



Yolo County Housing

Lisa A. Baker, Executive Director

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BOARD OF COMMISSIONERS

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DATE: May 7, 2009
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
By: Mark Stern, Finance Director
SUBJECT: **Receive and File Report of Employment Development Department (EDD)
Audit of Payroll and Payments to Independent Contractors**

RECOMMENDED ACTIONS:

That the Board of Commissioners receive and file the results of an EDD Audit of agency payroll and payments to independent contractors.

BACKGROUND / DISCUSSION

The State Employment Development Department recently completed an audit of payroll for proper remittance of employment withholdings and taxes and payments made to independent contractors. The audit covered calendar years 2006 through 2008. The payroll portion of the audit resulted in no findings. The auditor did however determine that several of the vendors YCH had, in the past, treated as independent contractors do not meet state qualifications and should have been treated as employees. In some cases, the finding is made based on the auditors not finding that the YCH issued 1099s. EDD has assessed employment taxes and interest due, but has waived any penalties since YCH had acted in good faith in making the contractor payments. The agency is looking at the possibility of filing an appeal.

FISCAL IMPACT

The total assessment from the audit is \$14,079.09. Approximately \$7,000 of personal income tax and interest can be abated because YCH can demonstrate that it issued 1099 forms to the contractors involved. In addition another \$300 can be abated due to an auditor error in total amount of payments made to one vendor. The net result will be a revised assessment of approximately \$6,900 payable to EDD if no other appeal is possible.

CONCLUSION

The Board of Commissioners should receive and file the results of the EDD audit.

QUARTERLY ADJUSTMENTS - DETAIL WORKSHEET

Account: 055-6285-5
 DBA: YOLO COUNTY HOUSING AUTHORITY
 Period: 01/01/06 Through 12/31/08

Date Prepared: 4/7/2009
 Auditor: Mindy Walker

Year	Qtr	UI/ETT	Taxable Wage Adjustments	DI	Rate	UI	Rate	ETT	Rate	DI	Personal Income Tax	Penalty	Interest	Total
2006	1	17,124	22,861	22,861	6.2%	1,061.67	0.0%	0.00	0.80%	182.89	641.81	0.00	458.32	2,344.69
2006	2	9,844	22,861	22,861	6.2%	610.33	0.0%	0.00	0.80%	182.89	641.81	0.00	320.69	1,755.71
2006	3	6,484	22,861	22,861	6.2%	402.00	0.0%	0.00	0.80%	182.89	641.81	0.00	247.89	1,474.59
2006	4	5,854	22,861	22,861	6.2%	362.94	0.0%	0.00	0.80%	182.89	641.81	0.00	213.84	1,401.48
2007	1	7,000	10,925	10,925	6.2%	434.00	0.0%	0.00	0.60%	65.55	414.84	0.00	143.80	1,058.19
2007	2	0	10,925	10,925	6.2%	0.00	0.0%	0.00	0.60%	65.55	414.84	0.00	64.45	544.84
2007	3	0	10,925	10,925	6.2%	0.00	0.0%	0.00	0.60%	65.55	414.84	0.00	53.57	533.96
2007	4	0	10,925	10,925	6.2%	0.00	0.0%	0.00	0.60%	65.55	414.84	0.00	42.93	523.32
2008	1	7,000	15,715	15,715	6.2%	434.00	0.0%	0.00	0.80%	125.72	831.09	0.00	94.77	1,485.58
2008	2	0	15,715	15,715	6.2%	0.00	0.0%	0.00	0.80%	125.72	831.09	0.00	45.70	1,002.51
2008	3	0	15,715	15,715	6.2%	0.00	0.0%	0.00	0.80%	125.72	831.09	0.00	28.21	985.02
2008	4	0	15,715	15,715	6.2%	0.00	0.0%	0.00	0.80%	125.72	831.09	0.00	12.40	969.21
Increases		53,306	198,005	198,005		3,304.94		0.00		1,496.64	7,550.96	0.00	1,726.55	14,079.09
Total Assessment or Credit						3,304.94		0.00		1,496.64	7,550.96	0.00	1,726.55	14,079.09