



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

(1) DEPARTMENT Auditor - Controller - Treasurer -Tax Collector	(2) MEETING DATE 11/19/2019	(3) CONTACT/PHONE Mark Maier (805) 781-4267 Kerry Bailey (805) 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 2018. 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"/> 4/5th'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>9/11/2018</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 W. Hamilton, CPA, Auditor - Controller - Treasurer -Tax Collector

DATE: 11/19/2019

SUBJECT: Report of the annual fiscal and compliance audits of establishments subject to the County Transient Occupancy Tax Ordinance for calendar year 2018. 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 1,825 lodging establishments throughout the unincorporated area. 1,277 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 2018 calendar year TOT returns submitted by 6 establishments and compared the returns to supporting documentation. In addition, we evaluated the existence and posting of current business licenses.

Of the six establishments audited, two establishments were determined to owe a total of \$8,785 in TOT, BID, TMD, penalties, and interest to the County. One establishment overpaid \$10,713 in TOT, BID, and TMD, and was issued a refund. We have attached our Summary of Monetary Audit Findings with details by establishment. We also found the majority of establishments were 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 2018:

Transient Occupancy Tax	\$11,137,433
Tourism Marketing District Assessment	\$2,163,565
Business Improvement District Assessment	\$1,237,273

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 2018

Attachment 1

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	2016, 2017, 2018	855,126	765,849	(89,277)	-10.4%	(10,713)	-	-	(10,713)
2	2016, 2017, 2018	200,543	262,488	61,945	30.9%	6,195	1,239	62	7,495
3	2018	112,670	103,693	(8,977)	-8.0%	∞	-	-	-
4	2018	166,087	166,087	0	0.0%	-	-	-	-
5	2018	2,672,533	2,672,533	(0)	0.0%	-	-	-	-
6	2017, 2018	1,386,896	1,395,780	8,884	0.6%	1,066	213	11	1,290
		\$ 5,393,855	\$ 5,366,431	(27,425)		\$ (3,453)	\$ 1,452	\$ 73	\$ (1,928)

- * Establishment names have not been included for purposes of confidentiality.
- Establishment did not post the business license in a conspicuous place or posted business license was not current.
- ∞ No refund is recommended because the proprietor was unable to provide complete supporting documentation.

NOTE: The Transient Occupancy Tax (TOT) rate for 1/1/18 to 12/31/18 is 9%, the SLOCTBID rate is 2%, and the TMD is 1%.