

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

(1) DEPARTMENT	(2) MEETING DATE	(3) CONTACT/PHONE					
Auditor - Controller -	9/11/2018	Mark Maier 781-4267					
Treasurer - Tax Collector		Kerry Bailey 788-2979	erry Bailey 788-2979				
(4) SUBJECT		-					
Report of the annual fiscal and compliance audits of establishments subject to the County Transient Occupancy Tax							
Ordinance for calendar year 2017. All Districts.							
(5) RECOMMENDED ACTION							
It is recommended that the	Board receive the item and file.						
(6) FUNDING SOURCE(S)	(7) CURRENT YEAR FINANCIAL	(8) ANNUAL FINANCIAL	(9) BUDGETED?				
N/A	IMPACT	IMPACT	Yes				
	\$0.00	\$0.00					
(10) AGENDA PLACEMENT							
{X} Consent { } Presenta	tion <b>{ }</b> Hearing (Time Est	) { } Board Busine	ess (Time Est)				
(11) EXECUTED DOCUMENTS							
{ } Resolutions { } Contracts { } Ordinances { X } N/A							
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) (13) BUDGET ADJUSTMENT REQUIRED?							
		BAR ID Number:	BAR ID Number:				
N/A		<b>{ }</b> 4/5 Vote Require	<b>{ }</b> 4/5 Vote Required <b>{X}</b> N/A				
(14) LOCATION MAP	(15) BUSINESS IMPACT STATEMENT?	(16) AGENDA ITEM HI	(16) AGENDA ITEM HISTORY				
N/A	No	{ } N/A Date: Janua	<b>{ }</b> N/A Date: January 23, 2018				
(17) ADMINISTRATIVE OFFICE REVIEW							
Nikki J. Schmidt							
(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:	9/11/2018
SUBJECT:	Report of the annual fiscal and compliance audits of establishments subject to the County Transient Occupancy Tax Ordinance for calendar year 2017. All Districts.

## **RECOMMENDATION**

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

## DISCUSSION

The County currently collects a 9% Transient Occupancy Tax (TOT) and a 1% Tourism Marketing District (TMD) assessment from 1,554 lodging establishments throughout the unincorporated area. 1,117 establishments collect and remit an additional 2% San Luis Obispo County Business Improvement District (BID) assessment.

The purpose of our audits was to determine the accuracy of the transient occupancy related amounts remitted to the County and to verify that the tax and assessments were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code and County Resolution 2015-153.

To achieve our purpose, we reviewed the 2017 calendar year TOT returns submitted by 9 establishments and compared the returns to supporting documentation. In addition, we evaluated the existence and posting of current business licenses.

Overall, we identified \$5,420 in TOT, BID, TMD, 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 most establishments in compliance with obtaining and posting the required business licenses.

### OTHER AGENCY INVOLVEMENT/IMPACT

Individualized audit reports were issued to each establishment. The Auditor-Controller-Treasurer-Tax Collector is responsible for the enforcement of all audit findings and recommendations.

### FINANCIAL CONSIDERATIONS

The County collected the following total amounts for calendar year 2017:

Transient Occupancy Tax	\$9,510,398
Tourism Marketing District Assessment	\$1,883,991
Business Improvement District Assessment	\$1,054,650

#### **RESULTS**

Annual fiscal and compliance reviews of TOT along with BID and TMD assessments are one of the tools used 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. Summary of Audit Findings Transient Occupancy Tax CY 2017

#### SUMMARY OF MONETARY AUDIT FINDINGS

		TAXABLE REVENUES		AMOUNT DUE BY AUDIT FINDINGS					
ESTABLISHMENT *	CALENDAR YEAR AUDITED	REPORTED	AUDITED	DIFFERENCE	% OF REPORTED AMOUNT	TAXES/FEES DUE /(REFUND)	PENALTIES	INTEREST	TOTAL DUE/(REFUND)
1	2017	769,314	769,316	2	0.0%	-	-	-	-
2	2017	404,986	404,986	-	0.0%	-	-	-	-
3 .	2017	24,209	42,091	17,882	73.9%	1,788	358	18	2,164
4	2017	72,713	99,215	26,502	36.4%	2,650	530	27	3,207
5 .	2017	217,293	217,273	(20)	0.0%	-		-	-
6	2017	142,388	141,422	(966)	-0.7%	(116)	-	-	(116
7	2017	144,132	144,115	(18)	0.0%	-	-	-	-
8	2017	95,888	97,031	1,142	1.2%	137	27	1	166
9	2017	37,488	37,118	(370)	-1.0%	63	-	-	-
		\$ <u>1,908,411</u>	\$ <u>1,952,566</u>	\$44,154		\$4,460	<u>\$915</u>	\$46	\$5,420

\* Establishment names have not been included for purposes of confidentially.

• Establishment did not post the business license in a conspicuous place.

» No refund is recommended because the proprietor was unable to provide complete supporting documentation

NOTE: The Transient Occupancy Tax (TOT) rate for 1/1/17 to 12/31/17 is 9%, the SLOCTBID rate is 2%, and the TMD is 1%.