

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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 9/27/2016	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Report of the Annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance for calendar year 2015. All Districts.			
(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"/> 4/5 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>November 24, 2015</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: 9/27/2016

SUBJECT: Report of the Annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance for calendar year 2015. 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 1,148 lodging establishments throughout the unincorporated area. 900 establishments collect and remit an additional 2% Business Improvement District (BID).

The purpose of our review 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 calendar year TOT returns submitted by 15 establishments and compared them to supporting documentation. In addition, we verified the existence and posting of business licenses.

Overall, we identified \$6,598 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

Separate reports on each audited establishment were issued to the Treasurer-Tax Collector Division Manager as fieldwork was conducted. The Auditor-Controller-Treasurer-Tax Collector is responsible for the enforcement of all audit findings and recommendations.

FINANCIAL CONSIDERATIONS

The County collected the following for calendar year 2015:

Transient Occupancy Tax	\$9,059,934
Tourism Marketing District Assessment	\$416,728
Business Improvement District Assessment	\$1,856,806

The TMD Assessment was established by the Board in June of 2015, therefore the amount shown above reflects approximately six months of collections.

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. CY 2015 TOT Summary Report of Findings

SUMMARY OF MONETARY AUDIT FINDINGS

ESTABLISHMENT *	CALENDAR YEAR AUDITED	TAXABLE REVENUES		DIFFERENCE	% OF REPORTED AMOUNT	AMOUNT DUE BY AUDIT FINDINGS			
		REPORTED	AUDITED			TAXES/FEES DUE /(REFUND)	PENALTIES	INTEREST	TOTAL DUE/(REFUND)
1	2015	59,569	57,502	(2,067)	-3.5%	∞	-	-	-
2	2015	99,610	100,064	454	0.5%	34	7	-	41
3	2015	186,667	186,948	281	0.2%	36	7	1	44
4	2015	1,424,206	1,424,206	-		-	-	-	-
5	2015	93,285	113,467	20,182	21.6%	2,128	426	21	2,575
6	2015	5,385,581	5,385,581	-		-	-	-	-
7	2013, 2014, 2015	599,456	619,558	20,102	3.4%	2,344	469	23	2,836
8	2015	67,609	71,559	3,950	5.8%	356	70	4	430
9	2015	341,714	348,450	6,736	2.0%	395	79	4	478
10	2015	129,439	123,538	(5,901)	-4.6%	(442)	-	-	(442)
11	2015	40,181	42,506	2,325	5.8%	175	35	2	212
12	2015	77,740	77,740	-	-	-	-	-	-
13	2015	1,525,061	1,525,061	-	-	-	-	-	-
14	2015	200,031	203,213	3,182	1.6%	350	70	4	424
15	2015	167,327	167,327	-	-	-	-	-	-
		<u>\$10,397,476</u>	<u>\$10,446,720</u>	<u>\$49,244</u>		<u>\$5,376</u>	<u>\$1,163</u>	<u>\$59</u>	<u>\$6,598</u>

- * Establishment names have not been included for purposes of confidentiality.
- Establishment did not have a business license or did not post their 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 1/1/15 to 6/30/15 is 9% and the SLOCTBID rate is 2%.
The Transient Occupancy Tax (TOT) rate for 7/1/15 to 12/31/15 is 9%, the SLOCTBID rate is 2%, and the TMD is 1%.