

Retail Sales Tax Fund (RSTF) Allocation Update

Board of Equalization Board Meeting

March 30, 2016

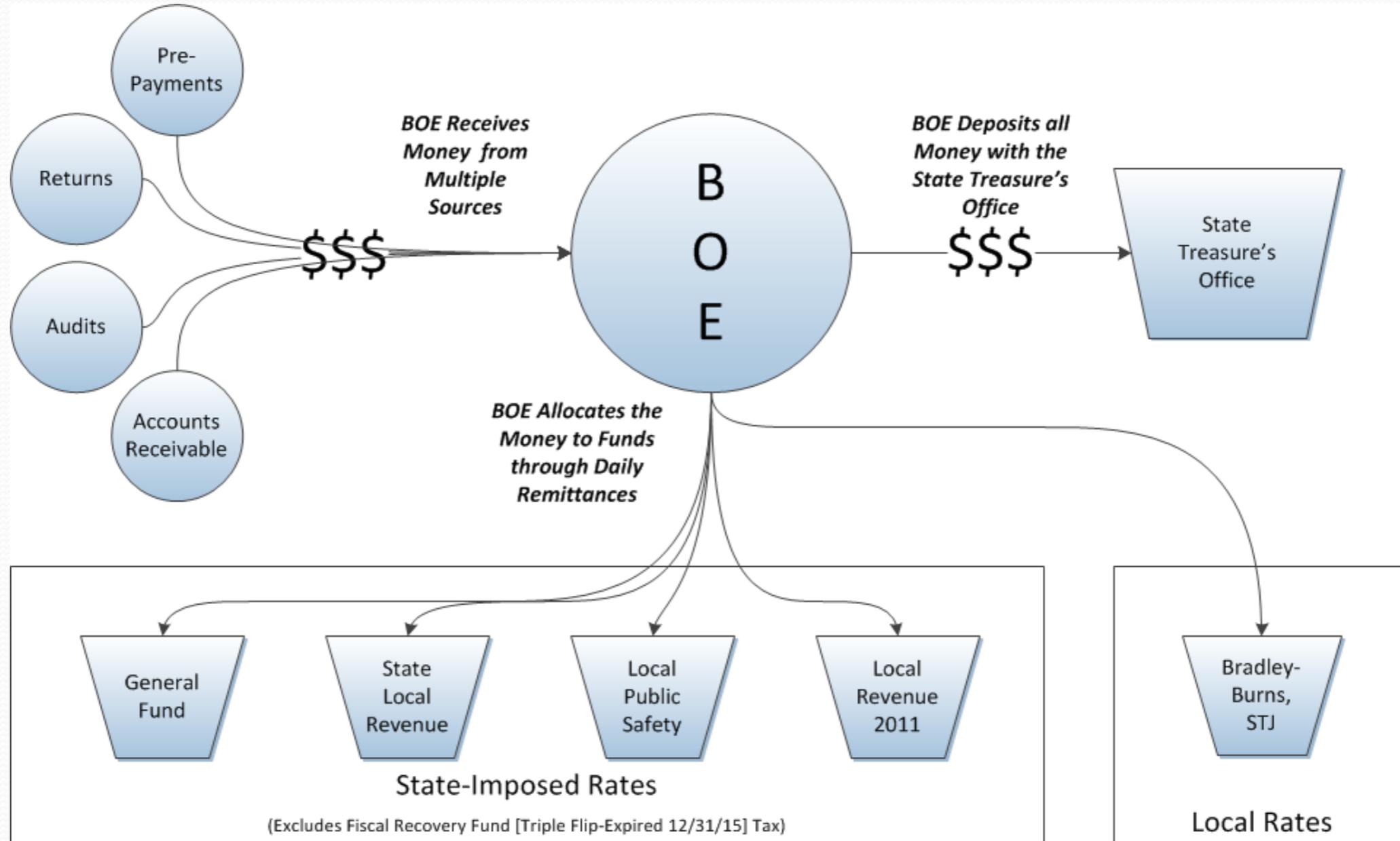
Sacramento, CA

Sales and Use Tax Rates and Funding Factors:

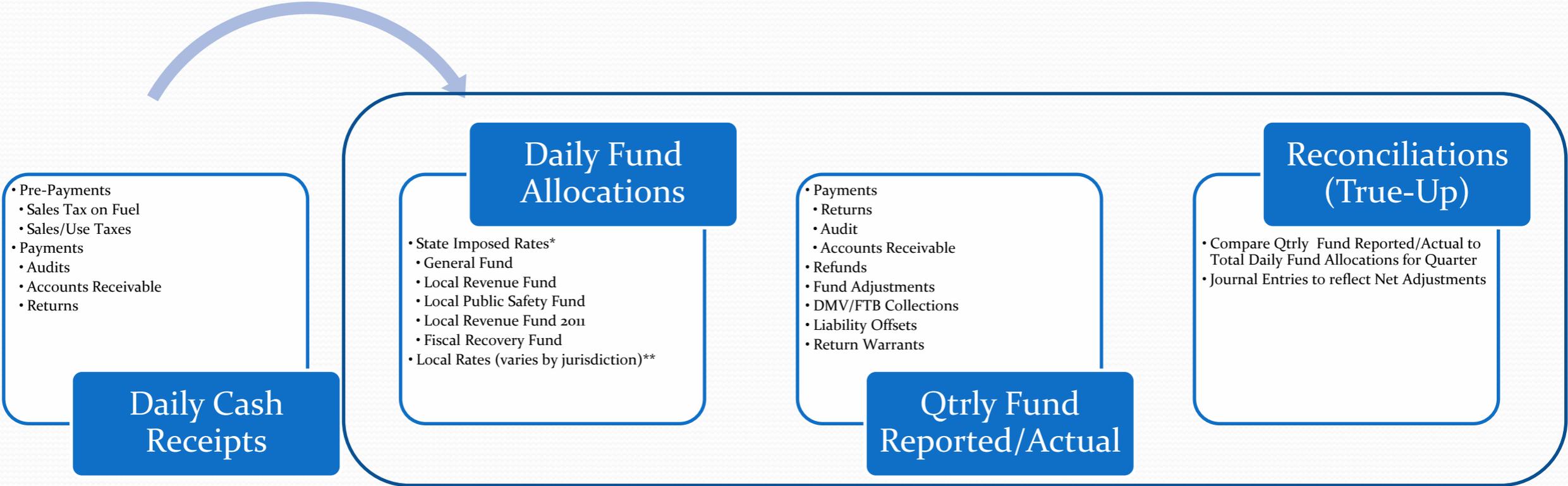
General Fund*	Tax Rate	Factor Funded
• State General Fund tax	3.6875%	43.79531%
• SCHL (school funding) Tax	.25	2.96917
• ASUT (additional Sales Tax) Tax	.25	2.96917
• State Local Revenue Fund Tax *	.50	5.93835
• Local Public Safety Fund Tax*	.50	5.93835
• Local Revenue Fund 2011 Tax *	1.0625	12.61899
• Bradley-Burns Local Tax	1.00	8.90752
• Bradley-Burns County Tax	.25	2.96917
• Special Taxing Jurisdictions taxes	Various	10.92480

*funds managed by SCO

RSTF: Collection and Allocation



RSTF: Allocation and Reconciliation



*Distributed by SCO

**Includes Bradley-Burns Local, County, and Special Taxing Jurisdiction taxes and distributed by BOE

Fund Allocation Correction

- Reviewed periods of July 1, 2011 to June 30, 2015
- Computed the misallocation of diesel fuel since inception
- Computed misallocation of DMV use tax allocations
- Computed misallocation of FTB use tax allocations

RSTF Allocation Corrective Actions & Internal Controls

Completed/Instituted:

- Daily reconciliation, BOE to STO and SCO
- Segregation of duties
- Manager approvals prior to remitting to SCO
- Communication between units involved in revenue process
- Management reports which includes analysis of receipts to forecasted and to prior year
- Ensure audit trail is maintained and easily accessible to third party verification
- Timely remittances to SCO
- Documented procedures for many of the processes
- Completed accounting staff classification study
- Cross Training
- Annual Training Plan
- Process maps
- Regular meetings

In Progress/Planned

- Redesign and create new IRIS reports
- Complete workforce and succession plan
- Clearly define staff roles, responsibilities & accountability
- Develop reports that are accurate and relevant
- Instill regular communications with control agencies
- Ensure all staff knows to report suspected fraud/dishonesty
- Identify processes that need management review/approval
- Involve internal and external parties in periodic oversight
- Establish performance matrix & monitor actual to expected
- Instill constant improvement and transparency
- Fill vacancies timely
- Evaluate Consider a complete accounting system
- Ensure CROS is designed to correctly allocate payments
- Develop analysis to reconcile accounting data to multiple sources