

History of Regular (Bradley-Burns) Sales Tax Revenues
City of Palm Springs

<u>Regular (75%)</u>	<u>2007-2008</u>		<u>2008-2009</u>		<u>2009-2010</u>		<u>2010-2011</u>		<u>2011-2012</u>	
Q3 (Jul-Sep)	2,298,293	33.2%	1,946,505	29.7%	1,356,787	21.0%	1,544,896	21.7%	1,469,969	18.9%
Q4 (Oct-Dec)	1,650,613	23.9%	1,753,822	26.8%	1,542,514	23.9%	1,859,085	26.2%	2,028,357	26.1%
Q1 (Jan-Mar)	1,678,513	24.3%	1,890,677	28.9%	1,855,430	28.8%	1,875,945	26.4%	2,168,265	27.9%
Q2 (Apr-Jun)	1,287,317	18.6%	954,426	14.6%	1,697,808	26.3%	1,828,680	25.7%	2,110,710	27.1%
Totals	6,914,736	100.0%	6,545,430	100.0%	6,452,539	100.0%	7,108,606	100.0%	7,777,301	100.0%

<u>Triple-Flip (25%)</u>										
Q1 (Jan-Mar)	992,817		1,077,115		814,973		1,385,373		1,218,859	
Q2 (Apr-Jun)	1,230,802		1,173,993		954,252		1,139,271		1,183,366	
Totals	2,223,619		2,251,108		1,769,224		2,524,644		2,402,225	

Grand Totals	9,138,355		8,796,538		8,221,763		9,633,250		10,179,526	
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Note: The purpose of this table is only to demonstrate the differences in cash flows by quarter.

It would be misleading to use this information to project Measure J revenues.

The triple-flip payments from the State are shown separately because they flow in a significantly different pattern than the 75% advances. Measure J funds are expected to flow more similarly to the regular 75% advance pattern.

Note: There was a change in accounting method required by the auditors that affected the 2008-2009 accrual.

Geoffrey Kiehl

From: Geoffrey Kiehl
Sent: Wednesday, September 19, 2012 11:52 AM
To: Bryan S. Gruber C.P.A.
Subject: Accounting for BOE Administrative Costs for Sales Tax Revenues
Attachments: Bradley-Burns Sales Tax (6-22-2012).pdf; 2ndQ2012 - 1st Adv - Apr (6-22-12).pdf

Bryan – I have an accounting question for you relating to proper reporting of State Board of Equalization administrative costs. When anticipating our revenues and administrative expenses for our new Measure J add-on sales tax, we contracted with the BOE to pay them up to \$175,000 for our implementation costs but were told that the actual number would likely come in significantly lower than that. In fact, we received a bill for \$29,518.78 and we have paid that under the 2011-2012 fiscal year and it is my understanding that completes our obligation for implementation costs. They required for this bill to be paid directly rather than deducting that amount from our sales tax revenue payments, so it is recorded as an expense.

To follow this process in accounting for the implementation costs, we budgeted \$80,000 for anticipated administration costs throughout the year. However, it appears that they are going to be deducting these on-going administration costs from the amount they remit to us through their quarterly settle-up payments. This is the same way they handle it for our normal Bradley-Burns sales tax payments. I have attached a Bradley-Burns payment advice and a Measure J payment advice so you can see what I am talking about. For the normal Bradley-Burns sales tax payments we have historically recorded the net payment as revenue. Should we instead be recording the gross amount as revenue and the administrative costs as expenses? I would expect that 99% of municipalities probably just record the net amount as we have done, but I thought it better for us to clarify this now as we are just getting started with Measure J accounting. My preference would be to continue recording the net amount as revenue and not breaking out the administrative costs as expenses -- both for the Bradley-Burns sales tax and the Measure J add-on sales tax. Please advise.

Thank you,
Jeff

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