

Memorandum  
City of Springfield  
Internal Auditor

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**TO: Mayor Robert Stephens and Members of the City Council**  
**FROM: Kristy Bork, Internal Auditor**  
**Date: October 22, 2012**  
**RE: Hotel/Motel Tax Audit Follow-up**

In accordance with the Internal Auditor Policies and Procedures, approved by City Council, the Internal Auditor is to conduct a follow-up review between six and twelve months after an audit is issued. Below is a recap of Opportunities for Improvement (OFI) and Auditor follow-up procedures performed and conclusions reached about each OFI noted in the Hotel/Motel Tax Audit report dated July 7, 2011:

**Opportunities for Improvement1.a:**

There have been no audits of vendor tax statements performed by Licensing since 2009. Management should consider whether this practice would be beneficial to the City in finding additional tax revenues.

**Follow-Up:**

During the spring of 2012, the Licensing Division performed reviews/audits of a sample of vendors' tax remittances. The Auditor finds that the above finding has been resolved, and no further follow-up is considered necessary.

**Opportunities for Improvement2.a:**

Management should work with the Law Department to determine if the language in the contract with the American National Fish and Wildlife Museum District ("Museum") is properly fulfilling the ballot requirements and City Code. If the Law Department determines that the current contract is not in line with the ballot language, City management should work with the American National Fish and Wildlife Museum District to develop a new contract.

**Follow-up:**

City Council adopted Special Ordinance 25938 on August 8, 2011, authorizing the City Manager to enter into an amended agreement whereby formalizing that the Museum must spend all tax dollars on capital improvements.

In December 2011 the Museum notified the City they will no longer accept the Hotel/Motel Tax money going forward; thus, City Council approved Special Ordinance 26013 terminating the agreement between the City and the Museum. The Museum continues to obtain tax dollars through a special Museum District Tax that is imposed on businesses within the Museum District. The State of Missouri allowed the Museum to impose such a tax, and the City does not have jurisdiction over the regulation or collection of the Museum District Tax. Therefore, the audit scope did not cover the Museum District Tax.

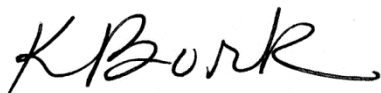
The Auditor finds that the above finding has been resolved, and no further follow-up is considered necessary.

**Opportunities for Improvement 2.b:**

Management should work with the Law Department to determine if there is a clear, documented sunset date noted in the ballot language and determine when the Tax will be up for renewal.

**Follow-up:**

The City Manager's Office, Finance, and Law Department have determined that the last bond payment for all outstanding bond payments would be in the year 2028. The City Manager, in a memo to the Finance and Administration Committee, dated January 31, 2012, stated City management would not request City Council issue additional bonds beyond 2028; thus the tax will sunset in 2028. However, according to the City's Attorney, future Councils could issue bonds and thus extend the life of the tax, but that would be a decision for City Council to make, not City Management. The Auditor finds that the above finding has been resolved, and no further follow-up is considered necessary.



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Kristy Bork, CPA

cc: Greg Burris

Fred Marty

Colin Quigley