

FINANCE COMMITTEE MEETING
TUESDAY, AUGUST 22, 1995, 8:00 AM
ROOM 564, COUNTY COURTHOUSE

Present: Marshall Faircloth
Billy King

Absent: Lee Warren

Others: Cliff Strassenburg, County Manager
James Martin, Deputy County Manager
Carlisle McCutcheon, Finance Director
Steve Horne, County Assessor
Julia Godwin, Assessor's Office
Brenda Foreman, Sr. Staff Attorney (Arrived 8:20 AM)
Rhonda R. Davis, Deputy Clerk

The meeting was duly called to order.

1. Review of Proposals for Lease/Purchase Financing for Solid Waste Management Department Equipment.

Carlisle McCutcheon advised bids were solicited for installment purchase of Landfill equipment. He presented the bid tabulation sheet to the committee (Exhibit A). He advised that Koch submitted the low bid, however, BB&T's bid was less than \$100.00 over Koch's bid. BB&T is a local vendor.

Mr. Strassenburg advised that since this bid was for services, the County does not have to go with the lowest bid. BB&T has indicated that if the interest rates drop between now and when the loan closed, they will go with the lower rate, but if the rate goes up, they will not raise the rate.

MOTION: Commissioner King offered a motion to award the bid to BB&T and submit this item for approval by the full Board of Commissioners.

SECOND: Commissioner Faircloth

DISCUSSION: Mr. McCutcheon asked the committee members if they wished for him to go out of state to solicit bids in the future. If it appears we will always award the bid to a local vendor, then out-of-state vendors may stop soliciting bids.

Commissioner Faircloth stated if local vendors are closer to the low bid, then he feels we should use them, but if we feel local vendors begin to bid too high, we should keep our options open by getting as many bids as possible, including out-of-state vendors. Commissioner King stated we still need to solicit as many bids as possible.

VOTE: UNANIMOUS

2. Discussion of Financial Advisor Services.

Mr. Strassenburg stated there is money in the budget to hire financial consultants. The county will be getting into some very big financing within the next twelve to eighteen months. He wants to know if the Board would be willing to bring on a financial advisor. The County will probably be doing COPS for the new projects. An advisor won't be needed for general obligation bonds because the Local Government Commission can assist in those matters. He would feel more comfortable in having

someone on board to advise the County during this time. If the Board of Commissioners feel this would be beneficial, he will issue an RFP. The Financial Advisor would be prohibited from being part of the investment group the County dealt with. There are a number of firms that have indicated they would be interested in providing these services to the County. He will begin to gather information and bring it back to the committee for review. The committee could even help with the interviews if they desired to do so.

Commissioner Faircloth stated he would reluctantly go along with the idea, with the understanding that the County won't be locked into going the COPS route for financing.

Mr. Strassenburg advised the advisor would be paid an hourly rate for their services.

It was the consensus of the committee to allow staff to go forward with the RFPs for a financial consultant.

3. Review of Proposals for Sales Tax Allocation Study.

Mr. Martin stated the County has been contacted by firms who are interested in doing a sales tax audit. Non-profit organizations are entitled to receive a refund of 2% of the county sales tax paid on their purchases. These organizations will need to prove the tax was paid to the correct county. The county also gets a refund of sales tax. If an organization purchases an item in Wake County requests a refund from Cumberland County, it shorts Cumberland County in the amount they receive from the state. The company will do an audit of non-profit organizations in the county and make sure the credit comes from the correct county. Dickson and Odem in High Point have proposed a fee of 20% of the first \$100,000 discovered, 15% of the next \$100,000 and 10% of anything over that. The Company will actually prepare a corrected report for the organization to submit to the State.

Mr. McCutcheon stated the company will go back three and one-half years with the audit.

MOTION: Commissioner King offered a motion to recommend to the full Board of Commissioners that Dickson & Odem to perform a Sales Tax Allocation Study for the County.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS

4. Review of Proposal for Audit of Out-of-Town Firms' Business Personal Property Listings.

Mr. Martin stated the County has received proposals from organizations to go into the corporate offices of businesses that have a presence in Cumberland County, but not a corporate office to look at their business personal property listings. The Assessor's Office is currently doing these audits in businesses with corporate offices that are located in the county. The company, TMA, has proposed to receive a minimum of 300 listings with a value of at least \$100,000 over a thirty-six month period. The company would charge a fee of 30% of the total additional taxes collected from the discovery. He stated the staff only wanted to present this concept to the committee at this

meeting to get their feelings on it. The audit would be done by checking the state and federal tax returns of the company to make sure it is the same as what they reported to Cumberland County.

Mr. Strassenburg stated the alternative to hiring TMA to perform the audit would be to give the Assessor's Office another full time auditor to do these audits outside of the County.

Mr. Horne stated he would have some reservations with committing to give TMA 300 listings with a value over \$100,000 during a thirty-six month period. The County may not be able to fulfill that obligation because there are not that many business listings with corporate offices outside of the county.

Mr. Martin asked the committee to let the staff re-negotiate with TMA and try to get the number of listings down to 200 or less while keeping the percentage they would collect from the discoveries at 30%.

Mr. McCutcheon stated he knows the Assessor's Office needs another field auditor. The one they have on staff now is working 100% of the time.

Mr. Horne stated he would rather have another full-time field auditor. He feels the County would have more control if a person was put on the staff.

It was the consensus of the committee to allow staff more time to negotiate with TMA and to do an analysis on hiring another field auditor and bring the information back to them for review.

5. Review of Proposal for our Optional Whole Life Insurance Benefit.

Mr. Martin stated the County has been approached by the Cafeteria Plan Consultant about offering a whole life insurance policy for employees. The term policy currently being offered allows an employee at age 35 to purchase a \$25,000 policy for \$8.37 per week. The whole life policy will allow an employee at age 35 to purchase a \$40,403 policy for \$8.00 per week. They will continue to allow employees to keep their current term policy if they desire to do so. The company offering the policy is Boston Mutual. The employee will not have to prove insurability to get the new whole life policy. The policy will be made available to all County employees.

Commissioner Faircloth commented that he would like to see the cost for a \$100,000 policy. He noted the whole life policy appears to be a much better deal for employees than what is currently being offered. He stated he is uncomfortable with not having any competition from other vendors so that employees could have more options.

Mr. Strassenburg explained that Employee Benefits System currently had a contract to provide the Cafeteria Plan to County employees. He noted they are currently offering it with no transaction fees. When the County re-bids the cafeteria plan package at the end of EBS's contract, new products will certainly be considered.

Mr. McCutcheon noted EBS is doing a fine job at administering this plan. He has

received no complaints from County employees on their performance. He stressed that he needs to know if EBS can present this package to employees during the enrollment time which will be in September.

It was the consensus of the Committee to allow EBS to include the whole life insurance option in their package of benefits to be presented to County employees during the next Cafeteria Plan enrollment period.

6. Other committee concerns.

Mr. McCutcheon stated he would like to raise the cost/value of equipment that is to be capitalized from \$200 to \$500 and the capitalization of other improvements from \$500 to \$1,000. He presented a memorandum along with fixed assets statistics and a survey of 24 counties pertaining to fixed assets expenditures per item for capitalization (Exhibit B).

Commissioner Faircloth asked how the Board could be assured that Department Heads will be keeping up with the items in their department that have a cost/value of less than \$500?

Mr. McCutcheon stated that would be the decision of the Department Head. He or she would have to set up a system whereby they could monitor the equipment or items. He is currently writing a procedure to make Department Heads accountable for these items.

Mr. Strassenburg stated the Internal Auditors can check behind departments to determine if they have a procedure in place to monitor these items and that they are following that procedure.

The Committee asked Mr. McCutcheon and Mr. Strassenburg to work out a procedure for holding departments accountable for equipment with a cost/value below \$500 and bring the procedure back to the next meeting for review.

Meeting adjourned at 9:02 AM.