



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

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector		(2) MEETING DATE 1/23/2018	(3) CONTACT/PHONE Kerry 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 2016. 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>September 27, 2016</u>		
(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: 1/23/2018

SUBJECT: Report of the Annual Fiscal and Compliance audits of establishments subject to the County Transient Occupancy Tax Ordinance for calendar year 2016. 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 1,328 lodging establishments throughout the unincorporated area. 994 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 2016 calendar year TOT returns submitted by 8 establishments in addition to 24 vacation rental properties managed by two property management companies, and we compared the returns to supporting documentation. In addition, we verified the existence and posting of current business licenses.

Overall, we identified \$70,461 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 2016:

Transient Occupancy Tax	\$9,628,356
Tourism Marketing District Assessment	\$1,057,429
Business Improvement District Assessment	\$1,969,983

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 2016 TOT Summary Report of Findings