



REQUEST FOR BOARD ACTION

ITEM NO. 9.

DATE OF MEETING: October 17, 2011

REQUESTED BY: Dave McCole, Finance Officer

SHORT TITLE: Resolution Approving Contract with Robert S. Segal for Expense Reduction & Revenue Enhancement Analysis

BACKGROUND: Robert S. Segal is recommended to serve as a consultant to Pender County to examine & analyze expenses/revenues & to make recommendations to achieve savings, credits or refunds in areas of County operations. Robert S. Segal will furnish the County with a written report as to recommendations that may be made to achieve cost savings or possible increases in revenues. Pender County will then determine which (if any) of these recommendations it wishes to implement. Robert S. Segal will assist in the implementation of these recommendations to achieve the funds. Future savings & revenues are computed on a per unit basis. The County will pay Robert S. Segal on each recommendation for which is implemented, a fee equal to fifty (50) cents of every dollar saved, credited, refunded or additional revenues during the 24 month period immediately following full implementation of the recommendation. The fee will be paid quarterly following the date of full implementation of the particular recommendation. There is no cost to the County for the initial expense/revenue analysis.

SPECIFIC ACTION REQUESTED: To consider a resolution to enter into a contact with Robert S. Segal to examine & analyze expenses/revenues for possible savings in expenditures or to increases in revenues.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.

RB
Initial

RESOLUTION

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

a contract with Robert S. Segal to examine & analyze expenses/revenues for possible savings in expenditures or increases in revenues is hereby authorized. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

AMENDMENTS:

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

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

George Brown, Chairman Date

ATTEST Date

**A Proposal For
Pender County**

**Non-personnel Expense Reduction
and
Revenue Enhancement Consulting**

July 7, 2011

Prepared By

Robert S. Segal, CPA PA
EXPENSE REDUCTION AND REVENUE ENHANCEMENT



ROBERT S. SEGAL, CPA PA

EXPENSE REDUCTION & REVENUE ENHANCEMENT

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SUITE 206
HIGH POINT, NC 27265
336-886-2100
FAX 336-886-2101
www.segalcpa.com

Thank you for allowing me to introduce Robert S. Segal, CPA PA, ("SEGAL"). Established in 1995, Robert S. Segal, CPA PA is the only CPA firm in North Carolina devoted exclusively to non-personal expense reduction and revenue enhancement consulting performed on a contingent fee basis. We have worked successfully with 70 of the 100 North Carolina counties, 32 of the 115 school districts and numerous municipalities, authorities and agencies to improve their cash flow and operations.

Most public organizations are experiencing difficult times balancing their budgets. Demand for services is increasing while no one wants to increase property taxes or fees. SEGAL has helped many organizations to improve their cash flow by making specific recommendations. Typically we review paid invoices comparing the unit prices to our database and finding opportunities to obtain the same goods and services at lower prices while maintaining the same quality and level of service. Over 70% of the time, our recommendation is to continue with the present vendor at a lower price. Over 95% of our recommendations have been approved and implemented.

While we have made recommendations for over 50 revenues and expenses, the following areas had the best results:

- Banking services
- Cellular phones
- Copy services
- Discovery of unlicensed businesses for privilege license purposes
- Electricity
- Gasoline & diesel
- Utility franchise tax
- NC sales and use tax – additional refunds
- Additional personal property and vehicle tax revenues
- Telecommunication services
- Tower rental
- Unbilled water customers
- Water chemicals

Robert S. Segal, CPA PA is paid based on performance with no risk to our clients. Our fees are charged only if we reduce business costs or increase revenues. We receive a percentage of the actual savings, refunds, or credits for a period of time based upon quarterly audits after the recommendation is fully implemented. As professional analysts, we work unobtrusively while performing most of our work from our premises and using our own resources, not our clients.

Robert S. Segal, CPA PA consists of three CPAs with each one having over 20 years of accounting and business experience. We are highly motivated people with excellent analytical, business negotiation and interpersonal skills. We are committed to applying our in-depth knowledge and relevant experience to improve client operations. We are also dedicated to implementing high value purchasing solutions that strengthen our client's financial position and contribute toward long-term competitive advantages.

Attached are bibliographies for Robert S. Segal and the primary associates of Robert S. Segal, CPA PA. A list of references is attached. SEGAL has a variety of clients including:

Davie County
Davidson County
New Hanover County
Montgomery County
Robeson County
Union County

We have been a long-time sponsor/exhibitor at the following conferences:

NC League of Municipalities
NC Local Budget Officers Association
NC City County Managers Association
NC Government Finance Officers Association

ROBERT S. SEGAL, CPA PA agrees to maintain in strict confidence all information received from Pender County concerning its operations. Robert S. Segal, CPA PA also provides these services to school systems and organizations funded by Pender County. Thank you for the opportunity to provide this proposal. If you have any questions, please do not hesitate to contact me.

Sincerely,



Robert S. Segal, CPA
President



ROBERT S. SEGAL, CPA PA

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References

Lance Metzler
County Manager
Montgomery County
910-576-4221

Zeb Hanner
Assistant County Manager/Budget Officer
Davidson County
336-242-2213

Alvin Barrett
Assistant County Manager/Finance Officer
Onslow County
910-455-3404

Kellie Blue
Finance Officer
Robeson County
910-671-3029

Amy Cannon
Assistant County Manager/Finance Officer
Cumberland County
910-678-7740



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Sample Recommendations for Savings

First Year Savings:

\$526,000	Additional franchise tax revenues
\$355,000	Additional franchise tax revenues
\$330,000	Telecommunications savings
\$152,000	Banking services/interest income
\$145,000	Peak shaving program/generator
\$124,000	Copying services
\$100,000	Copying services
\$ 88,000	Telecommunication services
\$ 64,000	Copying services
\$ 60,000	Telecommunication service
\$ 60,000	Fuel
\$ 58,000	Banking services
\$ 51,000	Water leak detection services
\$ 39,000	Cellular phone services
\$ 36,000	Copying services
\$ 30,000	Utility rate changes
\$ 25,000	Waste disposal services

One Time Refunds, Credits or Rebates:

\$1,578,000	Franchise tax adjustment
\$1,065,000	Franchise tax adjustment
\$744,000	Sales tax reallocation
\$625,000	Sales tax reallocation
\$500,000	Additional NC sales tax refund
\$440,000	SCAAP grant
\$395,000	Inmate reimbursements
\$380,000	Additional NC sales tax refund
\$ 25,000	Utility billing error
\$ 24,000	Utility billing error
\$ 17,000	Cable TV franchise fee
\$ 15,000	Utility billing error



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Robert S. Segal, CPA

Bob is the President of Robert S. Segal, CPA PA, the only North Carolina CPA firm dedicated exclusively to non-personnel expense reduction and revenue enhancement consulting on a contingent fee basis. Since founding the practice in May 1994, he has worked with a variety of organizations including city and county governments, public school systems, housing authorities, and area mental health programs. These clients have realized millions of dollars of savings based upon lower future costs and refunds, rebates or credits provided by current vendors. He has reviewed over 50 different expenses which are commonly paid by all organizations including banking services, electricity, freight, maintenance contracts, merchant discounts, overnight express mail, phone services (long distance, 800 and local), sales tax and waste disposal.

Prior to founding Robert S. Segal, CPA PA, Bob worked as Chief Financial Officer for several financial institutions and in public accounting. He has over 25 years of accounting and business experiences.

Education:

B.S. in Business from Kent State University, majoring in accounting and management science

Professional:

Member, North Carolina Association of Certified Public Accountants
Member, American Institute of Certified Public Accountants
Affiliate Member, North Carolina Association of Government Finance Officers
Affiliate Member, National Sheriffs Association



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James A. Ross II, CPA

In November 1995, Jim became associated with Robert S. Segal, CPA PA and began assisting North Carolina local governments and school systems in their efforts to reduce non-personnel expenses. Jim has undertaken a variety of successful projects including banking services, copying services, electricity, fuel, insurance and telephone services.

Following his graduation from Virginia Polytechnic Institute and State University (BA, MBA, and MS-Accountancy) in 1975, Jim began his public accounting career as a CPA with then Peat Marwick Mitchell & Co. ("PMM") in Raleigh, North Carolina. During his seven years with PMM, Jim rose to audit manager and assumed primary audit responsibilities for public and governmental clients including the Town of Chapel Hill, four of the seven largest banks in North Carolina and several Securities and Exchange regulated public companies.

In 1982, Jim left PMM to become a Vice President and CAO of Conner Corporation, an AMEX-listed manufacturer, financier and dealer in mobile homes. During his seven-year tenure, Jim supervised the accounting, insurance, closing, data processing and collections departments. From 1989 to 1995, Jim worked with troubled savings and loans and banks, assisting them in a variety of capacities aimed at increasing their probability of survival.



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Phillip R. Huffman, CPA

Phillip joined Robert S. Segal, CPA PA in November 1997. Prior to this, Phillip worked as a staff accountant in the Hickory, North Carolina office of A.M. Pullen & Company, CPA for two years before joining The Brian Center Corporation and serving as Internal Auditor, Controller, and Director of Budgets and Planning. In 1990, Phillip moved to High Point and worked with BB&T Insurance Services for seven years.

Since joining Segal, Phillip has concentrated in assisting clients review and evaluate expense areas such as banking services, cellular phones, electricity, inmate reimbursements programs, fuel and waste disposal

Education:

B.A. in Accounting from North Carolina State University

Professional:

Member, North Carolina Association of Certified Public Accountants
Member, American Institute of Certified Public Accountants



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Johnny R. Poplin, CPA

Johnny joined Robert S. Segal, CPA PA in March 2010. His previous work experience includes working 11 years in public accounting. His public accounting experience includes auditing as well as preparation of corporate and individual tax returns. In 2005, Johnny left public accounting and became controller of a Truck dealership in the Triad area. As controller, Johnny supervised the accounting department, controlled expenses within the various departments, assisted with the IT, and managed various other projects.

Since joining Robert S. Segal CPA Pa, Johnny has assisted clients review and evaluate expense areas including utility rates, cellular phones and telephone services

Education:

B.S. in Accounting from High Point University

Professional:

Member, North Carolina Association of Certified Public Accountants



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LETTER OF AGREEMENT

Robert S. Segal, CPA, PA (SEGAL) and Pender County (CLIENT) hereby enter into this Letter of Agreement whereby SEGAL shall serve as a consultant to CLIENT to examine and analyze the following listed expenses/revenues of CLIENT and to make recommendations to achieve savings, credits, refunds or additional revenues, hereafter referred to as funds, in these areas:

Any and all revenues and expenses

SEGAL will furnish CLIENT with a written report as to recommendations that may be made in the above areas. CLIENT will then determine which (if any) of these recommendations CLIENT wishes to implement. SEGAL will then assist in the implementation of these recommendations to achieve the funds. Future savings and revenues are computed on a per unit basis.

CLIENT agrees to pay SEGAL on each recommendation for funds which is implemented, a fee equal to fifty (50) cents of every dollar saved, credited, refunded or additional revenues during the 24 month period immediately following full implementation of the recommendation. This fee will be paid quarterly following the date of full implementation of the particular recommendation.

SEGAL AGREES TO MAINTAIN IN STRICT CONFIDENCE ALL INFORMATION RECEIVED FROM CLIENT CONCERNING ITS REVENUES, EXPENSES AND METHODS OF DOING BUSINESS. FURTHERMORE, SEGAL ACTS AS A CONSULTANT ONLY AND DOES NOT RECEIVE ANY COMMISSIONS OR REMUNERATION OF ANY KIND FROM ANY VENDORS OR SERVICE PROVIDERS.

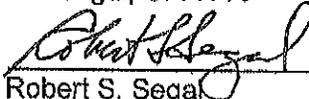
SEGAL may engage subcontractors to assist with this project.

The persons signing below are authorized to do so on behalf of their respective organizations. This Letter of Agreement shall be binding upon the parties hereto, their heirs, successors and assigns. This Letter of Agreement is entered into effective as of _____ day of _____, _____.

CLIENT: Pender County

Robert S. Segal, CPA PA

By: _____

By: 
Robert S. Segal

Title: _____

Title: President

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

Date: _____ Finance Officer



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Robert S. Segal, CPA is a member of the Institute of Management Consultants USA, an organization whose members have pledged to abide by the Institute's Code of Ethics which follows:

My Commitment to My Clients

- 1.0 I will serve my clients with Integrity, competence, Independence, objectivity, and professionalism.
- 2.0 I will mutually establish with my clients realistic expectations of the benefits and results of my services.
- 3.0 I will only accept assignments for which I possess the requisite experience and competence to perform and will only assign staff or engage colleagues with the knowledge and expertise needed to serve my clients effectively.
- 4.0 Before accepting any engagement, I will ensure that I have worked with my clients to establish a mutual understanding of the objectives, scope, work plan, and fee arrangements.
- 5.0 I will treat appropriately all confidential client information that is not public knowledge, take reasonable steps to prevent it from access by unauthorized people, and will not take advantage of proprietary or privileged information, either for use by myself, the client's firm, or another client, without the client's permission.
- 6.0 I will avoid conflicts of interest or the appearance of such and will immediately disclose to the client circumstances or interests that I believe may influence my judgment or objectivity.
- 7.0 I will offer to withdraw from a consulting assignment when I believe my objectivity or integrity may be impaired.
- 8.0 I will refrain from inviting an employee of an active or inactive client to consider alternative employment without prior discussion with the client.

My Commitment to Fiscal Integrity

- 9.0 I will agree in advance with a client on the basis for fees and expenses and will charge fees that are reasonable and commensurate with the services delivered and the responsibility accepted.
- 10.0 I will not accept commissions, remuneration, or other benefits from a third party in connection with the recommendations to a client without that client's prior knowledge and consent, and I will disclose in advance any financial interests in goods or services that form part of such recommendations.

My Commitment to the Public and the Profession

- 11.0 If within the scope of my engagement, I will report to appropriate authorities within or external to the client organization any occurrences of malfeasance, dangerous behavior, or illegal activities.
- 12.0 I will respect the rights of consulting colleagues and consulting firms and will not use their proprietary information or methodologies without permission.
- 13.0 I will represent the profession with integrity and professionalism in my relations with my clients, colleagues, and the general public.
- 14.0 I will not advertise my services in a deceptive manner nor misrepresent or denigrate individual consulting practitioners, consulting firms, or the consulting profession.
- 15.0 If I perceive a violation of the Code, I will report it to the Institute of Management Consultants USA and will promote adherence to the Code by other member consultants working on my behalf.

Approved by the IMC USA Board of Directors February 3, 2005