



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA SARDA Regular Special

Meeting Date: December 8, 2020

Title: Results of Cannabis Business Field Audits for Calendar Year 2019

Background: Tax Field audits were conducted for marijuana cultivation facilities and dispensaries for the calendar year 2019. The results for the completed audits are on the attached page.

Vasquez and Company completed the audits for dispensaries (Bud Farmacy, H Street Patient Care, OPG, The Healing Center), and cultivation facilities (MSB Partners and Paradise Wellness Center). The audits for CAA Cultivation and Princess Farms cultivation facilities are anticipated to be completed in January 2021. A separate report will be provided with those results.

As you can see from the overpayments, some of the locations had errors in how they were reporting sales. They were including state and local sales and cannabis taxes in their gross sales numbers when those amounts should have been excluded. Overpayment credits are applied to the next month's return. Underpaid accounts are invoiced.

Vasquez will begin the second audit year of their contract for the calendar year 2020 audits around April 2021.

Fiscal Impact: See attached.

Recommendation: For information only.

Submitted By: Sylvia Miledi, Director of Finance

City Management Review: _____

Date: _____

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
			Agenda Item: _____

CANNABIS AUDITS					
	Calendar year	Calendar year	Calendar year	Calendar year	Calendar year
	2015	2016	2017	2018	2019
<u>Dispensaries</u>					
Bud Farmacy	non-compliant	No audits performed this year.	non-compliant	No audits performed this year.	overpaid \$21,209
H Street Patient Care	non-compliant		non-compliant		overpaid \$31,786
OPG	non-compliant		non-compliant		overpaid \$4,917
The Healing Center	non-compliant		non-compliant		underpaid \$12,432
<u>Cultivation Facilities</u>					
CAA Cultivation	n/a	n/a	n/a	n/a	<i>pending</i>
MSB Partners	n/a	n/a	n/a	n/a	underpaid \$905
Paradise Wellnes Center	n/a	n/a	n/a	n/a	underpaid \$4,699
Princess Farms	n/a	n/a	n/a	n/a	<i>pending</i>