

Quarterly Sales Tax Review

2nd and 3rd Quarters 2000



Office of the City Auditor

August 6, 2001

Report from the City Auditor



CITY OF PALO ALTO OFFICE OF THE CITY AUDITOR

**The Honorable City Council
Palo Alto, California**

August 6, 2001

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Introduction

The City Auditor's Office reviews sales tax remittances on a quarterly basis to ensure that the City is receiving its proper allocation of retail sales tax. Because all data relating to sales tax paid by individual businesses is confidential, this report summarizes the results of our review.

Scope and Methodology

The objective of our review is to identify individual business accounts whose sales tax has not been properly allocated to the City of Palo Alto. Using a database provided by MBIA MuniServices Company/Municipal Resource Consultants, we analyze fluctuations in individual sales tax accounts for missing or underpaid sales tax allocations. Working with the California State Board of Equalization (SBOE), we compare the allocations with sales tax returns to determine if there has been a coding or reporting error, or if tax has been misallocated to another local jurisdiction.

We also use a variety of techniques to identify new businesses that need to file sales tax reports with the SBOE and register their new Palo Alto location. Our sources of information include new utility hookups, newspapers, and personal observation.

Summary of Quarterly Results

Our review of sales tax remittances for the 2nd and 3rd quarters 2000 resulted in sales tax recoveries totaling **\$19,591**. These recoveries resulted from underpayments, misallocations, late payments, and delayed processing related to two businesses. We are currently monitoring 25 accounts that may result in additional sales tax allocations to the City. We will include recoveries from these accounts in future quarterly sales tax reports.

Respectfully submitted,

A handwritten signature in black ink that reads "Sharon W. Erickson". The signature is written in a cursive, flowing style.

Sharon W. Erickson
City Auditor

cc: Carl Yeats
Joe Saccio