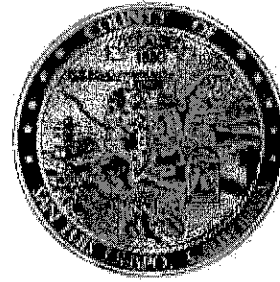


**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 8/27/2013	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submittal of a report of the Annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance and San Luis Obispo County Tourism Business Improvement District assessment for calendar year 2012.			
(5) RECOMMENDED ACTION It is recommended that the Board receive the item and file.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>05/7/2013</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor-Controller-Treasurer-Tax Collector

DATE: 8/27/2013

SUBJECT: Submittal of a report of the Annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance and San Luis Obispo County Tourism Business Improvement District assessment for calendar year 2012.

RECOMMENDATION

It is recommended that the Board receive the item and file.

DISCUSSION

Section 7280 of the California Revenue and Taxation Code authorizes the County to levy a Transient Occupancy Tax (TOT) on transients lodging in the unincorporated area for 30 days or less. The Property and Business Improvement District Law of 1994 authorizes the levy of assessments upon businesses that benefit from Business and Improvement Districts. The County ordinance providing for the establishment of the San Luis Obispo County Tourism Business Improvement District (SLOCTBID) and the assessment of a fee for all lodging establishments within the boundaries of the district became effective July 1, 2009. The purpose of the assessment is to promote tourism within the district. The ordinance is subject to an annual review, and the funds collected are distributed on behalf of the SLOCTBID Steering Committee.

Currently the County collects a 9% TOT from 928 establishments throughout the unincorporated area and an additional 2% SLOCTBID assessment from 781 establishments located within the district.

The purpose of our review was to determine the accuracy of the TOT and SLOCTBID assessments remitted to the County and verify that the tax and assessments were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code. In addition, we verified the existence and posting of registration certificates and business licenses.

OTHER AGENCY INVOLVEMENT/IMPACT

Separate reports on each audited establishment were issued to the Acting Treasurer-Tax Collector as fieldwork was conducted and completed prior to the merger of the Auditor-Controller and Treasurer-Tax-Collector's offices on August 8, 2013. The Treasurer-Tax Collector is responsible for the administration of the TOT and SLOCTBID ordinances and the enforcement of all audit findings and recommendations.

FINANCIAL CONSIDERATIONS

The County collected \$6,981,850.24 in TOT and \$453,382.92 in SLOCTBID assessments during calendar year 2012.

RESULTS

We reviewed seventeen establishments. During the course of our review we identified \$3,786 in TOT, SLOCTBID, penalties, and interest due to the County. We have attached our report and Summary of Monetary Audit Findings with details by establishment. We also found the establishments to be generally in compliance with obtaining and posting the required certificates and licenses.

Annual fiscal and compliance reviews of TOT and SLOCTBID assessments are one of the tools used in cooperation with the Treasurer-Tax Collector to monitor receipts of tax and assessments in the unincorporated area. Annual tax and assessment monitoring activities help maintain reporting accountability and contribute to the County's vision of a prosperous and well governed community.

ATTACHMENTS

1. TOT Master Report CY 2012



COUNTY OF SAN LUIS OBISPO
AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR
1055 MONTEREY ST, RM. D290
SAN LUIS OBISPO, CA 93408
(805) 781-5831 • FAX (805) 781-5362
<http://sloacttc.com>

JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector

James W. Hamilton, CPA
Assistant

TO: JAMES P. ERB, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR
FROM: KERRY BAILEY, CPA, CHIEF INTERNAL AUDITOR *KB*
DATE: AUGUST 13, 2013
SUBJECT: REPORT OF THE ANNUAL FISCAL AND COMPLIANCE REVIEW OF ESTABLISHMENTS
SUBJECT TO THE COUNTY TRANSIENT OCCUPANCY TAX ORDINANCE FOR CALENDAR
YEAR 2012

Purpose

The purpose of our review was to determine the accuracy of the Transient Occupancy Tax (TOT) and San Luis Obispo County Tourism Business Improvement District (SLOCTBID) assessment remitted to the County and to verify that the tax and assessment were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code. In addition, we verified the existence and posting of TOT registration certificates and business licenses.

Scope

We reviewed the monthly TOT returns submitted by seventeen selected establishments in the unincorporated area of San Luis Obispo County.

Methodology

We reconciled the amounts reported on the TOT returns to the establishments' financial books and records tracing total revenues reported, exemptions and deductions claimed, and tax remitted. We also tested samples of customer receipts by agreeing customer names, dates of stay and payment amounts to the operators' financial records. In addition we verified the existence and posting of TOT Certificates and business licenses.

Results

We identified eight establishments that understated revenue and three establishments that overstated revenue resulting in a total of \$3,786 in TOT, SLOCTBID, penalties and interest due to the County. We identified one proprietor that overstated revenue for one establishment; however, because the proprietor understated revenue by the same amount at another establishment a refund was not recommended. A comprehensive schedule of monetary audit findings for the establishments is shown in the attached Summary of Monetary Audit Findings. We also identified one establishment that did not post the Transient Occupancy Registration Certificate in a conspicuous place.

Under separate communication to the acting Treasurer – Tax-Collector, we previously issued individual reports for each establishment audited. These separate reports served to communicate our specific audit findings and recommendations. This report summarizes those findings.

**COUNTY OF SAN LUIS OBISPO
CALENDAR YEAR 2012 - TRANSIENT OCCUPANCY TAX AUDITS
SUMMARY OF MONETARY AUDIT FINDINGS**

ESTABLISHMENT *	PERIOD AUDITED	TAXABLE REVENUES		MONEY DUE BY AUDIT FINDINGS				TOTAL DUE/(REFUND)
		REPORTED	AUDITED	DIFFERENCE	TAXES/FEES DUE/(REFUND)	PENALTIES	INTEREST	
1	2012	\$ 77,152.30	\$ 74,883.92	\$ (2,268.38)	\$ (244.37)	\$ -	\$ -	\$ (244.37)
2	2012	3,199,308.90	3,199,308.90	-	-	-	-	-
3	2012	667,560.89	665,590.89	(1,950.00)	-	-	-	-
4	2012	531,786.53	532,828.35	1,041.82	108.48	21.70	1.08	131.26
5	2012	331,075.04	333,334.54	2,259.50	246.54	49.71	2.49	300.74
6	2012	1,239,546.94	1,233,566.14	(5,980.80)	(650.53)	-	-	(650.53)
7	2012	312,314.94	314,904.94	2,590.00	284.90	56.98	2.85	344.73
8	2012	615,962.45	616,004.60	52.15	-	-	-	-
9	2012	100,129.94	100,129.93	(0.01)	-	-	-	-
10	2012	231,506.55	231,506.65	0.10	-	-	-	-
11	2012	79,396.17	81,415.73	2,019.56	241.62	36.35	1.82	279.79
12	2012	630,618.03	632,800.30	2,182.27	196.40	39.28	1.96	237.64
13	2012	652,826.64	652,671.79	(154.85)	(17.03)	-	-	(17.03)
14	2012	15,062.26	15,062.26	-	-	-	-	-
15	2012	646,503.97	648,981.00	2,477.03	196.71	39.34	1.97	238.02
16	2012	72,434.88	75,672.28	3,237.40	356.12	71.22	2.43	429.77
17	2010-2012	487,382.44	507,296.89	19,914.45	2,197.12	513.32	25.67	2,736.11
		\$9,890,548.87	\$9,915,959.11	\$25,410.24	\$2,917.96	\$827.90	\$40.27	\$3,786.13

* Establishment names have not been included for purposes of confidentiality.
 ** No refund is recommended because the proprietor underpaid TOT in the same amount for it's other establishment.
 ♦ Amount is comprised of individual transactions which are under the monthly \$10 threshold set by the Tax Collector, there is no refund or amount due.
 Note: The Transient Occupancy Tax (TOT) rate for the period is 9% and the SLOCTBD rate is 2% for a total rate of 11%.
 ■ Establishments do not include the 2% BID assessment; total tax rate is 9%.
 ● Establishment did not have a business license or did not post their business license and TOT certificate in a conspicuous place.