



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

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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				
		REPORTED	AUDITED	DIFFERENCE	TAXES/FEES DUE /(REFUND)	PENALTIES	INTEREST	TOTAL DUE/(REFUND)	
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	667,550.89	665,590.89	(1,960.00)	-	-	-	
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	248.54	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	615,952.45	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	
		<u>\$9,890,548.87</u>	<u>\$9,915,959.11</u>	<u>\$25,410.24</u>	<u>\$2,917.96</u>	<u>\$827.90</u>	<u>\$40.27</u>	<u>\$3,786.13</u>	

* 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 SLOCTBID 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.