



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

TENNESSEE

February 6, 2015

Comfort Inn & Suites – American Way
 c/o Mr. Sunil Patel
 4225 American Way
 Memphis, TN 38118

Dear Mr. Patel:

We made several attempts to contact you to discuss the findings related to the examination of your hotel. However, we were unable to reach you.

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 Comfort Inn & Suites located on American Way. The scope of the examination was limited to the occupancy tax returns and support documentation for April 1, 2013 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 regard to the City ordinance, we found compliance was unsatisfactory. Occupancy tax has not been remitted to the City for the period April 1, 2013 to May 31, 2014. We found that occupancy taxes were remitted for the remaining months of the examination scope (June through September 2014). Additionally, we did not find any material discrepancies with the tax returns. Consequently, outstanding taxes, interest, and penalties due to the City total \$19,735.91 as of January 31, 2015. The following table summarizes the occupancy tax owed to the City.

CITY OCCUPANCY TAX, INTEREST AND PENALTIES DUE

Tax Year	Taxable Rent	Taxes Due	Interest Accrued	Penalties Accrued	Civil Penalty	Total Due
2013	557,960.39	9,485.33	1,300.45	1,560.54	450.00	\$12,796.32
2014	340,665.42	5,791.31	408.31	489.97	250.00	\$6,939.59
Total	\$898,625.81	\$15,276.64	\$1,708.76	\$2,050.51	\$ 700.00	\$19,735.91

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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