



**File Code:** 1570-1  
#02-04-00-0045  
**Date:** January 24, 2003

John Webb and Carolyn Webb  
Virginia Lakes Resort  
HCR 1, Box 1065  
Bridgeport, CA 84401-2301

CERTIFIED MAIL – RETURN  
RECEIPT REQUESTED

Dear Mr. And Ms. Webb:

In accordance with 36 CFR 251.99, I have reviewed the appeal record for the April 26, 2002, decision by Forest Supervisor Robert Vaught regarding the audited fees for your resort.

My review focused on the decision documents, the objections raised in your appeal, and your oral presentation.

### **APPEAL DECISION**

I am affirming Forest Supervisor Vaught's decision. I find the decision to be in compliance with all applicable laws, regulations, and agency policy. I am enclosing a more detailed response to your appeal points.

This decision constitutes the final administrative determination of the u.s. department of agriculture (36 cfr 251.87 (e) (3)).

Sincerely,

/s/ Cathrine L. Beaty  
CATHRINE L. BEATY  
Appeal Deciding Officer  
Deputy Regional Forester

cc:  
Humboldt-Toiyabe (Forest Supervisor, Robert Vaught)



bcc:

PAL (P. McLain)

L (L. Bidlack)

FR (Glen Parker)

H-T (R. Suminski)

## APPEAL RESPONSE

Virginia Lakes Resort  
Appeal #02-04-00-0045

**ISSUE:** *John and Carolyn Webb (Webbs), the owners of the Virginia Lakes Resort (Resort), seek relief of \$3,892.26 in fees which resulted from the misclassification of Cabin Rentals in the fee calculation. They feel that since this is a common error, it should not be a financial burden on the permittee.*

**RESPONSE:** This appeal revolves around the calculation of the resort fee. During the years in question, the sales of cabin rentals were reported in the category of “Service, Rooms” rather than in the category of “Rentals and Services.”

The Resort’s original 1975 permit and the 1990 amendment #4 define the Rentals and Service category as the rental of furnished and unfurnished cabins, cottages, housekeeping rooms, etc. The Webbs agree that this definition is in the Resort permit, and that they inadvertently placed the cabin rentals in the wrong category when sending their annual report to the Forest.

In asking for relief from the \$3,892.26, the Webbs pointed out that the reporting form sample is misleading and that even the prior Forest Service audit did not catch this reporting error. The error was caused by the practice of copying from the prior year’s form as the example when reporting the subsequent year revenue. Since the old form contained the error, the error was perpetuated. A review of the appeal record indicates that for all years since 1991, the fee for the Resort was computed with the cabin rental revenue in the Service, Room category.

The Forest’s authority to correct the error comes from Clause A-5 of Special Use Permit amendment #4. The clause states: “Errors in calculation or payment will be corrected as needed for conformance with those audits.” In accordance with Forest Service policy, the correction is only retroactive to the previous audit (1996). The Forest is not billing for the underpayment for the years prior to that date.

Periodic fee reviews are designed to identify and correct errors in calculation and payment. That is what the 2002 review did; it found the revenue that was misreported and corrected the fee calculation.

Form FS-2700-7, *RECONCILIATION OF SALES FOR FEE CALCULATION* is used to reconcile the fee revenue to the General Ledger and has an example of a Motel in the Service Rooms revenue category. The permit defines the Service, Rooms, revenue category as lodging where daily room service is provided. This clearly contrasts with Rentals and Services that is defined as the rental of furnished and unfurnished cabins, cottages, housekeeping rooms, etc. The Resort’s own form clearly identifies the cabin rentals as “Housekeeping Rooms.”

This error was one of inadvertently reporting revenue in the wrong fee category. No authority exists, in the permit or in Forest Service policy or regulations, to allow a waiver or reduce the fee.

**DECISION:** Affirm Forest Supervisor Vaught’s decision.

