



**California Department of Tax and Fee Administration -  
Sales and Use Tax Department  
REPORT OF FIELD AUDIT**

**Audit Payment Form**

**Account No: SU KH 028-300295**  
 Firm Name: AUDITOR-CONTROLLER  
**Owner: COUNTY OF SACRAMENTO**  
 Owner Type: Otr Govmmt (State/City/Cnty)  
 Business Address: 700 H ST STE 3650  
 SACRAMENTO, CA 95814-1224  
 Mailing Address: 700 H ST STE 3650  
 SACRAMENTO, CA 95814-1224

**Case Id: 895027**  
**Lead Auditor: THO LE**  
**Supervisor: ROBERT MILLER**  
 Board Office: Sacramento Office  
 Audit Report Date: **September 6, 2017**  
 Business Code/SIC: NAICS : 920000  
 Account Status: Active  
 Tax Area Code: 349990230000

**LIABILITY (OR CREDIT) DISCLOSED BY EXAMINATION OF TAXPAYER'S RECORDS**

Examination Period: 10/01/13 to 9/30/16	Tax	Interest to 10/31/17	Penalty	Total
<b>Total Disclosed by Examination</b>	89,094.64	12,449.55		101,544.19
<b>Debit or Credit Adjustments</b>				
Tax Paid to Another Jurisdiction	-11,186.00	-764.36		-11,950.36
Payment Interest Adjustment		-454.47		-454.47
Payments applied as of 10/11/17	-77,908.64	-3,947.36		-81,856.00
<b>Balance as of 10/31/17</b>	<b>\$0.00</b>	<b>\$7,283.36</b>	<b>\$0.00</b>	<b>\$7,283.36</b>

While this report is not a bill, payment is encouraged to prevent the accrual of additional interest.

Additional interest will accrue monthly on the unpaid Tax after 10/31/17.

**Total Amount as of 10/31/17 is \$7,283.36**

Payment Amount Included \_\_\_\_\_

Please Remit your Payment to:

State Board of Equalization  
 P.O. Box 942879  
 Sacramento, California  
 94279-0013

Please include this page with your payment and make your check or money order payable to:  
 State Board of Equalization.

Always write your account number ( **028-300295** ) on your check or money order.



CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

SACRAMENTO OFFICE  
3321 POWER INN ROAD, STE 210  
SACRAMENTO, CA 95826-3889  
1-916-227-6700 • FAX 1-916-227-4585  
www.cdtfa.ca.gov

COUNTY OF SACRAMENTO  
AUDITOR CONTROLLER

2017 OCT 12 PM 3:03

EDMUND G. BROWN JR.  
Governor

MARYBEL BATJER  
Secretary, Government Operations Agency

NICOLAS MADUROS  
Director

10/10/2017

COUNTY OF SACRAMENTO  
AUDITOR-CONTROLLER  
700 H ST STE 3650  
SACRAMENTO, CA 95814-1224

In Reply Refer to:  
Account Number: SU KH 028-300295  
Audit Case Number: 895027

Dear Taxpayer:

We are enclosing a copy of the *Report of Field Audit* resulting from our audit of your business' books and records for the account number referenced above. In a recent discussion, you indicated that you agree with our audit recommendations. If you do not understand any portion of the audit findings, you may contact this office for clarification. If you have not received a copy of the audit working papers, including narrative comments, you may request one from this office.

We are forwarding the audit report to our headquarters office for processing and issuance of a billing. The billing will be issued in the form of a *Notice of Determination (Notice)*. If this process results in a material change to the report you will be informed prior to receiving the *Notice*. When you receive the *Notice*, you can appeal by filing a *Petition for Redetermination* within 30 days of the date of the *Notice*. The *Notice* includes instructions on how to file a petition. You may use BOE-416, *Petition for Redetermination*, to file your petition. A copy of this form is available on our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) or by calling our Customer Service Center at 1-800-400-7115 (TTY:711).

Interest will continue to accrue monthly on the amount of unpaid taxes and/or fees, and will be added to the current interest balance shown in the *Notice*. Interest will stop accruing on any tax and/or fee amounts paid. The payment of all or part of the liability shown on the *Notice* will in no way affect your right to appeal portions with which you do not agree. If you would like to make a payment before receiving the *Notice*, please refer to the enclosed *Audit Payment Information* sheet and provide the requested information with your payment.

In general, you have six (6) months from the date of payment to file a claim for refund on any overpayments. If you have already filed a timely claim for refund on or after January 1, 2017, for a payment made with respect to this *Notice*, you generally do not need to file an additional claim for refund with each subsequent payment that you make towards this liability. If you made payments for more than one disputed liability, you must file a timely claim for refund for payments made for each separate *Notice*. If we find that you are entitled to a refund, any overpayments will first be credited to any outstanding liabilities on your account at the time the refund is approved. Any remaining balance will be refunded with credit interest, if applicable.

Although we have applied commonly accepted auditing procedures during the course of your audit, the auditor may not have examined all of your transactions. There may still be transactions that you are not reporting correctly. If you have any questions as to the application of taxes or fees to a particular transaction, please contact your auditor in writing and he/she will provide you with a written response.

We appreciate your cooperation.

Sincerely,



David Hofer  
Principal Auditor, Sacramento Office

Enclosures

Discussed with: Accounting Manager Yee Largo by Tho Le

cc:

*When you are unable to resolve a matter through the normal appeals process or for information on your rights, you may contact the Taxpayers' Rights Advocate Office toll-free at 1-888-324-2798.*



# California Department of Tax and Fee Administration - Sales and Use Tax Department REPORT OF FIELD AUDIT

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**Owner Type:** Otr Govmmt (State/City/Cnty)  
**Business Address:** 700 H ST STE 3650  
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**Mailing Address:** 700 H ST STE 3650  
SACRAMENTO, CA 95814-1224

**Case Id:** 895027  
**Lead Auditor:** THO LE  
**Supervisor:** ROBERT MILLER  
**Board Office:** Sacramento Office  
**Audit Report Date:** September 6, 2017  
**Business Code/SIC:** NAICS : 920000  
**Account Status:** Active  
**Tax Area Code:** 349990230000

## LIABILITY (OR CREDIT) DISCLOSED BY EXAMINATION OF TAXPAYER'S RECORDS

Examination Period: 10/01/13 to 9/30/16	Tax	Interest to 10/31/17	Penalty	Total
<b>Total Disclosed by Examination</b>	89,094.64	12,449.55		101,544.19
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<b>Balance as of 10/31/17**</b>	\$0.00	\$7,283.36	\$0.00	\$7,283.36

\*\*If multiple billings have occurred, the audit liability may not equal the sum of the billings

## TAXABLE MEASURE DISCLOSED BY EXAMINATION OF TAXPAYER'S RECORDS

	State, Local County and SIII	1/4% State Increase	Total District
1 Unreported Ex-Tax Purchases Based on Statistical Sampling of Accounts of Interest	1,105,749	1,105,749	1,270,669
3 Difference Between Total Tax Accrued and Total Tax Reported	-2,235	-2,235	-4,470
	\$1,103,514	\$1,103,514	\$1,266,199



California Department of Tax and Fee Administration -  
Sales and Use Tax Department  
REPORT OF FIELD AUDIT

Account No: SU KH 028-300295  
Case Id: 895027

**DETAILED ANALYSIS OF TAXABLE MEASURE BY JURISDICTION**

	<u>RHCG</u> <u>(District)</u>	<u>SACG</u> <u>(District)</u>	<u>STAT</u> <u>(District)</u>	<u>Total District</u>
1 Unreported Ex-Tax Purchases Based on Statistical Sampling of Accounts of Interest	4,736	91,531	1,174,402	1,270,669
3 Difference Between Total Tax Accrued and Total Tax Reported	0	-2,235	-2,235	-4,470
	<u>\$4,736</u>	<u>\$89,296</u>	<u>\$1,172,167</u>	<u>\$1,266,199</u>



**California Department of Tax and Fee Administration -  
Sales and Use Tax Department  
REPORT OF FIELD AUDIT**

**Account No:** SU KH 028-300295  
**Case Id:** 895027

Reviewed By: N. Lestunquet

Date Reviewed: 10/10/17

Statute Date: 01/31/18

A Waiver is attached and the Waiver Period is: 10/01/13 to 09/30/14

First Expiring Period is: 10/01/13, and includes Tax of: \$5,850.89

Auditors who worked on the examination:

<u>OFFICE</u>	<u>AUDITOR ID</u>	<u>CLASS</u>	<u>AUDIT MADE BY</u>	<u>HOURS</u>
KH	00000003983	4	THO LE	209.00
Total Hours				<u>209.00</u>

The Reported Measure during the period of examination is \$14,036,840.

The Audit findings were discussed with: Accounting Manager Yee Largo

Tel: (916) 874-6329

The taxpayer **agrees** with the audit findings.

A copy of this Audit Report was furnished to the taxpayer along with a BOE-0079-C letter.

There is at least one account related to account number 28300295. Please see the General Comments for details.

A credit is involved and a claim for a refund was secured from the taxpayer. This claim was previously submitted to HQ.

A Tax Clearance is not required.

A Cigarette Indicia inspection revealed: N/A

The taxpayer is a Business with more than 50 Employees.

This business does not sell televisions, computers, or portable DVD players.

The taxpayer was provided or instructed to download the following directives:  
Publications 17,70,76

**General Comments**

**Type of Business Organization**

Municipal county government with a start date of 1/1/50. Director of Finance - Ben Lamera and Assistant Auditor Controller - Joyce Renison. Prior audit through 12/31/11.

**Class of Business**

Municipal county government providing social services to the County of Sacramento. Taxpayer does not have any retail sales. All taxable measure reported are from ex-tax purchases that are subject to use tax.

**Books and Records**

Double entry set of records adequate for sales and use tax purpose. Books and records are maintained electronically and are available for review by accessing taxpayer's database. Sales tax reimbursement was not collected because there are no retail sales.

**Penalty**

10% negligence penalty is not recommended. Books and records provided for the audit were adequate for sales and use tax purposes. The additional unreported ex-tax purchases resulted in an overall error of 0.338%. The percentage of error was immaterial compared to the size of the agency and the total payables for the audit period. In addition, the percentage of error was less than the percentage of error of 1.208% from the prior audit (CID # 598490). Overall, it appears taxpayer was trying to report correctly.

I agree with staff's penalty recommendation. R. Miller, Supervisor.



California Department of Tax and Fee Administration -  
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Account No: SU KH 028-300295  
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**Overpayment**

Taxpayer filed a claim for refund dated 8/17/17 in the amount of \$11,376 in tax. The documents provided shows the overpayment was due to clerical errors made when preparing the sales and use tax returns and unclaimed 6406 credit, sales tax paid to other states. The overpayment will be offset against the additional liability from the audit.

Claimed Amount: \$11,376 in tax

Audited Amount: \$11,376 in tax

Hours Verifying Claim: 9

**Claim for Refund**

Per APL\_PR, claim for refund, CID # 994489 is being handled by the Refund Section. The claimed submitted was for \$240,878.80 in tax. The overpayment was due to use tax being accrued in error on exempt items. The claim for refund was denied and taxpayer is petitioning the result. The case has been referred to Board Proceedings Division for scheduling of an Appeals conference.

**Credit Interest**

Credit interest is recommended. No negligence was noted. Taxpayer was unaware of how to properly claim the 6406 credit on the partial sales tax paid to another state.

**Related Accounts**

The following related accounts were not worked: Fair Oaks Cemetery District - SR KH 28-070357, County of Sacramento Department of General Services - SR KH 28-047102, Cordova Recreation and Park District - SR Y KH 28-669913, Rio Cosumnes Correction Center - SR KH 99-586949, Municipal Services Agency - SR KH 28-047609, Sacramento Metro Fire District - SU KH 102-210718.

**Franchise Tax Board**

N/A.

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California Department of Tax and Fee Administration - Sales and Use Tax  
Sales Tax Calculation Summary

10/11/17  
Page: 1

Account Nbr: SU KH 28300295 Case Id: 895027 Result Nbr: 1 Taxpayer: COUNTY OF SACRAMENTO  
OMA: KH Area Code: 349990230000 Auditor: THO LE Audit Penalties:  
Interest Thru Date: 10/31/17 Audit Period: 10/01/13 thru 09/30/16  
Result Period: 10/01/13 thru 09/30/16

		JURISDICTION	ALLOCATION
		-----	-----
TOTAL		State	59736.38
-----		County	3144.04
Tax	89094.64	Local	12576.06
Interest	12449.55	STTI	15720.04
Penalty		Quarter% St	3144.02
		Add On	7223.65
	-----		
	101544.19		
	=====		

-----  
101544.19  
=====

Breakdown of Jurisdictions:

JURIS	TAX RATE	MEASURE	ALLOCATION	JURIS	TAX RATE	MEASURE	ALLOCATION
-----	-----	-----	-----	-----	-----	-----	-----
RHCG	0.005000	4736	26.76	SACG	0.005000	89296	513.93
SCHL	0.002500	1103514	3144.02	SLCST	0.072500	1103514	91176.52
STAT	0.005000	1172167	6682.96				

INTEREST CALCULATION RULES

-----  
Include credit periods in the Tax Running Balance: Y  
Include credit periods in the Offset Running Balance: Y  
Allow credit interest on Payments: N  
Calculate interest on credit periods for Offsets at the debit rate: Y  
Calculate credit interest on credit periods: Y

Breakdown of Interest Rates applicable from 10/01/13 to 10/31/17 :

PERIOD	ANNUAL RATE	TYPE	COMPUTED ON	METHOD
-----	-----	-----	-----	-----
07/01/12 - 12/31/16	6.0000000	Debit Tax		Simple Monthly
01/01/17 - 12/31/29	7.0000000	Debit Tax		Simple Monthly



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California Department of Tax and Fee Administration - Sales and Use Tax  
Sales Tax Calculation Summary

10/11/17  
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Account Nbr: SU KH 28300295 Case Id: 895027 Result Nbr: 1 Taxpayer: COUNTY OF SACRAMENTO  
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Interest Thru Date: 10/31/17 Audit Period: 10/01/13 thru 09/30/16  
Result Period: 10/01/13 thru 09/30/16

PERIOD	MEASURE	TAX	RUNNING BALANCE CRD	INTEREST	PENALTY	TOTAL	PENALTIES
07/01/09 - 06/30/17		0.0000000	Credit Tax		Simple Monthly		
07/01/17 - 12/31/29		1.0000000	Credit Tax		Simple Monthly		

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 Interest Thru Date: 10/31/17 Audit Period: 10/01/13 thru 09/30/16  
 Result Period: 10/01/13 thru 09/30/16

PERIOD	MEASURE	TAX	RUNNING BALANCE CRD	INTEREST	PENALTY	TOTAL	PENALTIES
RHCG							
4Q13	0	0.00	0.00 Y	0.00	0.00	0.00	
1Q14	0	0.00	0.00 Y	0.00	0.00	0.00	
2Q14	0	0.00	0.00 Y	0.00	0.00	0.00	
3Q14	0	0.00	0.00 Y	0.00	0.00	0.00	
4Q14	0	0.00	0.00 Y	0.00	0.00	0.00	
1Q15	0	0.00	0.00 Y	0.00	0.00	0.00	
2Q15	0	0.00	0.00 Y	0.00	0.00	0.00	
3Q15	4736	23.68	23.68 Y	0.36	0.00	24.04	
4Q15	0	0.00	23.68 Y	0.36	0.00	0.36	
1Q16	0	0.00	23.68 Y	0.36	0.00	0.36	
2Q16	0	0.00	23.68 Y	0.36	0.00	0.36	
3Q16	0	0.00	23.68 Y	1.64	0.00	1.64	
Total	4736	23.68		3.08	0.00	26.76	
SACG							
4Q13	7065	35.33	35.33 Y	0.54	0.00	35.87	
1Q14	7176	35.88	71.21 Y	1.08	0.00	36.96	
2Q14	9482	47.41	118.62 Y	1.77	0.00	49.18	
3Q14	7170	35.85	154.47 Y	2.31	0.00	38.16	
4Q14	7146	35.73	190.20 Y	2.85	0.00	38.58	
1Q15	6776	33.88	224.08 Y	3.36	0.00	37.24	
2Q15	8997	44.99	269.07 Y	4.05	0.00	49.04	
3Q15	4745	23.73	292.80 Y	4.38	0.00	28.11	
4Q15	7787	38.94	331.74 Y	4.98	0.00	43.92	
1Q16	6829	34.15	365.89 Y	5.49	0.00	39.64	
2Q16	8809	44.05	409.94 Y	6.15	0.00	50.20	
3Q16	7314	36.57	446.51 Y	30.46	0.00	67.03	
Total	89296	446.51		67.42	0.00	513.93	
SCHL							
4Q13	72371	180.93	180.93 Y	2.70	0.00	183.63	
1Q14	75228	188.07	369.00 Y	5.55	0.00	193.62	
2Q14	102738	256.85	625.85 Y	9.39	0.00	266.24	
3Q14	75333	188.33	814.18 Y	12.21	0.00	200.54	
4Q14	75012	187.53	1001.71 Y	15.03	0.00	202.56	
1Q15	66025	165.06	1166.77 Y	17.49	0.00	182.55	
2Q15	96194	240.49	1407.26 Y	21.12	0.00	261.61	
3Q15	69100	172.75	1580.01 Y	23.70	0.00	196.45	
4Q15	82863	207.16	1787.17 Y	26.82	0.00	233.98	
1Q16	72853	182.13	1969.30 Y	29.55	0.00	211.68	
2Q16	97210	243.03	2212.33 Y	33.18	0.00	276.21	
3Q16	218587	546.47	2758.80 Y	188.48	0.00	734.95	
Total	1103514	2758.80		385.22	0.00	3144.02	

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 Interest Thru Date: 10/31/17 Audit Period: 10/01/13 thru 09/30/16  
 Result Period: 10/01/13 thru 09/30/16

PERIOD	MEASURE	TAX	RUNNING BALANCE CRD	INTEREST	PENALTY	TOTAL	PENALTIES
SLCST 0.072500	: LOCAL	0.010000SGEN	0.047500,CNTY	0.002500,LPSF	0.005000,SLRF	0.005000,ASUT	0.002500
4Q13	72371	5246.90	5246.90 Y	78.69	0.00	5325.59	
1Q14	75228	5454.03	10700.93 Y	160.50	0.00	5614.53	
2Q14	102738	7448.51	18149.44 Y	272.25	0.00	7720.76	
3Q14	75333	5461.64	23611.08 Y	354.18	0.00	5815.82	
4Q14	75012	5438.37	29049.45 Y	435.75	0.00	5874.12	
1Q15	66025	4786.81	33836.26 Y	507.54	0.00	5294.35	
2Q15	96194	6974.07	40810.33 Y	612.15	0.00	7586.22	
3Q15	69100	5009.75	45820.08 Y	687.30	0.00	5697.05	
4Q15	82863	6007.57	51827.65 Y	777.42	0.00	6784.99	
1Q16	72853	5281.84	57109.49 Y	856.65	0.00	6138.49	
2Q16	97210	7047.73	64157.22 Y	962.37	0.00	8010.10	
3Q16	218587	15847.56	80004.78 Y	5466.94	0.00	21314.50	
Total	1103514	80004.78		11171.74	0.00	91176.52	
STAT							
4Q13	77546	387.73	387.73 Y	5.82	0.00	393.55	
1Q14	80615	403.08	790.81 Y	11.85	0.00	414.93	
2Q14	110107	550.54	1341.35 Y	20.13	0.00	570.67	
3Q14	80673	403.37	1744.72 Y	26.16	0.00	429.53	
4Q14	80384	401.92	2146.64 Y	32.19	0.00	434.11	
1Q15	70733	353.67	2500.31 Y	37.50	0.00	391.17	
2Q15	103088	515.44	3015.75 Y	45.24	0.00	560.68	
3Q15	74200	371.00	3386.75 Y	50.79	0.00	421.79	
4Q15	88801	444.01	3830.76 Y	57.45	0.00	501.46	
1Q16	78075	390.38	4221.14 Y	63.33	0.00	453.71	
2Q16	104189	520.95	4742.09 Y	71.13	0.00	592.08	
3Q16	223756	1118.78	5860.87 Y	400.50	0.00	1519.28	
Total	1172167	5860.87		822.09	0.00	6682.96	
Total for all Jurisdictions							
4Q13		5850.89			0.00		
1Q14		6081.06			0.00		
2Q14		8303.31			0.00		
3Q14		6089.19			0.00		
4Q14		6063.55			0.00		
1Q15		5339.42			0.00		
2Q15		7774.99			0.00		
3Q15		5600.91			0.00		
4Q15		6697.68			0.00		
1Q16		5888.50			0.00		
2Q16		7855.76			0.00		
3Q16		17549.38			0.00		

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California Department of Tax and Fee Administration - Sales and Use Tax  
Calculation Summary for Offset Adjustments

10/11/17  
Page: 5

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Result Period: 10/01/13 thru 09/30/16

PERIOD	TAX	RUNNING BALANCE CRD	INTEREST	PENALTY	TOTAL	PENALTIES
6406 Adjustment						
3Q16	-11186.00	-11186.00 Y	-764.36	0.00	-11950.36	
6406 Total	-11186.00		-764.36	0.00	-11950.36	