

BOARD OF ALDERMEN

ITEM NO. C(2)

AGENDA ITEM ABSTRACT MEETING DATE: September 18, 2007

TITLE: Award of Contract to Perform Sales Tax Reallocation Audit

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: A. Resolution B. Letter of Agreement/Contract C. Spreadsheet of Most Recent Sales Tax Reallocation Audit	FOR INFORMATION CONTACT: L. Bingham Roenigk, 918-7439

PURPOSE

The Board of Aldermen is requested to authorize the Town Manager to execute a contractual arrangement with an accounting firm (Robert S. Segal, CPA) to audit sales tax reports with the interest of netting additional sales tax revenue for the Town.

INFORMATION

Similar contracts in previous years have been approved whereby the Robert S. Segal Accounting Firm reviewed sales tax reporting records at the University of North Carolina and at each of the participating local jurisdictions (Chapel Hill, Orange County, Hillsborough, and Carrboro) to ascertain whether refunds reported need to be reallocated. In addition, they also reviewed refund requests submitted by the school systems and nonprofit corporations to determine accuracy. Inaccurate refund requests often affect the sales tax revenue received by the County and municipalities.

In FY01-02, the audit covered a three year period and netted Orange County over \$1,300,000. Carrboro shared in that windfall, netting \$80,000. The more recent sales tax reallocation effort yielded a total of \$505,538 in additional revenue for the County and municipalities. Attached is a spreadsheet that provides the detail of the revenues recovered. The amounts recorded are net of Mr. Segal's fees.

FISCAL IMPACT

The Town will not incur expenses unless revenues are recognized. The expenses shall be offset by the revenues generated.

STAFF RECOMMENDATION

Adopt a resolution authorizing the Town Manager to execute a contract with Robert S. Segal, CPA to perform a sales tax reallocation audit.