



**A Report to the Galveston  
City Council**

**Mayor**

Jim Yarbrough

**Council Members**

Tarris Woods

Dr. Craig Brown

Ralph McMorris

Norman Pappous

Terrilyn Tarlton

Carolyn Sunseri

**City Auditor**

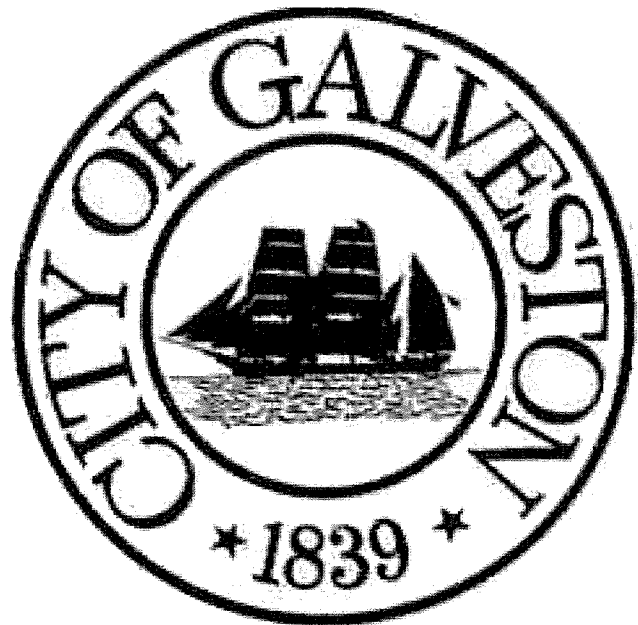
Glenn Bulgherini, CPA

**Auditor**

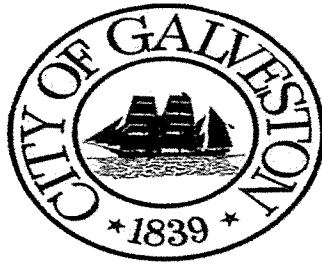
Carrie Sumrall, CFE

Audit Report

**Mettlach Enterprises Inc. 1310  
Ave. N 1/2 Galveston, Texas  
November 1, 2014**



The Hotel Occupancy Tax for 1310 Ave. N 1/2 was selected because it was believed that Hotel Occupancy Taxes for this location was not being remitted to the City of Galveston. However, it was determined during this audit that Hotel Occupancy Taxes for 1310 Ave. N 1/2 are being remitted to the City of Galveston under the name Gulf Breeze Vacation Rentals. The City Auditor recommends that this report be classified as No Additional Taxes Due.



HOTEL OCCUPANCY TAX  
REVENUE AUDIT METTLACH ENTERPRISES

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**AUDIT TEAM**

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**City of Galveston**  
**Hotel Occupancy Tax Audit – Mettlach Enterprises Inc.**  
**City Auditor Executive Summary**

November 1, 2014

**BACKGROUND**

The City of Galveston levies a Hotel Occupancy Tax (HOT) of nine percent (9%) on qualified room stays costing more than two dollars per night. Hotels are defined in Article III Section 33-86 of the City of Galveston Code as any building or buildings, in which the public may, for a consideration, obtain sleeping accommodations. The term shall include hotels, motels, tourist homes, houses or courts, lodging houses, inns, rooming houses or other buildings where rooms are furnished for a consideration, but shall not be defined so as to include hospitals, sanitariums or nursing homes. The Hotel Occupancy Tax Collection Report is remitted to the City of Galveston in the following month after collections (i.e. Collections for the month of October are reported and remitted to the City of Galveston in the month of November).

The City of Galveston's Legal Department plays a supporting role in offering advice and filing City of Galveston claims against delinquent establishments. The Office of the City Auditor conducts regular Hotel Occupancy Tax Audits to help ensure compliance.

**OBJECTIVES, SCOPE AND METHODOLOGY**

The Hotel Occupancy Tax Revenue Recognition Audit was conducted as part of the Office of the City Auditor's Fiscal Year (FY) 2014-2015 Strategic Audit Plan presented to the Mayor and City Council.

**Objectives**

The objectives of the audit were to determine whether Mettlach Enterprises Inc. is reporting and remitting the correct hotel occupancy tax revenue to the City of Galveston Finance Department in accordance with applicable city and state laws.

**Scope**

The audit scope included documentation from October 2010 through September 2014 for 1310 Ave. N 1/2. The geographical scope is the City of Galveston's jurisdiction.

**Methodology**

To accomplish our Audit Objectives we performed the following steps:

- Reviewed applicable laws and regulations.
- Reviewed documentation from the City's Finance Department.
- Interviewed hotel owners, operators and managers.
- Reviewed financial documentation received from hotels in close geographic location to the auditee.

**City of Galveston**  
**Hotel Occupancy Tax Audit – Mettlach Enterprises Inc.**  
**City Auditor Executive Summary**

**AUDIT RESULTS**

The Hotel Occupancy Tax for 1310 Ave. N 1/2 was selected because it was believed that Hotel Occupancy Taxes for this location was not being remitted to the City of Galveston. However, it was determined during this audit that Hotel Occupancy Taxes for 1310 Ave. N 1/2 are being remitted to the City of Galveston under the name Gulf Breeze Vacation Rentals.

**RECOMMENDATIONS**

The City Auditor recommends that this report be classified as No Additional Taxes Due.

**STAFF CONDUCT**

All staff acted in a professional and timely manner.

**CITY MANAGER'S RESPONSE**

The City Manager reviewed the report and determined that no action is needed.