



TENNESSEE

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

August 29, 2014

Inn at Thousand Oaks
c/o Ms. Heather Longardner, Controller
Hotel Capital LLC
101 W. Ohio Street Suite 720
Indianapolis, IN 46204

Dear Ms. Longardner:

Pursuant to Tennessee Code Annotated Section 67-4-1409, the City's Internal Audit Department conducted an examination of the records supporting your Hotel Motel Occupancy Tax returns for Inn at Thousand Oaks. The scope of the examination commenced with the startup date of your operations and was limited to the occupancy tax returns and support documentation for May 1, 2013 through 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 respect to gross occupancy revenue reported on the City's occupancy tax returns, records reviewed provided reasonable assurance that the returns were valid. However, we noted that occupancy tax has not been remitted to the City for May 2013. Additionally, we noted several instances in which monthly room revenues were either overstated or understated according to the hotel's support documentation. We also noted several months for which occupancy taxes were remitted late. Consequently, outstanding taxes, interest, and penalties due to the City total \$2,824.27 as of May 31, 2014. The following table summarizes the occupancy tax owed to the City:

TABLE 1 – CITY OUTSTANDING TAX OWED

Outstanding Payments	Amount
Total due from non-filing of occupancy taxes	2,075.97
Total due from net over/understatement of revenues	605.45
Total interest and penalties due from delinquent payments	142.85
Total	\$2,824.27

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Our examination may not necessarily disclose all weaknesses related to the Hotel Motel Occupancy Tax returns. The results of our examination will be forwarded to the City Treasurer.

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