



County of Santa Cruz⁰⁰²⁷

AUDITOR-CONTROLLER'S OFFICE

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GARY A. KNUTSON, AUDITOR-CONTROLLER

Chief Deputy Auditor-Controllers

Pam Silbaugh, Accounting

Suzanne Young, Audit and Systems

Kathleen Hammons, Budget and Tax

AGENDA: September 12, 2000

August 22, 2000

BOARD OF SUPERVISORS

County of Santa Cruz

701 Ocean Street

Santa Cruz, CA 95060

Subject: Report on the Transient Occupancy Tax Audits of Chaminade at Santa Cruz and Seascape Resort

Dear Members of the Board:

At the request of the Tax Collector we performed audits of the Uniform Transient Occupancy Tax(TOT) collections for Chaminade at Santa Cruz and the Seascape Resort for the two years ended December 31, 1999. The purpose of our audits was to determine whether the hotel operators were collecting and reporting transient occupancy taxes in accordance with County Code Section 4.24.150 et seq.

At both entities, we discovered that the hotel management had incorrectly over reported their taxable receipts to the Tax Collector and accordingly overpaid the TOT for some months during the period we reviewed. The overpayments occurred as a result of miscalculations in determining their cash collections from their financial accounting systems. Chaminade at Santa Cruz overpaid in the amount of \$1,315, and Seascape Resort overpaid in the amount of \$763. These amounts should be refunded to the hotels or credited against future payments. Both hotels are properly collecting the TOT in accordance with County Code, and remitting the tax on a timely basis. The results of our audit and the detail monthly receipts are presented in the attached audit reports.

THEREFORE, WE RECOMMENDED THAT YOUR BOARD:

- 1) Accept and file our report, and
- 2) Direct the Tax Collector to issue **refunds** or credits to Chaminade for \$1,315 and to Seascape Resort for \$763.

Very truly yours,



Gary A. Knutson
Auditor-Controller

GK: SY

Attachments

cc: County Administrative Officer
Tax Collector
Auditor-Controller

**AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR CHAMINADE AT SANTA CRUZ
FOR THE TWO YEARS ENDED DECEMBER 31, 1999**

Auditor-Controller County of Santa Cruz
701 Ocean Street, Suite 100, Santa Cruz, CA 95060-4073
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AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR CHAMINADE AT SANTA CRUZ⁰⁰³⁰
TWO YEARS ENDED DECEMBER 31, 1999

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AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR CHAMINADE AT SANTA CRUZ
TWO YEARS END'ED DECEMBER 31, 1999

PURPOSE AND SCOPE

We have audited the receipts of Chaminade at Santa Cruz. The purpose of our audit was to determine the amount of Transient Occupancy Taxes due to the County of Santa Cruz and Chaminade at Santa Cruz compliance with County Code 4.24.010 through 4.24.150. The scope of our examination covered the two years ended December 31, 1999.

SUMMARY OF RESULTS

The results of our examination appear in the attached Schedule of Taxable Receipts and Taxes Due (EXHIBIT A), and Schedule of Reported and Audited Receipts by Month (EXHIBIT B). Based upon our audit, we determined that:

- Chaminade at Santa Cruz remitted amounts in excess of taxable receipts of \$509 and \$806 for July and August 1999.
- Chaminade at Santa Cruz does not display their TOT certificate in a conspicuous location.

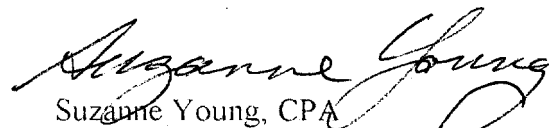
RESULTS AND RECOMMENDATIONS

Chaminade at Santa Cruz has consistently reported their taxable receipts to the Tax Collector in a timely manner. Our examination indicated that for the two years ended December 31, 1999, Chaminade at Santa Cruz over reported their taxable receipts by \$13,151. This has lead to over payments of the Uniform Transient Occupancy Tax in the amount of \$1,315. We recomtnend that the Tax Collector:

Provide either a credit or a refund in the amount of \$1,315 to Chaminade at Santa Cruz and

Provide Chaminade at Santa Cruz with written instructions for properly displaying their TOT certificate.

This audit was performed by the Santa Cruz County Auditor-Controller's Audit and Systems Division in accordance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.


Suzanne Young, CPA
Audit and Systems Manager

SY :mh

EXHIBIT A

AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR CHAMINADE AT SANTA CRUZ
SCHEDULE OF TAXABLE RECEIPTS AND TAXES DUE
TWO YEARS ENDED DECEMBER 31, 1999

	<u>1998</u>	<u>1999</u>	<u>Total</u>
<u>Taxable Receipts:</u>			
Reported Receipts	\$ 4,946,616	\$ 5,601,798	\$ 10,548,414
Audited Receipts	<u>4,946,616</u>	<u>5,588,647</u>	<u>10,535,263</u>
Reported Receipts in Excess of Audited Receipts	\$ <u>0</u>	\$ <u>13,151</u>	\$ <u>13,151</u>
 <u>Taxes Due:</u>			
Tax Paid at 10%	\$ 494,662	\$ 560,180	\$ 1,054,842
Tax Due	<u>494,662</u>	<u>558,865</u>	<u>1,053,527</u>
Excess Tax Paid	\$ <u>0</u>	\$ <u>1,315</u>	\$ <u>1,315</u>

The accompanying notes are an integral part of this schedule

EXHIBIT B

AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR CHAMINADE AT SANTA CRUZ
SCHEDULE OF REPORTED AND AUDITED RECEIPTS BY MONTH
TWO YEARS ENDED DECEMBER 31, 1999

<u>Month/Year</u>	<u>REPORTED RECEIPTS</u>	<u>AUDITED RECEIPTS</u>	<u>OVER REPORTED</u>
January 1998	\$ 320,506	\$ 320,506	\$ 0
February	295,279	295,279	0
March	480,761	480,761	0
April	352,536	352,536	0
May	403,227	403,227	0
June	511,409	511,409	0
July	504,168	504,168	0
August	620,983	620,983	0
September	397,142	397,142	0
October	437,155	437,155	0
November	386,465	386,465	0
December	236,985	236,985	0
January 1999	360,916	360,916	0
February	461,041	461,041	0
March	389,165	389,165	0
April	418,629	418,629	0
May	431,678	431,678	0
June	561,931	561,931	0
July	617,878	612,791	5,087
August	589,462	581,398	8,064
September	509,115	509,115	0
October	610,767	610,767	0
November	442,856	442,856	0
December	208,360	208,360	0
TOTAL	\$ 10,548,414	\$ 10,535,263	\$ 13,151

The accompanying notes are an integral part of this schedule

AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR CHAMINADE AT SANTA CRUZ
NOTES
TWO YEARS ENDED DECEMBER 31, 1999

Note 1: Transient Occupancy Tax

County Code Section §4.24.030 provides that operators shall collect 10% of the rent charged for the privilege of occupying a transient facility. Taxes are due to the County by the end of the month following the month being reported.

Note 2: Basis of Accounting

Taxable receipts and Transient Occupancy Taxes are reported on the cash basis of accounting. Under this method, revenues are recognized when the cash transaction takes place rather than when the revenues are earned.

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**AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR SEASCAPE RESORT
FOR THE TWO YEARS ENDED DECEMBER 31, 1999**

Auditor-Controller County of Santa Cruz
701 Ocean Street, Suite 100, Santa Cruz, CA 95060-4073
(831) 454-2500 Fax: (831) 454-2660

AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR SEASCAPE RESORT
TWO YEARS ENDED DECEMBER 31, 1999

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AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR SEASCAPE RESORT
TWO YEARS ENDED DECEMBER 31, 1999

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PURPOSE AND SCOPE

We have audited the receipts of Seascape Resort. The purpose of our audit was to determine the amount of Transient Occupancy Taxes due to the County of Santa Cruz and Seascape Resort's compliance with County Code 4.24.0 10 through 4.24.1 SO. The scope of our examination covered the two years ended December 31, 1999.

SUMMARY OF RESULTS

The results of our examination appear in the attached Schedule of Taxable Receipts and Taxes Due (EXHIBIT A), and Schedule of Reported and Audited Receipts by Month (EXHIBIT B). Based upon our audit, we determined that:

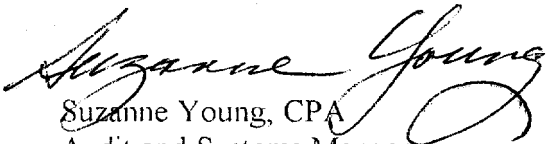
- Seascape Resort remitted amounts in excess of taxable receipts of \$268 and \$495 for 1998 and 1999, respectively.

RESULTS AND RECOMMENDATIONS

Seascape Resort has consistently reported their taxable receipts to the Tax Collector in a timely manner. Our examination indicated that for the two years ended December 31, 1999, Seascape over reported their taxable receipts by \$7,633. This has lead to over payments of the Uniform Transient Occupancy Tax in the amount of \$763. We recommend that the Tax Collector:

Provide either a credit or a refund in the amount of \$763 to Seascape Resort.

This audit was performed by the Santa Cruz County Auditor-Controller's Audit and Systems Division in accordance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.


Suzanne Young, CPA
Audit and Systems Manager

SY:mh

AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR SEASCAPE RESORT
SCHEDULE OF TAXABLE RECEIPTS AND TAXES DUE
TWO YEARS ENDED DECEMBER 31, 1999

<u>Taxable Receipts:</u>	<u>1998</u>	<u>1999</u>	<u>Total</u>
Reported Receipts	\$ 9241,944	\$ 10,885,628	\$ 20,127,572
Audited Receipts	<u>9,239,266</u>	<u>10,880,673</u>	<u>20,119,939</u>
Reported Receipts in Excess of Audited Receipts	\$ <u>2,678</u>	\$ <u>4,955</u>	\$ <u>7,633</u>
<u>Taxes Due:</u>			
Tax Paid at 10%	\$ 924,194	\$ 1,088,562	\$ 2,012,757
Tax Due	<u>923,927</u>	<u>1,088,067</u>	<u>2,011,994</u>
Excess Tax Paid	\$ <u>268</u>	\$ <u>495</u>	\$ <u>763</u>

AUDITOR-CONTROLLER'S REPORT ON THE 0039
 TRANSIENT OCCUPANCY TAX FOR SEASCAPE RESORT
 SCHEDULE OF REPORTED AND AUDITED RECEIPTS BY MONTH
 TWO YEARS ENDED DECEMBER 31, 1999

<u>Month/ Year</u>	<u>REPORTED RECEIPTS</u>	<u>AUDITED RECEIPTS</u>	<u>OVER (UNDER) REPORTED</u>
January 1998	\$ 374,560	\$ 373,940	\$ 620
February	491,779	486,773	5,006
March	507,094	512,099	(5,005)
April	687,642	687,642	0
May	653,133	623,132	1
June	840,260	841,409	(1,140)
July	918,699	918,699	0
August	1,217,353	1,216,843	540
September	1,186,101	1,186,140	(39)
October	664,698	662,803	1,895
November	885,453	884,033	520
December	815,133	814,853	280
January 1999	468,044	466,245	1,799
February	532,427	532,426	1
March	655,417	655,417	0
April	702,730	702,729	1
May	862,581	862,582	(1)
June	851,098	850,742	356
July	1,407,090	1,407,090	0
August	1,532,248	1,531,198	1,050
September	1,046,587	1,045,887	700
October	1,150,658	1,149,608	1,050
November	919,905	919,906	(1)
December	756,843	756,843	0
TOTAL	\$ <u>20,127,572</u>	\$ <u>20,119,939</u>	\$ <u>7,633</u>

The accompanying notes are an integral part of this schedule

AUDITOR-CONTROLLER'S REPORT ON THE
TRANSIENT OCCUPANCY TAX FOR SEASCAPE RESORT
NOTES
TWO YEARS ENDED DECEMBER 31, '1999

0040

Note 1: Transient Occupancy Tax

County Code Section §4.24.030 provides that operators shall collect 10% of the rent charged for the privilege of occupying a transient facility. Taxes are due to the County by the end of the month following the month being reported.

Note 2: Basis of Accounting

Taxable receipts and Transient Occupancy Taxes are reported on the cash basis of accounting. Under this method, revenues are recognized when the cash transaction takes place rather than when the revenues are earned.