



COMPTROLLER OF PUBLIC ACCOUNTS

P.O. BOX 13528
AUSTIN, TX 78711-3528

July 13, 2006

Ms. Karen Austin
Finance Director
City of Stafford
2610 South Main Street
Stafford, Texas 77477-5592

Dear Ms. Austin:

I am writing to confirm our conversation about repayment of local tax paid in error to the City of Stafford. As we discussed, a large direct pay taxpayer accrued and paid \$2,557,340.98 on items later determined by our auditors to be nontaxable. The period of time covered by the audit was January 1995 through December 2003.

As of the July 2006 allocation, the combined outstanding balance owed the State in the previous pay back arrangements was \$222,894.62. This total does not include the \$2,557,340.98 that we discussed today. The current arrangements instruct us to deduct a combined amount of \$8,453.18 per month through April 2007 and starting in May 2008 deduct \$4,588 through December 2009.

When you have had an opportunity to analyze the impact of the new amount on the city's budget, please write me with your proposal specifying the new adjusted monthly amount to be deducted and when to begin the adjusted deductions. No fees of any type will be assessed on the pay back amount.

If you have questions or require additional information, my mailing address is PO Box 13528, Austin, Texas 78711. My toll free number is 1-800-531-5441, extension 34494, my regular number is 512/463-4494, and my FAX number is 1-888-908-9995. If you have any questions about the audit, please contact Otis Fields, Audit Division Manager, in our Audit Headquarters at 1-800-531-5441, extension 33903.

Sincerely,

Mary Gold
Tax Allocation Section
Revenue Accounting Division