



A C WHARTON, JR. - Mayor
 GEORGE M. LITTLE - Chief Administrative Officer
 EXECUTIVE DIVISION
 Internal Audit Service Center
 LEON PATTMAN, CIA, CISA, CRMA, CMFO
 City Auditor

July 21, 2014

Campaige Place Memphis
 c/o Mr. Will Newbern, President
 The Tom Hom Group
 7660 Fay Avenue, Suite H-525
 La Jolla, CA 92037

Dear Mr. Newbern:

Pursuant to Tennessee Code Annotated Section 67-4-1409, the City's Internal Audit Department conducted an examination of the records supporting the Hotel Motel Occupancy Tax returns for Campaige Place Memphis. The scope of the examination was limited to the occupancy tax returns and support documentation for June 1, 2011 to May 31, 2014.

The intent of this letter is to communicate examination results to the hotel operator. The results are being provided to you as the official designee for conveying this information to the hotel operator. If you feel this information should not be provided to you, please contact us immediately.

With regard to the City ordinance, we found compliance was unsatisfactory. Occupancy tax has not been remitted to the City for the examination period (June 1, 2011 to May 31, 2014). Consequently, outstanding taxes, interest, and penalties due to the City total \$4,996.97 as of May 31, 2014. The following table summarizes the occupancy tax owed to the City.

CITY OCCUPANCY TAX, INTEREST AND PENALTIES DUE

| Year | Taxable Rent | Taxes Due | Interest Accrued | Penalties Accrued | Civil Penalty | Total Due |
|--------------|--------------|-----------|------------------|-------------------|---------------|-----------|
| 2011 | 6,076.85 | 103.31 | 31.83 | 38.20 | 350.00 | 523.34 |
| 2012 | 57,251.85 | 973.28 | 193.80 | 232.57 | 600.00 | 1,999.65 |
| 2013 | 76,046.07 | 1,292.78 | 115.23 | 138.28 | 600.00 | 2,146.29 |
| 2014 | 4,630.08 | 78.71 | (.46) | (.56) | 250.00 | 327.69 |
| Total | 144,004.85 | 2,448.08 | 340.40 | 408.49 | 1,800.00 | 4,996.97 |

Our examination may not necessarily disclose all weaknesses related to the Hotel Motel Occupancy tax. The results of our examination will be forwarded to the City Treasurer, who will contact you to resolve the exceptions.

We appreciate the cooperation we received from you and your staff during our examination. If you have any questions or concerns, please feel free to contact Debbie Banks, City Audit Supervisor at (901) 636-6241.

Sincerely,



Leon Pattman, CIA, CISA, CRMA, CMFO
City Auditor

c: Brian Collins, Director, Finance Division, City of Memphis
Marie Kirk Owens, City Treasurer, Finance Division
Rebekah Alfred, Staff Accountant