



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

November 25, 2014

Motel 6  
c/o Mr. Patel, Manager  
1585 Sycamore View Road  
Memphis, TN 38134

Dear Mr. Patel:

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 Wingate Inn. The scope of the examination was limited to the occupancy tax returns and support documentation for October 1, 2011 through September 30, 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 occupancy tax returns, based upon the specific months tested, records reviewed provided reasonable assurance that the returns were valid. However, we did not find any documentation to provide reasonable assurance that the reductions claimed on the occupancy tax returns for continuous stay exemptions for calendar years 2012 through 2013 were valid. Therefore, our calculation for taxes due to the City did not include the exemptions. Consequently, the City is due \$2,580.40 in outstanding taxes as of September 30, 2014. The following table summarizes the occupancy tax owed to the City as a result of the exclusion of exemptions:

#### EXCLUDED EXEMPTIONS

| DESCRIPTION                     | \$ TOTAL          | DUE TO THE CITY |
|---------------------------------|-------------------|-----------------|
| 2012 Continuous Stay Exemptions | 34,347.32         | 583.90          |
| 2013 Continuous Stay Exemptions | 117,441.12        | 1,996.50        |
| <b>TOTAL</b>                    | <b>151,788.44</b> | <b>2,580.40</b> |

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  
Mike Peters, Accountant Manager