



# Monterey County

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## Board Report

Legistar File Number: 15-0436

May 19, 2015

**Introduced:** 4/30/2015

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

Approve an increase in appropriations totaling \$73,084.09 in AUD002 - Annual Audits and an increase in revenue totaling \$73,084.09 in CAO007 - Contributions to fund HdL Companies 15% recovery fee for obtaining an additional \$487,227.93 in Public Safety Sales Tax for Monterey County. (4/5th's Vote Required)

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve an increase in appropriations totaling \$73,084.09 in AUD002 - Annual Audits and an increase in revenue totaling \$73,084.09 in CAO007 - Contributions to fund HdL Companies 15% recovery fee for obtaining an additional \$487,227.93 in Public Safety Sales Tax for Monterey County. (4/5th's Vote Required)

### SUMMARY/DISCUSSION:

In 2011, HdL Companies (HdL) identified what they believed was a state-wide underfunding of Proposition 172 - Public Safety Sales Tax allocations to local agencies. HdL worked for several years with the State Board of Equalization, the State Department of Finance and the State Controller's Office to prove and remedy the underfunding. The error that HdL identified, which lead to underfunding of Proposition 172 - Public Safety, also caused an underfunding of 1991 Realignment and 2011 Realignment allocations. The combined underfunding for Monterey County totaled \$981,141.00.

Monterey County contracts with HdL Companies to provide Sales and Use Tax audits. The contingency fee for recovery is 15% and applies to the Proposition 172 portion of the total recovery, \$487,227.93. Based on the recovery contingency fee, the County owes HdL \$73,084.09.

### OTHER AGENCY INVOLVEMENT:

The recommendation has been reviewed by the Board's Budget Committee and the County Administrative Office.

### FINANCING:

The recovery fee totaling \$73,084.09 was not anticipated in the fiscal year 2014-15 Adopted Budget. The increase appropriation for Annual Audits (AUD002: 001-1110-8010-6601) is offset by an increase in Public Safety Sales Tax (CAO007: 001-1050-8028-5035).

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