County's process of monitoring collections of the Hotel Room Rental Tax (Hotel Tax) enacted by ordinance No. 050702-Tour (Ordinance), The County Controller's Office will be performing reviews of financial records and other supporting documentation pertinent to the collection and expenditure of the Hotel tax at several lodging facilities in accordance with Section 11 of the Ordinance.

The County Controller's Office procedures will be performed on the financial records and other supporting documentation pertinent to the Hotels Name collection and expenditure of the Hotel tax during the period of January 1, 2008 to December 31, 2008. However, records and documentation for other periods may be requested as permitted by the Ordinance and considered necessary by the County. The County Controller's Office anticipates the execution of its on-site procedures will take 2-3 business days based on the full cooperation of your organization, relevant records readily being made available and adequate working space being provided. A representative from County Controller's Office will be contacting you in the near future to schedule the commencement of their procedures and the records necessary to complete their work.

We appreciate your cooperation with our review and should you have any questions, please contact Willie Hoenig in the County Controller's Office at 724-770-4526.

Sincerely,

Thomas F. King, Jr.
Director

Beaver Falls Motel
Hotel Room Rental Tax Audit
December 2009

Purpose/Objective:

The purpose is to determine that the Beaver Falls Motel is abiding by Hotel Room Rental Tax Ordinance. Additionally, the second objective is to ensure the monthly tax returns submitted to the County are representative of all the hotel room revenue earned for that month and exemptions are valid.

Scope:

The scope of the engagement was limited to assessing and reviewing the process and internal controls to assure proper collections of the County Hotel Room Rental Tax for the year of 2008.

Procedure 1: Judgmentally selected forty days on the Hotel's Monthly Daily Collection Report (Guest Registry) and trace and agree the selected amounts to the corresponding amounts on the Hotel's Monthly Receipt Ledger to ensure completeness of revenue.

Findings 1: No findings were found as result of applying the procedures with the daily collection report.

Procedure 2: Judgmentally selected 3 months on the Hotel's Monthly Receipt Ledger. Recalculate the Monthly Receipt Ledger total for the month to ensure all the daily revenue is being included in the monthly total. Trace and agree the monthly total to the corresponding monthly amount on the Beaver County Hotel Tax Form to ensure completeness of revenue.

Finding 1: During the recalculation of June's Monthly Receipt Ledger, it was discovered that the reported revenue was understated by \$970.25. The gross receipts amount on the tax return was therefore understated by \$970.25 which resulted in the under payment of \$29.10 in taxes.

Conclusion: The \$970.25 understatement of revenue was a result of an omission of a credit card transaction along with posting errors which resulted in the underpayment of \$29.10 in taxes. The amount was determine to be immaterial to do further testing. The owner of the hotel was made aware of this finding.

Finding 2: During the recalculation of December's Monthly Receipt Ledger, it was discovered that the reported revenue was overstated by \$42.78. The gross receipt amounts on the tax return were therefore overstated by \$42.78 which resulted in the overpayment of \$1.28 in taxes.

Conclusion: The \$42.78 overstatement of revenue was a result of posting errors which resulted in the over payment of taxes of \$1.28. The amount was determine to be immaterial to do further testing. The owner of the hotel was made aware of this finding.

Procedure 3: Judgmentally selected all exempt receipt amounts reported on the Beaver County Tax Form for February, May and July 2008 and reviewed the Hotel's documentation supporting the exclusion of such amounts from taxable receipts in accordance to the ordinance.

Findings: Documentation supporting the exclusions for February, May, and July 2008 were reviewed without exceptions.

An exit conference was held on December 10, 2009 for the purpose of discussing the items presented in this report. Those in attendance were:

Beaver Falls Motel

Krishan Marwah – Owner

Beaver County Controller's Office

Willie Hoenig – Auditor

The results of the audit were discussed in there entirety during this conference.