

REQUEST FOR BOARD ACTION / CONTRACT CONTROL FORM

Tracking Number: 14.

Date of Request: July 24, 2007

Date Request Received: July 24, 2007

Board Meeting Date Requested: August 6, 2007

Board Meeting Date Assigned: August 6, 2007

Short Title: Resolution Approving Extension Of Contract With Tax Reduction Specialists.

Request Status:

- Request is proceeding to Board of Commissioners
- More information is needed – see attached
- Request on hold – no further information needed
- Other:

Background: Tax Reduction Specialists (TRS) offers a service to recover sales and use taxes paid by and due to localities. The County contracted with TRS in October 2002 to perform sales tax re-allocation work and the contract was renewed in October 2005. We recently received notification that Pender County received the direct benefit of a re-allocation of \$54,980 and a refund of \$2,161 is pending.

(Administrative Use Only)

The contract provides TRS access to the tax and expense records necessary to conduct the analysis and provides for compensation to TRS as follows:

For tax refunds and/or credits from any vendor or tax agency, the fee is twenty percent of the refunds and/or credits that result from the TRS audit. If the County does not receive a tax refund/credit or tax reduction, there is no fee for their services.

CONTRACT TYPE

- Renewal
- For Service(s)
- Intergovernmental – County as Grantee
 - Federal Grantor
 - State Grantor
 - Grant or
- County as Grantor
 - County Funds
 - Other Funds
- Revision
- For Equipment

Specific Action Requested: The Board is requested to extend the contract with Tax Reduction Specialists to conduct a sales tax analysis audit through June 30, 2008.

PURCHASING

- Date Rec'd: Budgeted Item: Yes No
 Reviewed and Approved
 Comments on Reverse

Requested by: David Mccole
Department: Finance
Title: Finance Officer
Contact Phone: 910-259-1407
Contact Fax:

Date Sent:

Signed:

ATTORNEY

- Date Rec'd: Reviewed and Approved
 Legal Problem(s)
 Comments on Reverse

Date Sent:

Signed:

FINANCE

- Date Rec'd: Sufficient Funds Available Not Available
8/13/07 Budget Amendment Necessary
 Budgeted Amendment is Attached
 Comments on Reverse

Date Sent:

8/13/07

Signed: *David Mccole*

CLERK

- Signature(s) Required:
 Board Chairman/County Manager
 Other:

Date Rec'd

- Approved by Board: Yes No
At meeting on

MANAGER'S RECOMMENDATION

Respectfully recommend approval.

LAB

Initials

RESOLUTION: NOW THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that

the contract with Tax Reduction Specialists is extended through June 30, 2008. The Chairman and/or County Manager are authorized to execute any/all agreements necessary to implement the resolution.

AMENDMENTS

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

YEA VOTES: Rivenbark ___ Blanchard ___ Brown ___ Tate ___ Williams ___

F. D. Rivenbark, Chairman 8/6/07
Date

ATTEST 8/6/07
Date



A Division of Utilities Reduction Specialists, Inc

July 20, 2007

David McCole, Finance Officer
Pender County Government
805 South Walker St., P.O. Box 5
Burgaw, NC 28425

Dear Mr. McCole:

I want to thank you for the opportunity Pender County has given TRS to conduct a sales tax reallocation audit. Enclosed is a summary of our work that shows **our audit has already produced a direct benefit to the County of \$54,980 in sales tax revenues with another \$2,161 now pending with the NCDOR.** Based on historical findings, **we estimate that our audit could produce yet an additional benefit to the County of approximately \$15,929 through the tax periods ending 6/30/2007 which we are currently working on.** However, our current agreement does not authorize us to continue our audit past the tax period just ended. Therefore, we are enclosing an addendum to our agreement that would allow us to continue our work for Pender County through the tax period ending 6/30/2008.

Why should Pender County continue to conduct a sales tax reallocation audit with TRS?

- **The risk still exists for significant errors that will adversely impact the County.**
- **If sales tax claimant distribution reports are not regularly reviewed, the opportunity to identify and correct tax allocation errors may be permanently lost.**
- **Most mistakes made in the allocation of sales and use taxes are made by vendors when they remit these taxes, not the non-profit organizations when they file for refunds**
- **The only way to ensure proper allocation is to conduct routine sales tax reallocation audits. If we do not find additional revenues, there is *no cost* to the County for conducting these audits.**
- **We have already worked with the non-profit claimants in Pender County and are familiar with their staff and methodology for preparing and submitting sales tax refund claims.**
- **We already know your claimants' vendors and which ones may not comply with proper allocation procedures. This information is critical in conducting a successful reallocation audit.**
- **We have developed methods to retrieve tax information electronically that make it both easier for claimants and more efficient for us. This enables us to be less obtrusive and more efficient in working with you and other non-profit organizations.**

If the enclosed contract addendum is acceptable to Pender County, please complete and return it at your earliest convenience. Please feel free to call me at any time if have any questions regarding this information or the enclosed addendum. Thank you again for the opportunity to be of service.

Sincerely,

Steven D. Mann
President

Cc: Lori Brill, County Manager, Pender County

Enclosures

**ADDENDUM TO SALES TAX CONTRACT
BETWEEN
PENDER COUNTY, NORTH CAROLINA
AND
TAX REDUCTION SPECIALISTS
(A division of Utilities Reduction Specialists, Inc.)
Dated October 3rd, 2005**

This addendum hereby authorizes Tax Reduction Specialists (TRS) to audit sales and use taxes for Pender County through the tax period ending June 30th, 2008 and County agrees to pay all fees associated with sales tax refund claims filed for tax periods ending on this date or earlier. This audit will be conducted under the same terms and conditions as the original contract. TRS will not audit tax periods ending after this date *unless* it receives written approval by the County.

APPROVED FOR PENDER COUNTY

(Signature)

_____, 2007

(Title)

ATTEST:

APPROVED FOR TAX REDUCTION SPECIALISTS

Steven D. Mann
Steven D. Mann, President

02 19, 2007

ATTEST:

PENDER COUNTY GOVERNMENT
Summary of Savings Associated with Sales Tax Reallocation Work Performed by TRS

This is an update on our Sales Tax Reallocation. The dollars in bold in the **Direct County Benefit** column represent what the County has received since the inception of our project. You have received a total direct benefit of **\$54,980.77**. We have filed additional amended returns for the County, but you have not yet received the benefit since these periods have yet to be approved by DOR. The total estimated benefit of **\$2,161.84** for these claims is also shown in that column. This amount, plus the \$54,980.77 above, is the total shown as **\$57,142.61**.

We have shown what you can expect to receive during the next year from our efforts in the **Potential County Revenue** column, which at this point, is estimated to be **\$15,929.57**. These numbers are conservative on our part.

Claimant	Reallocation Claims Filed with DOR				Open Tax Periods		
	Tax Periods for which Reallocation Claims were filed	Total # periods	Total Reallocation approved by or expected from DOR	Direct County Benefit	Average County Benefit per period filed	Periods Open for Reallocation	Potential County Revenue
Pender BOE	6/30/01 - 6/30/04	4	\$58,360.10	\$29,180.05	\$7,295.01		
Pender BOE	6/30/2005	1	\$13,767.73	\$6,883.87	\$6,883.87	6/30/06; 6/30/07	\$13,767.73
Pender County Gov	6/30/02 - 6/30/05	4	\$37,833.71	\$18,916.86	\$4,729.21		
			Subtotal Completed items	\$54,980.77			
Pender County Gov	6/30/2006	1	\$4,323.67	\$2,161.84	\$2,161.84	6/30/2007	\$2,161.84
			Subtotal Pending items	\$2,161.84			
			Total	\$114,285.21			\$15,929.57

**Based on the average historical reallocation benefit, the county might expect to receive this additional benefit for all open tax periods