



COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

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FROM: KERRY BAILEY, CPA, CHIEF INTERNAL AUDITOR *KLB*

DATE: OCTOBER 14, 2014

SUBJECT: REPORT OF THE ANNUAL FISCAL AND COMPLIANCE REVIEW OF ESTABLISHMENTS
SUBJECT TO THE COUNTY TRANSIENT OCCUPANCY TAX ORDINANCE FOR CALENDAR
YEAR 2013

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 for calendar year 2013 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 nine establishments that understated revenue and two establishments that overstated revenue resulting in a total of \$9,380 in TOT, SLOCTBID, penalties and interest due to the County. A comprehensive schedule of monetary audit findings for the establishments is shown in the attached Summary of Monetary Audit Findings. Due to reporting issues discovered during fieldwork, we expanded our scope to include calendar year 2012 at two establishments. Additionally, we identified one establishment that did not post the Transient Occupancy Registration Certificate in a conspicuous place.

Under separate communication to the Treasurer – Tax-Collector Division Manager, 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 2013 - TRANSIENT OCCUPANCY TAX AUDITS
SUMMARY OF MONETARY AUDIT FINDINGS**

ESTABLISHMENT *	PERIOD(S) AUDITED	TAXABLE REVENUES			AMOUNT DUE BY AUDIT FINDINGS				TOTAL DUE/(REFUND)
		REPORTED	AUDITED	DIFFERENCE	TAXES/FEES DUE /(REFUND)	PENALTIES	INTEREST		
1	2013	113,074	113,116	42	4	1	0	5	
2	2013	304,250	325,757	21,507	2,366	473	24	2,863	
3	2013	209,098	209,098	-	-	-	-	-	
4	2013	107,722	98,047	(9,675)	(1,064)			(1,064)	
5	2013	93,272	94,379	1,107	100	20	1	120	
6	2013	870,829	868,989	(1,841)	-			-	
7	2013	2,054,660	2,054,789	129	14	3	-	17	
8	2013	985,277	987,397	2,120	223	45	2	270	
9	2013	974,266	974,277	11	-	-	-	-	
10	2013	1,216,982	1,216,982	-	-	-	-	-	
11	2012 & 2013	38,800	38,270	(530)	1,100	67	33	1,200	
12	2013	890,592	889,604	(988)	(104)			(104)	
13	2013	5,693,501	5,693,501	-	-	-	-	-	
14	2013	1,137,861	1,137,861	-	-	-	-	-	
15	2013	128,160	129,845	1,685	159	32	2	192	
16	2013	77,072	102,984	25,912	2,332	466	23	2,822	
17	2012 & 2013	213,748.00	236,732.00	22,984.00	2,529.00	505.00	25.00	3,059.00	
		<u>\$15,109,164</u>	<u>\$15,171,628</u>	<u>\$62,464</u>	<u>\$7,658</u>	<u>\$1,612</u>	<u>\$110</u>	<u>\$9,380</u>	

* Establishment names have not been included for purposes of confidentiality.

♦ 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.

▣ 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.

K Operator over collected tax/fee from guests and is not due a refund.

F Operator over collected an additional 1% from guests which must be remitted to the County.

NOTE: The Transient Occupancy Tax (TOT) rate for the period is 9% and the SLOCTBID rate is 2% for a total rate of 11%.